

# First BanCorp Environmental, Social, and Governance Report 2021

**1 First BanCorp**





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## Letter from our CEO, Aurelio Alemán

Throughout First BanCorp's (the "Corporation") 74-year history, one thing has remained constant: our corporate mission has always been grounded on the principle that investing in our people, supporting the communities we serve, and providing an outstanding banking experience for our customers is essential for success over the long term. We firmly believe that our contribution to the socioeconomic growth of our customers and the communities in which we operate yield mutually beneficial relationships that promote a sustainable development for the Corporation.

During 2021, the Corporation continued evolving its Environmental, Social, and Governance ("ESG") program by formally adopting an ESG framework that will establish and communicate our ESG strategy and overarching governance policy going forward. We made great strides to further integrate ESG principles into the Corporation's policies and practices by 1) formalizing ESG oversight by our Board of Directors and Leadership Team, 2) adopting a Sustainability Policy, and 3) aligning our ESG reporting to leading frameworks and standards such as the Sustainability Accounting Standards Board ("SASB") and the U.N. Sustainable Development Goals ("UNSDG").

First BanCorp's Sustainability Policy outlines our corporate-wide activities and commitment to each ESG focus area. At First BanCorp, we see sustainability leadership as a business opportunity, a risk mitigant, and an essential aspect of our core values. Our ESG agenda is not separate from our everyday work; it is integrally embedded in what we do and how we engage with our customers and communities.

We are excited to be publishing our inaugural ESG Report, which is a continuation of the Corporation's ESG strategic path and builds on our long-lasting mission to operate in the best interest of all our stakeholders. We also recognize that we have a long journey ahead, and we will strive to make progress in areas that most impact our business and customers, such as climate risk, financial inclusion, responsible investing, and human capital development. We invite you to learn more about the Corporation's ESG efforts in the pages that follow.

We believe that prioritizing all stakeholders will lead to a stronger, socially responsible, and financially sound First BanCorp. As Chief Executive Officer, I believe that we are well-positioned to assist in building a sustainable, inclusive, and prosperous future for our customers, our communities, our colleagues, and our shareholders.

Thank you for taking the time to read about our progress. We encourage your feedback as we continue to deepen our sustainability practices.

Sincerely,

**Aurelio Alemán,**  
*President and Chief Executive Officer*



## About This Report

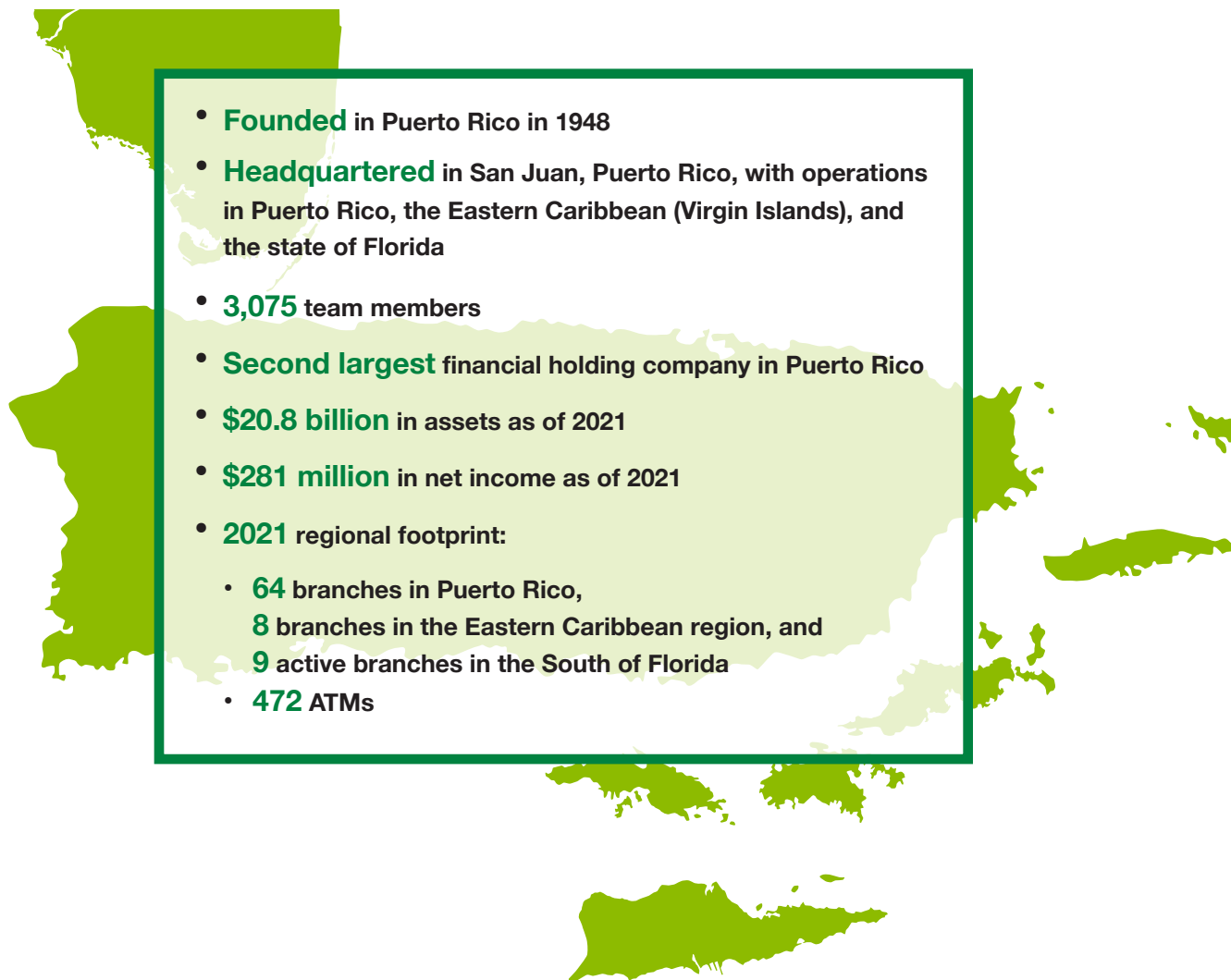
This report covers calendar year 2021 unless otherwise specified and provides qualitative and quantitative information on First BanCorp's ESG policies and practices. We are disclosing information on ESG topic areas that we believe are relevant to our business and industry.

We engaged with third-party ESG experts to prioritize material ESG topic areas, involved internal subject-matter experts, and aligned our disclosure to leading frameworks and standards. This report should be reviewed in conjunction with First BanCorp's 2021 Annual Report and 2022 Proxy Statement, which disclose additional facts, figures, and information about our operations and financial performance. Information is also updated regularly on our Investor Relations corporate website: [www.fbpinvestor.com](http://www.fbpinvestor.com).

When we use the terms "First BanCorp," "Corporation," "FirstBank," "Bank," "we," "us," or "our" in this report, we mean First BanCorp and its subsidiaries, on a consolidated basis, unless we state, or the context implies otherwise.

## Highlights About First BanCorp

Founded in 1948, FirstBank Puerto Rico, First BanCorp's principal subsidiary, was the first savings & loans institution established in Puerto Rico. Since its inception, FirstBank played a fundamental role in improving the quality of life in Puerto Rico. The Corporation provides a wide range of financial services for retail, mortgage, and commercial banking services in Puerto Rico, Florida, and the U.S. and British Virgin Islands. Our primary business segments are retail banking, consumer lending, commercial and corporate banking, and mortgage banking.





## Our Commitment to Sustainability

Our commitment to sustainability is most prominently represented by the way we work and live in alignment with First BanCorp's vision, mission, and values. ESG awareness continues to be increasingly important to global prosperity and business success. We understand our role as a community partner in the different geographic regions in which we operate, and we strive to have a positive impact on society, the economy, and the environment. At First BanCorp, we see effective ESG management as a critical step toward a sustainable, inclusive, and successful future.

We recognize that a strong, thriving economy is vital for the communities we serve, our business, our employees, and our shareholders. It is now customary practice for investors to look beyond traditional financial performance metrics and evaluate how companies are performing in their stewardship of stakeholder resources, attention to ESG factors, and disclosure of sustainability strategies. In 2021, we embarked on a journey to shape our ESG efforts with our corporate values at the forefront. To embody our purpose, we must also have strong governance practices, be agents of change in our environment, and be socially responsible. We want to provide the support needed for our people and businesses to help them flourish and create equitable, resilient, and sustainable communities. We strive to transparently report our progress in this inaugural ESG Report.

### Our Vision

To become a financial institution recognized as the provider of an outstanding customer experience by achieving the highest level of customer satisfaction and loyalty, while enhancing shareholder value and supporting the communities we serve.

### Our Mission

Partner with our customers to achieve their financial goals through responsive, knowledgeable, and caring employees who are committed to shareholder value and the well-being of our communities.

### Our Values

As team members, our employees are:

- Honest
- Respectful
- Responsible
- Collaborative
- Agile
- Innovative
- Committed to Quality
- Customer Focused
- Involved in their communities



# Governance

## Our Governance and Leadership

### ESG Governance

Our Board of Directors (the “Board”) and Executive Leadership Team (“ELT”) have formal oversight of our ESG policies and practices. While the entire Board engages in ESG matters that impact our business strategy, the Corporate Governance and Nominating (“CGN”) Committee exercises primary oversight of the management of ESG matters as they relate to our business and industry. Our CEO and ELT are accountable for our overall ESG strategic performance across our business.





Our Board understands its role in assessing ESG practices and efforts, as well as considering the various risks and potential impact of these matters in our lines of business. In addition, the CGN Committee and other Board committees play an important role in our ESG strategies. Key roles and responsibilities for each committee are included below:

### CGN Committee

- Exercise general oversight with respect to the Board's governance, including annually reviewing the Corporate Governance Guidelines and Principles
- Develop and recommend to the Board the criteria for Board membership
- Identify, review, and recommend to the Board individuals qualified to serve as directors, including those recommended by shareholders, as applicable
- Direct and oversee the Corporation's succession plan, including succession planning for all executive officer positions and other key positions
- Coordinate and oversee the annual self-evaluation of the roles and performance of the Board, and its committees
- Oversee the Corporation's sustainability and environmental, social, and governance practices

### Risk Committee

- Review and recommend to the Board the criteria establishing the Corporation's risk tolerance and risk profile
- Oversee the Enterprise Risk Management Program
- Oversee the Corporation's technology, information security, and cybersecurity strategies and programs
- Oversee management's activities with respect to credit stress testing
- Oversee the strategies, policies, procedures, and systems established by management to identify, assess, measure, and manage the major risks facing the Corporation, which include credit, operations, compliance, information technology, interest rate, liquidity, market, reputation, capital, and model
- Annually review the Corporation's Chief Risk Officer performance

### Compensation and Benefits Committee

- Oversee existing human capital management practices
- Review and approve the annual goals and objectives related to the compensation of the CEO and other executive officers, as well as the various elements related to the Executive Compensation Program

- Evaluate the performance of the CEO and the other executive officers, and recommend to the Board for its approval the compensation level of the CEO and the other executive officers based on their performance evaluations, including short-term incentive awards (cash incentives) and long-term incentive awards (equity-linked incentive plans)
- Review and discuss with management the Corporation's Compensation and Discussion Analysis disclosure for inclusion in the Corporation's annual meeting Proxy Statement
- Consider, in consultation with the Chief Risk Officer and the Compensation and Benefits Committee independent compensation consultant, whether the incentives and risk arising from the compensation plans available to all employees and the Executive Compensation Program are reasonably likely to have a material impact on the Corporation

### Asset/Liability Committee

- Oversee the Corporation's asset and liability management ("ALM") policies relating to funds management, investment management, liquidity risk, interest rate risk, among others

### Credit Committee

- Oversee existing credit risk management and approve lending authority limits

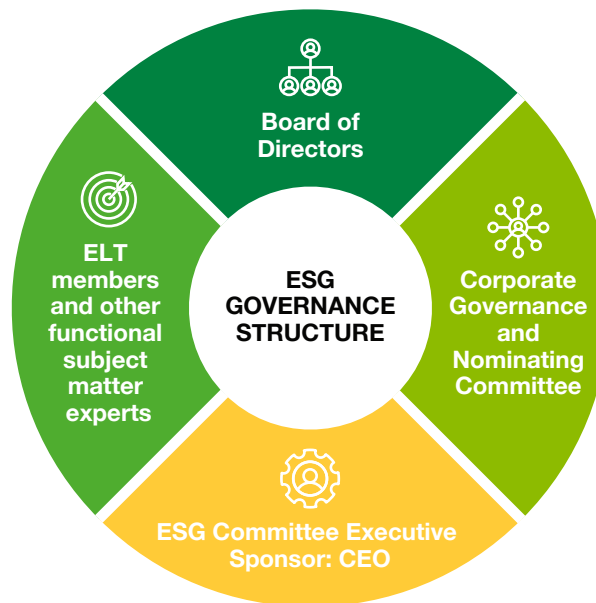


### Audit Committee

- Oversee and review performance of the Corporation’s Internal Audit function
- Oversee the financial reporting process, including the integrity of the Corporation’s financial statements
- Oversee the independent auditor’s independence, qualifications, and performance

Early in 2022, the Board adopted the Corporation’s Sustainability Policy, which established our framework to address ESG matters. As part of the ESG governance structure, the responsibility of day-to-day management of our efforts have been delegated to a management-level ESG Committee that reports to the CEO and is composed of leaders representing broad cross-functional areas within our operations, including Human Resources, Enterprise Risk Management, Strategic Planning, Investor Relations, Legal and Corporate Affairs, Marketing, Compliance, Finance, and Corporate Internal Audit.

The ESG Committee is tasked with aligning ESG priorities and initiatives for the year, setting and monitoring long-term objectives and goals, and developing the annual ESG report. The ESG Committee meets at least quarterly, advises on external ESG disclosures, and provides periodic updates to the CGN Committee.



At First BanCorp, we understand that adhering to corporate governance practices is of the utmost importance. For us, banking is a business centered around trust and built on relationships. The Board has approved a series of policies and guidelines to ensure that we have a strong and robust governance structure which include:

- Corporate Governance Guidelines and Principles
- Independence Principles for Directors
- Policy Regarding Selection of Directors
- Board Committee Charters
- Code of Ethical Conduct

- Code of Ethics for CEO and Senior Financial Officers
- Whistleblower Policy
- Corporate Incident Response Management

### Board Independence, Qualifications, Experience, and Diversity

High standards of corporate governance are an integral part of our corporate culture. To support this, the CGN Committee has a Policy Regarding Selection of Directors, which delineates the criteria to identify and recommend qualified candidates to join the Corporation’s Board. We frequently review our Board’s composition to identify relevant oversight and leadership skills that will contribute to the Board’s overall performance over time. This is done by updating the Board’s Qualifications and Skills Matrix, which identifies the experience, expertise, skills, and qualifications of current members.

The CGN Committee considers diversity in the context of viewpoints, experience, skills, expertise, background, and other demographics. The CGN Committee recognizes the importance of having a diverse Board in order to maintain an inclusive workplace and unique perspectives.

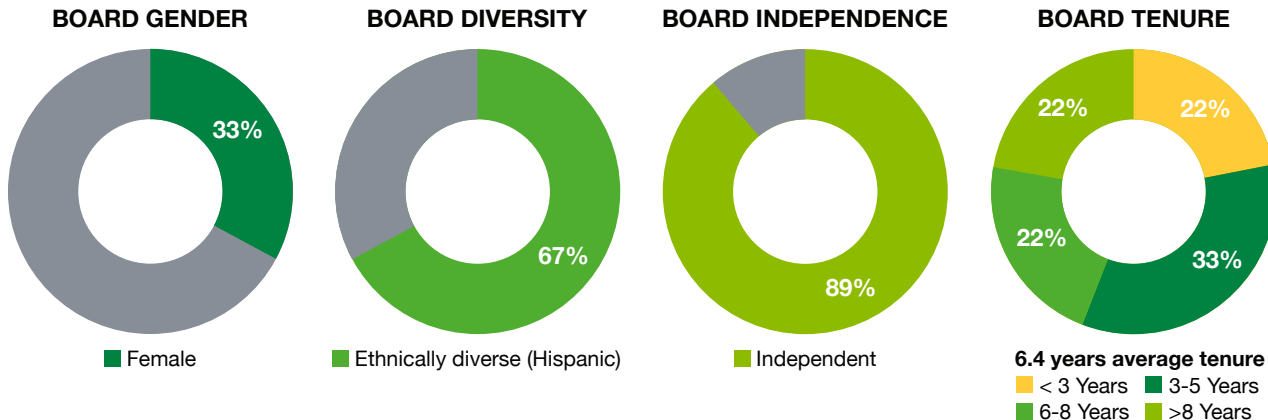




The Board is committed to ensuring that it is composed of diverse individuals who reflect the genders, ages, races, geographical backgrounds, and experiential diversity needed to understand and manage our stakeholders, business goals and objectives.

Our [Corporate Governance Guidelines and Principles](#) provide that at least a substantial majority of the Board shall be composed of independent directors. The Board supports always having an independent director in a Board leadership position. Currently, the Board has an independent chairperson. Accordingly, our [Corporate Governance Guidelines and Principles](#) provide that, if we do not have an independent chair, the Board must elect a lead independent director. Furthermore, at present, all of our non-employee directors (eight of our nine directors) are considered independent and meet the requirements for independence established in the [Independence Principles for Directors](#).

The following summarizes the diversity, independence, tenure, and qualifications and experience of the current nine directors of our Board:



	J. Acosta	A. Alemán	L. Crespo	T. Dedrick	P. Eaves	D. Frye	J. Heffern	R. Herencia	F. Villamil
Understanding of FirstBank's main geographic markets	•	•	•		•	•		•	•
Financial Services, Investment and Strategic Planning	•	•	•	•	•	•	•	•	•
Senior Management and Leadership Experience	•	•	•	•	•	•	•	•	•
Technology, Information Security and Cybersecurity		•	•	•					•
Audit and Risk Oversight Experience	•	•	•	•		•		•	•
Legal	•								
Business Operations Experience	•	•	•	•	•	•	•	•	•



## Key Corporate Governance Highlights

The Corporation aims to constantly improve its governance structure. Each year the CGN Committee considers developments in corporate governance and, to the extent necessary, recommends to the Board modifications to our Corporate Governance Guidelines and Principles. Some of our key corporate governance practices include:

<p><b>Board Chair Classification:</b></p> <p><b>Independent</b></p>
<p><b>Separate chair/CEO:</b></p> <p><b>Yes</b></p>
<p><b>Voting standards:</b></p> <p><b>Affirmative vote of a majority of the shares represented at the annual meeting</b></p>
<p><b>Resignation policy:</b></p> <p><b>Yes</b></p>
<p><b>Succession planning for CEO, executive officers, and other key positions:</b></p> <p><b>Yes</b></p>
<p><b>Percentage of directors and ELT owning stock:</b></p> <p><b>100%</b></p>

Please refer to our 2022 Proxy Statement for a detailed view of our key corporate governance practices.

## Executive Compensation

Our Executive Compensation Program is designed to support the Corporation’s strategic goals and financial stability by driving long-term business outcomes and promoting strong governance practices. Our philosophy is to reward short-term and long-term performance using both financial and non-financial measures. To achieve these objectives, we link individuals’ pay to company performance measured by a diverse set of metrics and timelines. Short-term non-equity incentives reward executives for key financial, strategic, and operating results and individual goal and competencies. Long-term incentives are designed to reinforce long-term alignment of the Corporation’s executives with the interest of our shareholders, using equity-based awards that vest over several years. The Corporation has adopted a performance measurement scorecard that focuses on addressing the needs of all our strategic stakeholders, while promoting a “customer-oriented” management culture and enhancing employee engagement. The scorecards include traditional financial accounting measures (i.e., financial performance) that highlight the results of actions taken by the Corporation

and complements those financial performance metrics with operational measures that assess customer satisfaction, timely execution of internal processes and projects, and the Corporation’s governance and talent development activities; operational measures that are the drivers of future financial performance. The balanced scorecard allows the Corporation to evaluate the performance of each business or corporate function from four important perspectives: our investors, our employees, the communities which we serve and our customers, and our regulators.

The Corporation has established certain practices and policies that we believe are in the best interest of our shareholders to promote a sound compensation governance program. These practices and policies include, among others:

- Employing various performance metrics to deter excessive risk-taking
- Building appropriate levels of discretion to adjust incentive payouts if results are not aligned with credit quality, regulatory compliance, or leading indicators of future financial results
- Using equity incentives to promote total return to shareholders, long-term performance, and executive retention

- Recovering all performance-based variable pay from an executive officer determined to have engaged in intentional fraud or gross misconduct or who was otherwise responsible, directly, or indirectly, for a financial restatement
- Conducting annual incentive risk reviews to ensure that our compensation programs do not promote imprudent behaviors or excessive risk-taking

To support strong oversight, our Board's Compensation and Benefits Committee approves performance goals across our categories and certifies performance outcomes. Please refer to the Compensation and Discussion Analysis section of our 2022 Proxy Statement filed with the SEC on April 5, 2022.

### Regulatory and Government Engagement at First BanCorp

The Corporation engages in business activities in various jurisdictions, and we are thereby subject to numerous federal, state, and local laws and regulations. As such, public policies have significant impact on First BanCorp's business operations, affecting our clients, communities, shareholders, and employees.

Due to this considerable impact, we believe that responsible corporate citizenship requires certain participation in the public policy process. We take input from our stakeholders seriously and strive to ensure that stakeholder goals and objectives translate into actionable business practices. The Corporation is a member of the Puerto Rico Bankers Association ("Bankers Association"), the organization responsible for representing most of the banking industry in Puerto Rico. Specifically, our CEO is a member and past President of the Bankers Association Board of Directors. As a member of the Bankers Association's board, our CEO represents the interests of our business and customers when they consider government legislation that may affect the banking business in our main market. When the Bankers Association as an entity puts forth a specific opinion, it represents most of the banking industry, not just any one bank.

In accordance with our [Code of Ethical Conduct](#) (Code), First BanCorp maintains a position of political neutrality, and we will not identify with any political party or candidate to public office. Our mission is to contribute to the economic development of the market and communities where we operate. Considering our political neutrality, we do not make any corporate political contributions.



## Our Responsible Business Practices

### Business Ethics and Compliance

Each employee at First BanCorp shares a common responsibility, which is to earn and nurture our customers' trust by exemplifying our values in everything we do. To reinforce this, we regularly communicate our core values and principles through different channels. We foster a culture of ethics through our governance framework, beginning with a strong tone from the top, starting with our Board.

Our Code is designed to maintain high ethical standards and applies to all of the Corporation's employees and directors. The Code addresses, among other matters, conflicts of interest, fair treatment for all, operational norms, non-discrimination, and confidentiality of customers' information. The Code is reviewed annually, updated as needed, and approved by our Board. All employees are required to participate in an annual training of the Code and acknowledge receipt of this training. Also, all new hires are trained in the Code's guidelines and requirements and we strive for 100% compliance. Our Human Capital Management team works closely with the Enterprise Risk Management and Legal teams to stay abreast of ethics-related risks.

As part of our responsible business practices and to ensure our employees adhere to our ethical standards, the Board's Compensation and Benefits Committee believes that the Corporation should have sound compensation practices that fairly reward exceptional employees, while assuring that their compensation reflects principles of risk management and performance metrics that promote long-term contributions to sustained profitability, as well as fidelity to the values and rules of conduct expected of

each employee. To assess the adequacy of the Corporation's compensation programs, a risk-avoidance analysis is performed on an annual basis focused on elements of the compensation plans that may have the potential to affect the behavior of employees with respect to their job-related responsibilities or that might directly impact the financial condition of the Corporation. The result of the risk-avoidance assessment, which are presented to the Compensation and Benefits Committee on an annual basis, is that the compensation plans are not reasonably likely to have a material adverse effect on the Corporation, nor do they encourage unethical practices.

Our [Code of Ethics for CEO and Senior Financial Officers](#) ("Code for Financial Officers") states the principles to which our CEO and senior financial officers must adhere in order to comply with our high moral and ethical standards. The Code for Financial Officers is reviewed annually, updated as needed, and approved by our Board. We require all newly appointed senior financial officers to certify that they have received the Code for Financial Officers and, annually thereafter, provide an acknowledgment certifying that they have read the same. In 2021, 100% of our senior financial officers and our CEO acknowledged compliance with the Code for Financial Officers.

Our employees and other business partners, such as suppliers and service providers, are encouraged to disclose any wrongdoing, malpractice, or impropriety that may adversely impact the Corporation; its customers, shareholders, employees, or investors; or the public at large. As such, the Corporation established a Whistleblower Policy that includes details of our confidential and anonymous reporting helpline. The Corporation's Whistleblower Policy includes but is not limited to:

- Accounting and auditing concerns
- Suspected fraudulent activity
- Violation of laws, rules, and regulations
- Violation of the Code and the Code for Financial Officers
- Conflicts of interest
- Retaliation or retribution





The helpline is designed to promote open communication of concerns regarding potentially inappropriate or illegal business practices and conduct. It also provides reassurance that any individual reporting concerns will be protected from discrimination, retaliation, harassment, or other reprisals. The helpline is managed by a third party with oversight from our Board's Audit Committee and the support of our Corporate Internal Audit Department. Issues or complaints are quickly escalated to internal investigators. Furthermore, resolutions and closure of each issue are tracked including those matters that may have a financial impact and are presented on a quarterly basis to the Board's Audit Committee.

### **Anti-Corruption and Anti-Money Laundering Practices**

The Corporation has policies and procedures in place to comply with anti-bribery laws, such as the Foreign Corrupt Practices Act, which contains anti-bribery provisions prohibiting individuals and businesses from making corrupt payments to foreign officials to obtain or retain business, and accounting provisions that require keeping records and accounts that accurately and fairly

reflect transactions and the disposition of assets. Our Code of Ethical Conduct strictly prohibits all employees from — for their own benefit, the benefit of the Corporation, or the benefit of a third party — accepting or offering money, or benefit of any other type, directly or through a third party, from government officials.

The Corporation further aims to comply with all applicable laws, rules, and regulations related to anti-money laundering and anti-terrorist financing initiatives. The Corporation's Bank Secrecy Act ("BSA") / Anti-Money Laundering ("AML") program is designed to ensure that we comply with the Bank Secrecy Act and the USA PATRIOT Act as well as comply with the Office of Foreign Assets Control requirements. First BanCorp takes very seriously its obligation to support the government and regulatory authorities and other members of the financial industry to help close the financial channels that money launderers and terrorists use. The BSA/AML program is reviewed annually and approved by our Board. Furthermore, all employees must participate in an annual training related to anti-money laundering.

### **Responsible Marketing**

We are committed to providing products and services that advance equity and economic empowerment and are aligned with our vision, mission, and values. We also aim to advance, utilize, and promote responsible selling practices across our bank network, including providing access to our content through our branches, website, and traditional and digital channels. The Corporation aims to comply with all regulations regarding brand image, product accuracy, and message integrity to prohibit unfair, deceptive, and abusive practices. Our marketing practices and efforts are required to meet our internal compliance standards and applicable policies and regulations. We work diligently to clearly disclose all features, terms, and conditions — including applicable fees and charges — for the products and services offered so that customers can select and use those that are best suited for them. We have internal guidance documents to ensure transparency in marketing and help foster and improve long-term customer relationships and positive customer experience. Management provides input as to the content, which is then revised by supporting units, including the Compliance Department, as applicable.



## Systemic Risk Management and Business Continuity

Planning effectively for a wide range of risks is essential to our business success. To ensure this, we have a Risk Management Policy that aims to establish, maintain, and enforce a sound system of risk management to anticipate, identify, measure, monitor, and control risks faced by our businesses. The policy outlines our risk categories, organizational oversight, internal controls, and implementation of policies and procedures. Our risk categories include several ESG factors such as talent acquisition, business continuity, climate, and regulatory risk.

The Enterprise Risk Management (“ERM”) department conducts periodic meetings with different risk owners and executives across the Corporation to develop key risk indicators and strategic plans to address, mitigate, prepare for, and prevent relevant risk factors. Our Risk Appetite Statement articulates our risk tolerance and is reviewed by the Corporation’s CRO and the Board’s Risk Committee regularly, ensuring alignment with emerging risks and our corporate strategic plan. The CRO, who has direct access to the Board, also leads the Executive Risk Management Committee, which oversees corporate-wide risk governance at the management level.

The ERM unit monitors risk appetite limits, and provides updates to the Board’s Risk Committee on a quarterly basis. Frequent reporting allows the ERM team to monitor compliance with risk appetite limits and resolution activities to provide awareness of changes in the Corporation’s risk profile and drive continuous improvement of risk management processes and controls. ERM also reviews key risk exposures, trends, and improvements.

The banking industry operates in an environment with many threats, including natural and manmade disasters, cyber and technology incidents, failure of financial systems or controls, and potential criminal behavior. At First BanCorp,

we plan ahead for the continuity of our operations and business in the event of emergency or unpredictable situations. Through a robust Corporate Incident Response Plan (“CIRP”), led by a cross-functional Corporate Incident Response team, the Corporation identifies escalation points and procedures to effectively respond to emergency situations, including how to alert and communicate with our employees and customers, as needed.

The Corporation has a Business Continuity Management (“BCM”) program, which provides the foundation for business continuity management policies and practices. The BCM program is comprised of a governance framework and series of strategic, tactical, and operational policies, procedures, and practices that achieve the Corporation’s overall BCM goal of:

- Mitigating the risk of potential losses that could occur in the event of an unplanned business interruption
- Enabling the Corporation to recover its facilities, data, and assets; and
- Resuming normal operations

The program incorporates a cyclical process that includes governance and leadership, planning, operations, monitoring and compliance, and continuous improvement.



## Climate Change Risk Factors

With physical locations in Puerto Rico, the Eastern Caribbean region, and Southern Florida, the Corporation is susceptible to weather and climate change-related risks. In emergency situations, including natural disasters, the Emergency Committee is quickly activated to ensure the physical safety of our employees and customers. In 2017, both Puerto Rico and the Eastern Caribbean region were affected by Hurricanes Irma and Maria, which caused significant damage in both regions. Most recently, several earthquakes and aftershocks have disrupted our business at various scales in our main market. Thankfully, none of the damages resulted in material losses affecting our financial sustainability, and we were able to diligently restore operation and service due to our robust management system and business continuity efforts.

We recognize the long-term benefits of integrating climate preparedness into our governance, strategy, and risk management and are taking steps to reduce the environmental impacts of our operations; consider the environmental consequences of our portfolio; and prepare our employees, customers, and partners for climate-related events and disruptions by providing digital

capabilities and support, ensuring the physical safety of our locations, and monitoring risks on an ongoing basis.



## Vendor Management

At First BanCorp, we rely on services provided by several suppliers to conduct our business. We also understand the positive effect our buying power has on the economy in the regions in which we operate. Our relationships with vendors are managed through our Vendor Management Program (“VMP”), which guides our supply chain business practices and compliance protocols as outlined in our Vendor Management Policy. In accordance with the VMP, a management-level Vendor Management Committee (“VMC”) was established and is led by the Corporation’s Corporate Security Office (“CSO”). This committee meets on a quarterly basis and is composed of cross-functional business leaders

representing our Legal, Compliance, ERM, Security, Technology, Insurance, and Operations teams. The CSO reports to the Board’s Risk Committee on matters related to the VMP on an annual basis.

All new and potential vendors must complete and sign a Master Confidentiality Agreement and an initial Vendor Intake Form. Additional information may be required for those vendors with a higher risk designation. Relevant vendors must also confirm agreement with the Corporation’s Service Provider Code of Conduct, which includes the minimum requirements, standards, and principles of operations for suppliers, consultants, and independent contractors and their employees, agents, and subcontractors providing First BanCorp products and services.

We also require vendors to provide a series of diversity disclosures on the Vendor Intake Form. We select vendors that align with our corporate values and encourage them to advance measures to increase their diversity and share their affirmative action policies and data with us for visibility. Furthermore, as part of our evaluation process, vendors are required to complete a Related Party Questionnaire, which ensures full disclosure of all business relationships between vendors and a related person of the Corporation. The Corporation’s Related Person Transaction Policy addresses the reporting, review, and



approval or ratification of transactions, with a related person, including with a vendor or supplier, as required by the policy. By completing the Related Party Questionnaire, any potential conflict of interest or the appearance of conflict of interest is limited. Learn more about the Related Person Transaction Policy in our 2022 Proxy Statement filed with the SEC on April 5, 2022.

The VMC ensures the adequate evaluation of potential suppliers. The extent of oversight of a particular vendor depends on risk classification, potential risks, and the scope and magnitude of the services provided considering the following risk factors: strategic, reputational, operational, credit, compliance, legal, and technology. Vendors fill out an assessment questionnaire that helps us determine potential risk to our business and the level of ongoing monitoring required. In accordance with the VMP, vendors are reviewed against the following criteria:

- 1. Quality of service**
- 2. Risk management practices**
- 3. Financial condition**
- 4. Applicable controls and reports**

Results of oversight activities for vendor arrangements are periodically reported to the VMC to ensure that identified weaknesses are promptly addressed.

## Cybersecurity

### Protecting Our Stakeholders' Assets and Information

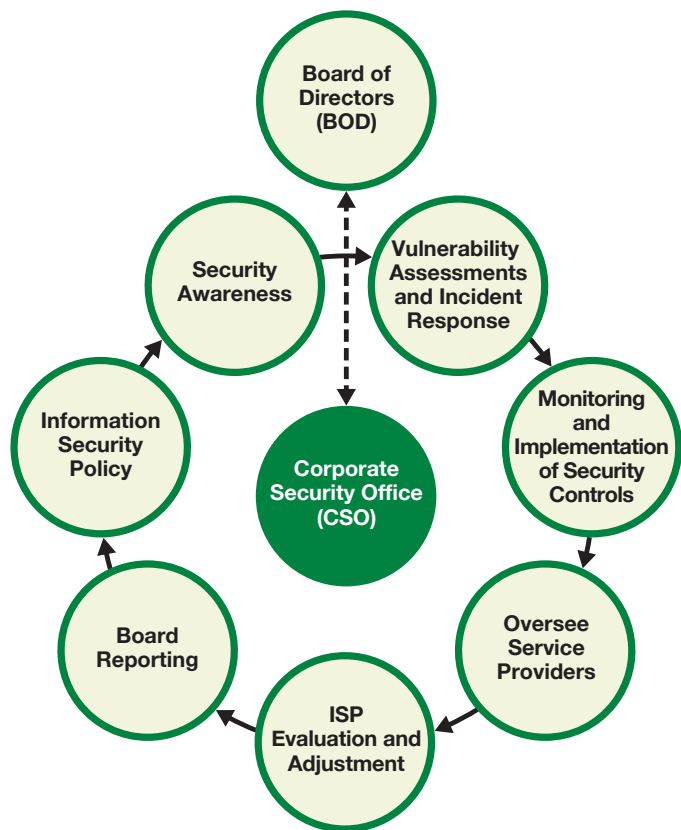
We recognize that cybersecurity risk is one of the biggest threats the financial system faces today, and we devote significant resources to protecting, continuously improving, and enhancing our information security systems. The increase in information security risk results from growth and development of new technologies as well as the increased sophistication of organized crime, hackers, and other parties. Hence, data security is a top priority for the Corporation. We manage cybersecurity risk through several governance processes, selecting the proper technology, and acquiring the needed resources with the required skills. Our Corporate Information Security Program ("CISP") outlines our overall vision, direction, and governance to protect the confidentiality, integrity, and availability of customer information and prevent access by unauthorized personnel, as required by regulatory guidelines and industry security best practices.

As a financial services provider, the Corporation has a federally mandated obligation to protect the privacy of our clients' personal information. We are committed to protecting our customers' personal and financial information through responsible information collection, processing,

and use practices. Our CSO has oversight of the CISP and reports to the Board's Risk Committee, which oversees management's efforts to address cybersecurity risks and respond to cyber incidents. The Risk Committee receives regular reports and engages in discussions throughout the year on the effectiveness of the CISP, including its inherent risk, the roadmap for addressing those risks, and the progress in doing so. The Risk Committee annually reviews and approves the CISP and annually receives a report on the security safeguards in accordance with the Gramm-Leach-Bliley Act.

Furthermore, as part of our information security and cybersecurity risk evaluation, we continuously assess how new products, technology deployments, internal changes, external events, and threat evolution might impact our information security framework and determine if additional resources, processes, or technology are needed. The purpose of this ongoing process is to modify or enhance, as needed, our layers of defense and to remediate any vulnerability. As part of the ongoing enhancements to the CISP between 2020 and 2021, the Corporation implemented several security-hardening initiatives aimed at continuing to strengthen our cybersecurity framework.





The CISP applies to all First BanCorp employees, contractors, consultants, and temporary employees, among others. The CISP also applies to all information technology hardware and software used to support our operations, including outsourced applications. The following are part of the CISP responsibility and scope:

- Information security policies
- Organization of information security
- Human resource security and asset management
- Access control
- Cryptography
- Physical and environmental security
- Operations security
- Communications security and system acquisition
- Development and maintenance
- Information security incident management
- Vendor management
- Information security aspects of business continuity
- Information security compliance

As previously discussed, our CISP also covers cybersecurity breaches. Escalation procedures are in place for appropriate response efforts that depend upon the severity of the specific security incident. For incidents that relate to First BanCorp and that impact our customers, the CISP provides specific guidance related to necessary notifications required for our employees and customers.

Recognizing that our employees are the first line of defense against cybersecurity threats, we provide them with applicable regulation education and training. Our employees receive a comprehensive security training on an annual basis. This training covers responsible information security, data security, and cybersecurity practices and how to protect data against cyber threats. All our employees are required to take the training.

Our Board members also receive cybersecurity training on a regular basis offered by experts in this field. In addition, we conduct ongoing phishing tests and communicate alerts and information for internal awareness of existing threats. Furthermore, as part of the Security Awareness Program, specialized phishing exercises are performed throughout all regions. Our security measures are operated in accordance with leading security frameworks

such as ISO 27001 and NIST. Our CSO is charged with ensuring our program aligns with SOC 2 Type 2 requirements. We perform regular assessments of our internal controls, test our security systems, and conduct multiple audits while we report information security key performance indicators on a periodic basis to the Risk Committee of the Board.



Cybercriminals are becoming more advanced, and clients are at a growing risk of sophisticated identity theft, phishing, fraud, and other cybercrimes. First BanCorp is committed to safeguarding our clients' accounts and financial information while delivering a convenient and secure banking experience. We go to great lengths to help our clients stay protected and

informed on how to prevent fraud and recognize and defend against identity theft. First BanCorp provides security awareness and information through our website and other communication channels. For more information, please visit our [security help center](#).

## ESG Integration in Credit Analysis

### Environmental Risk Program

Our financial environmental risk practices align with guidelines provided within our Environmental Risk Program. The goal of this program is to institute procedures to evaluate potential environmental liabilities and/or risks associated with certain commercial transactions, including real estate, where we may become potentially liable under certain environmental laws. Accordingly, we will not knowingly extend credit secured by real estate contaminated by hazardous substances.

We provide training to loan officers to ensure that they have the necessary knowledge to determine and evaluate the potential environmental concerns that may affect a transaction and our corporate interests. Training for loan officers consist of presentations, courses, and/or seminars offered by specialized or professional organizations, government agencies, educational institutions, or our own environmental professionals such as environmental consultants or counsel.

Environmental risks are monitored throughout the life cycle of a loan and structured into different tiers as follows:

- **Phase I Environmental Site Assessment (“ESA”) Report:** an AAI-compliant assessment in accordance with the latest adopted standard (currently the ASTM E1527-13), which consists of an environmental evaluation from a qualified professional, interviews, site visit, public records review, regulatory file and records review, final assessment report, and more.
- **Phase II ESA Report:** may include surface soil analysis and sampling, extensive surface water sampling, air-quality testing, groundwater sampling and testing, and hydro ecology analysis.
- **Phase III ESA Report:** a full site characterization with extensive surface and subsurface sampling, removal, and disposal of identified hazardous wastes, development of a Remedial Action Plan, submittal of the Remedial Action Plan to government agencies for review, comprehensive identification and quantification of contamination, and air-quality testing for vapor intrusion.

### Commercial Loan Credit Policy

As a responsible lender with a strong focus on managing risk, we frequently evaluate our customers' financial health to safeguard our loan portfolio. Our goal is to maintain a high-quality loan portfolio to safely meet the requirements of our shareholders and regulators. Our Commercial Loan Credit Policy sets the standards for credit guidance, underwriting, and documentation. A current and effective loan credit policy helps our management ensure that our lending function is operating within established risk tolerances. In accordance with our loan credit policy, we prohibit or limit lending to certain entities.

Additionally, we aim for the Commercial Loan Credit Policy to achieve the following ESG-related objectives:

- Serve the needs of customers in the community
- Aid in the expansion of the economic activity in the local community
- Assist in the development of permanent structures within the community
- Support the development of the economic activities of our customers
- Build economic wealth for the Bank and its stockholders

Finally, as part of our efforts to integrate ESG factors in our credit processes and be an active participant in the process of increasing renewable energy sources, we actively look to finance commercial projects aimed toward developing renewable energy. Over the past year, we extended approximately \$100 million in commercial credit facilities to fund several commercial projects related to solar energy, wind turbine power generation, and geothermal power generation.



# Social

## Our People and Culture

We strive to be recognized as a leading and diversified financial institution offering a superior experience to our clients and employees. We believe that the key to our success is caring about our employees as much as we care about our customers. Our goal is to be an employer of choice within our operating regions, which we believe is achieved and sustained by adding value to our employees' lives and providing a satisfying and evolving work experience. The heart of our employer value proposition, "The Experience of Being One," encompasses our commitment to our employees' well-being, success, professional development, and work environment.





## Employee Health, Safety, and Well-Being

### Benefits

We offer a competitive total compensation program designed to attract and retain talent that adds value to our organization through their skills, abilities, and knowledge. Our benefits package, which is part of our total compensation, is intended to address the most pressing needs of our employees and their families to promote physical, emotional, and financial health. It includes health and dental insurance under different insurance company options and plans that enable employees to choose the one that best accommodates their needs and those of their families. It also includes retirement benefits, life and disability insurance plans, and personal and family leave options.

We view our competitive compensation package as key in our success and that of our employees. Our total rewards philosophy utilizes market data to pay salaries and other rewards that will attract, retain, and motivate engaged contributors that have demonstrated outstanding performance. These efforts drive the achievement of our short and long-term business goals in a manner consistent with the Corporation's overall business strategy.

We offer variable pay programs, including non-equity performance-based incentives and long term equity incentives, in some cases, to recognize positive results across the Corporation. We regularly assess our rewards programs as well as our variable and fixed pay components to ensure that they remain competitive against our peers in the markets in which we operate.

In light of post-pandemic labor market dynamics, during the last year we reviewed our minimum wage salary in the regions in which we operate, impacting over 1,000 employees. We increased the minimum wage in Puerto Rico for branch and call center personnel to \$13 per hour and \$15 per hour in Florida and the Eastern Caribbean region.

We understand that the key to our success is to take care of our team by providing a fulfilling work experience. During 2021, we supported more

than 670 employees, over 20% of our workforce, through our Employee Assistance Program, which is available to all employees 24 hours a day, seven days a week. We are constantly searching for ways to help our colleagues take care of themselves and their families, including through the following benefits:

- Over 80% of insurance premiums paid by First BanCorp
- Family leave including both maternity and paternity leave options, marriage leave, bereavement leave, and personal days
- Option for employees to donate up to five sick days to a fellow employee in need
  - In the last three years, over 80 employees have donated 316 sick days to fellow employees





- Wellness programs including personal finance education, preventive physical and mental healthcare activities, in-house health services, fitness activities, gym facilities, and balanced healthy food selections in corporate cafeterias
- Activities included the following:
  - Nutritional seminars
  - Preparing for retirement seminars
  - COVID-19 vaccination clinics
  - COVID-19 tests
  - Management of chronic diseases seminars
  - Mammogram clinics
  - Mindfulness seminars
  - Fitness programs and seminars



## Safety during COVID-19 and Other Events

In response to the COVID-19 pandemic, we made the necessary arrangements to make our locations safe for employees and customers. We implemented enhanced cleaning protocols; installed plexiglass barriers compliant with social distancing guidelines; provisioned protective face masks, hand sanitizers, and cleaning materials; and ensured a safe environment for all employees and customers entering our corporate facilities. No COVID-related layoffs were executed in 2020 and 2021, and we took extra steps to keep our employees safe during the pandemic, including the following:

- Remote work for over 60% of our employees in 2020 and 2021 (90% of non-customer facing employees)
- Ongoing employee training related to COVID-19 safety measures, stress management, and remote working
- Special compensation awards to certain employees deemed either critical to our business operations or whose functions required them to work in person
- Accessible COVID-19 testing and vaccination to employees, including booster shots
- Paid leave for employees affected by COVID-19 in 2020
- Implementation of a vaccine mandate for all employees by year-end 2021

We have a strong sense of commitment to assist our employees who are experiencing difficulties due to the COVID-19 pandemic and natural disaster events that have impacted the geographical regions in which we operate in the past. In 2017, both Puerto Rico and the Virgin Islands were affected by Hurricanes Irma and Maria, which caused significant damage in both regions. Most recently, early in 2020, Puerto Rico experienced a high number of earthquakes that caused devastating damage to infrastructure and affected the well-being of Puerto Rican citizens. Throughout the COVID-19 pandemic and natural disaster events, the Corporation has been committed to providing relief efforts to our communities, employees, and customers through different programs, initiatives, and charitable contributions. As it relates to our employees, in the aftermath of the earthquakes, we distributed over 6,000 pounds of food and personal care items, installed tents for employees who suffered significant damages to their properties, and provided access to psychological counseling to employees affected by earthquakes in the southwestern region of Puerto Rico.



## Recruitment and Engagement

### Recruitment Efforts

We have developed a competitive recruiting process, focusing our efforts on attracting and retaining the best talent. The recruiting process includes:

- Continuing to expand our employee brand by participating in job fairs and career forums and expanding our social media presence
- Identifying the best available talent through innovative strategies
- Using a robust database to facilitate the management of candidates during the recruitment process to provide a unique experience
- Incorporating assessments to identify key competencies for different positions within the Corporation
- Engaging and supporting new employees' integration process with our mentorship program for new hires, known as "FirstPal"

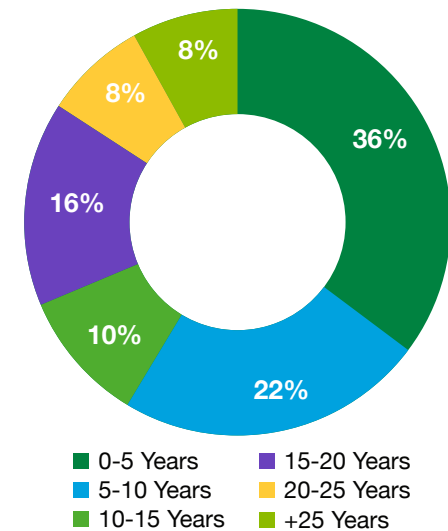
In order to create and leverage a competitive talent pool ready for new challenges and market risks, we conduct outreach efforts to attract high-potential candidates early on during their professional careers. We recognize that having young and emerging talent is critical to continue enriching our diverse culture and enhance our succession planning practices. For this reason, we maintain strong relationships with universities in our main market by participating in job fairs and other types of forums.

In addition, we promote our internship program, known as the "First Internship Program" since 2011, in which over 235 students have participated. This internship program is one of our most effective recruiting tools for attracting young talent and continuing to build our talent bench. We have alliances with certain universities in Puerto Rico, including the University of Puerto Rico's Mayagüez and Río Piedras campuses and the Polytechnic University of Puerto Rico, among other universities.

### Engagement

We value our employees' engagement as evidenced by the long tenure of our workforce. Over 40% of our employees have worked with the Corporation for more than 10 years. We provide unique growth opportunities for our employees in many ways, including training them in new skills

### WORKFORCE TENURE



to help them grow as professionals and taking on new responsibilities in other departments or subsidiaries.

The Corporation is focused on maintaining an engaged and collaborative workforce. As such, we conduct engagement surveys from time to time in order to strengthen our areas of opportunity and address any employee concerns in a timely manner. We look forward to continuing with this practice in 2022 by deploying a new engagement survey to account for the newly realigned organizational structure and obtain feedback on topics related to benefits, culture, work environment, managers, communication, and leadership. Feedback from this survey will



provide our Leadership Team with valuable information to continue strengthening our employee engagement in line with our strategic goals to be an employer of choice and offer a superior experience to our workforce, “The Experience of Being One.”

## Employee Training and Development

### Performance Management Program

We have designed a Performance Management Program (“PMP”) that is aligned with our strategic objectives and considers corporate, department and individual employee goals. Our PMP also includes a development plan that offers employees the opportunity to reach their growth goals. We offer our employees a constructive approach to annual performance assessments, beginning with goal setting at the beginning of the year and followed by staggered performance reviews to support a constant evaluation process of competencies, goals, and achievements. The annual employee performance review includes a self-assessment by each employee, complemented by an evaluation of competencies and annual objectives assessment performed by the supervisor. In 2021, more than 2,500 employees participated in the PMP.



### Training and Professional Development

At First Bancorp, we believe that having a culture of constant learning and development that maximizes our human capital is key to our sustainable growth prospects. We are deeply committed to providing and fostering the knowledge, competencies, and skills our employees need to help them reach their professional goals successfully. Trainings are offered on various subjects and are classified into the following five primary areas:

1. Leadership development
2. Fundamentals
3. Compliance and corporate governance
4. Specialized technical subjects
5. Professional development

We also offer a leadership training program intended to prepare our leaders for the future. For new supervisors, we offer a program intended to teach basic supervision, leadership, and communication skills and our human resources policies and practices. Every year, approximately 100 new supervisors and managers receive this training. Other leadership programs are designed for active supervisors and managers and encourage leaders to continuously improve their skills with self-awareness, commitment, and feedback received from instructors and coworkers. Over 60% of our existing leaders have participated in these programs, accounting for over 20,000 training hours since the programs were launched in 2014.

The FirstLeadership Development Program includes topics related to innovation, providing constructive feedback, tools for delegating tasks, and problem-solving, among other managerial skills. New training topics are delivered annually to strengthen competencies aligned with our strategic objectives. Also, the Corporation completes its annual talent review and succession planning process, aimed towards identifying, assessing, and developing potential employees to assume key positions within the Corporation. This process ensures having a continuous pool of talent for key leadership roles. As a result of





this exercise, targeted leadership development trainings are offered to these employees. We also provide coaching to select employees who are capable of and interested in advancing to high leadership levels within the organization. We also offer educational growth opportunities for current leaders.

Our continuous learning program is executed through FirstBank University (“FBU”), which provides in-person and virtual development opportunities. Through our FBU platform, we offer more than 7,000 training opportunities through

in-person or virtual classes. In 2020, due to the COVID-19 pandemic, we transitioned over 70 trainings to virtual and online modalities, allowing employees to continue to learn while working remotely. Overall, in 2021, we delivered more than 119,000 hours of training to over 3,600 employees across our three regions to support their continued education.

Our signature programs for internal talent development include new employee training, technical curriculum, and professional development programs.

Additional professional development opportunities include providing partial tuition reimbursement to complete a bachelor’s or master’s degree in areas related to banking, finance, and/or economics.

### New Employee Training

**Our training covers all the aspects that a new employee needs to know to start their work at First BanCorp. We have a comprehensive Onboarding Program in place followed by new hire training curriculum that lasts up to five weeks, depending on the job roles and responsibilities.**

### Technical Curriculum

**Annually we offer technical curriculums to support employees in job-related skills such as credit analysis and new platform usage and maximization.**

### Professional Development

**Professional development programs provide opportunities to develop competencies for current and future roles within the Corporation and courses to strengthen communication, negotiation skills, and project management, among others. This is done thru different specifically designed programs designed to address specific competencies as specified above.**



## Diversity, Equity, and Inclusion

We view diversity, equity, and inclusion (“DEI”) as a powerful tool that allows us to better serve the communities in which we do business. We also believe that our employees must authentically reflect the communities we serve. We pride ourselves on continuously working toward developing our workforce composition to reflect diversity across gender, age, race, geographical background, and experience.

We regularly review, implement, and advance DEI initiatives throughout all levels of our Corporation. We have an Affirmative Action Plan in place that is performed by a third party who provides a written plan that includes an analysis and conclusions based on the employees’ census data in order to reasonably determine that all employees have the

ability to progress and grow within the institution based on their merits. As a result of this analysis, an action plan is developed to address identified gaps and suggested actions in our recruiting and compensation practices. This process is conducted annually. We believe that these steps result in improved DEI practices, including issues related to the disabled, veterans, and the underserved of our workforce.

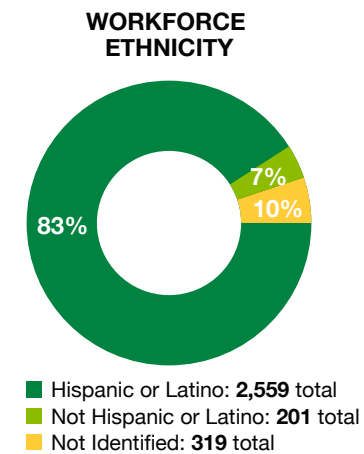
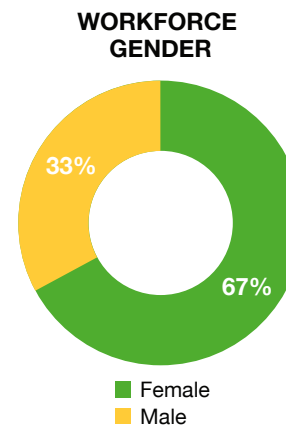
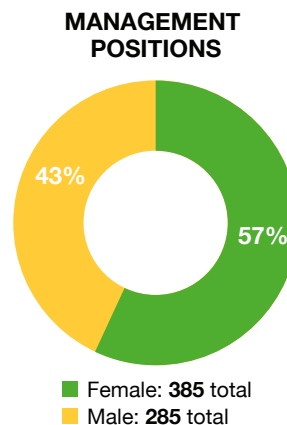
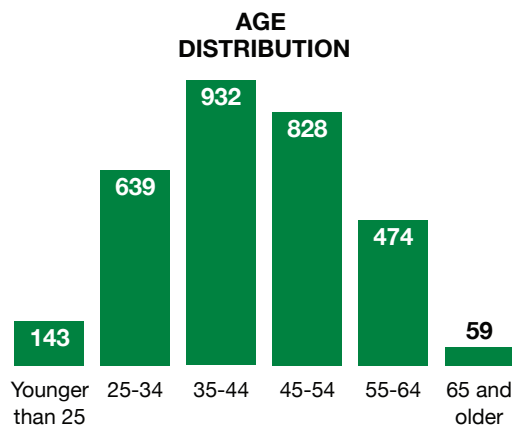
We are an equal opportunity employer. We consider all applicants for employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, age, or disability. This also applies to status as a protected veteran or any other classification protected by applicable federal, state, or local laws. We maintain policies and procedures designed to enable us to comply with applicable laws prohibiting discrimination in employment and

provide reasonable accommodation to qualified individuals with disabilities in accordance with the Americans with Disabilities Act (ADA) and applicable laws.

Through our FBU, we offer different trainings to our employees in topics related to DEI. Since 2020, more than 140 employees have participated in DEI trainings. These trainings have included diversity in the workplace, incorporating innovation in multigenerational teams, and TED Talks on diversity topics, among others.

The following summarizes the diversity of our workforce as of December 31, 2021:

- **67% women**
- **57% women in management positions**
- **33% women in the ELT**





## Community Impact

### Access, Affordability, and Community Development

#### Community Reinvestment Act (CRA) Program

We are committed to help strengthen the social and financial well-being of our employees, communities, and customers. First BanCorp has a long history of community development, and we continuously refine and invest in programs to be more intentional, transparent, and impactful. We closely design and execute initiatives aligned with the Community Reinvestment Act (“CRA”),

which encourages banks to help meet the credit needs of the local communities in which they operate, including low- and moderate-income (“LMI”) individuals, consistent with the safe and sound operation of the Corporation. The CRA requires the federal supervisory agencies, as part of the general examination of supervised banks, to assess a bank’s record of meeting the credit needs of its community, assign a performance rating, and take such record and rating into account in their evaluation of certain applications by such bank. First BanCorp’s subsidiary bank, FirstBank Puerto Rico, has a CRA program that is reviewed annually in which each operating region has its own goals and standards that are set and approved by the Board annually. In the most recent examination by the FDIC, we received a “Satisfactory” CRA rating.

#### Supporting Community Growth and Inclusion

We understand that supporting and serving LMI individuals, families, and communities is key to achieving a prosperous and productive economy. We recognize that our future is inextricably connected to the prosperity of our customers and markets. Our CRA program provides support to projects and initiatives developed and managed by non-profit organizations or by a partnership across the non-profit, private, and public sectors. The areas of interest are:

- Education and financial literacy
- Housing and economic development
- Community and social development
- Environment and community revitalization

To ensure we support customers in LMI areas, as part of our CRA program we track the number of consumer loans originated for individuals residing in LMI census tract areas. Over the past two years, we have been very active in supporting LMI communities as shown below:

- 2020: 27,101 loans (24% in LMI areas)
- 2021: 45,961 loans (25% in LMI areas)





As a commercial bank, we recognize the unique challenges small businesses face and strive to assist them to succeed and promote financial inclusion. In 2020 and 2021, we provided over 12,500 loans below \$1 million:

- 2020: 5,756 loans, amounting to approximately \$334 million
- 2021: 6,856 loans, amounting to approximately \$351 million

In 2020, the Corporation understood its responsibility to do its part to safeguard the interests and financial security of our customers as a result of the COVID-19 pandemic. A critical part of our economic efforts throughout the pandemic was our role in the deployment of loans under the U.S. Small Business Administration Paycheck Protection Program (“PPP”). As of December 31, 2021, we originated over 14,000 PPP loans amounting to over \$746 million providing much needed support to small business owners across our three operating regions.

Furthermore, as part of our support to those affected by COVID-19 in our communities, we provided temporary relief and moratoriums on payments for loans to residential, consumer, and commercial borrowers. Through this program, in 2020, we provided such relief and moratoriums to more than 138,000 customers, amounting to over \$3.4 billion in loan moratoriums at the peak of the pandemic.

### Affordable Housing

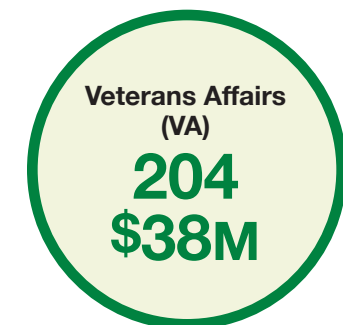
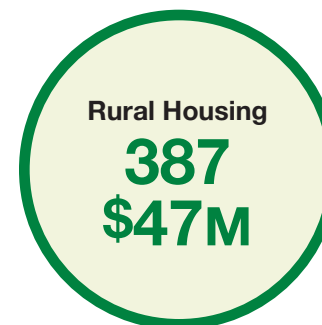
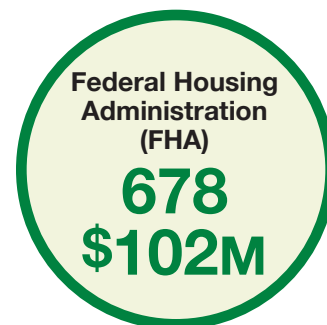
Providing access to affordable housing is critical for the stability of families and individuals. We understand that affordable housing is a cornerstone of any growing economy. We are committed to always strive to finance affordable housing units where possible. The following charts detail the number and amount of federally guaranteed mortgage loans originated by the Corporation between 2020 and 2021:



## 2020



## 2021



We have supported HABITAT for Humanity Puerto Rico, a non-profit organization that creates housing opportunities for low-income individuals and families, for more than ten years. Our support has centered around housing construction projects, housing rehabilitation, such as the “Un Toque de Cariño” program, and in offering education in construction work to women through the “Women Who Build” program.

### Our Community Development Loans

Community development loans that qualify for CRA credit are loans that support the economic development of LMI communities through construction or rehabilitation of housing, promotion of business and/or economic expansion in the areas, job creation, and

development of infrastructure. The purpose of the loan must be clearly established as part of the loan documentation as it should be targeting the development of a particular community.

Helping to create job opportunities for our communities is a major priority for the Corporation. We believe that economic vitality, business growth, and strong neighborhoods go together. Through our lending to for-profit developers of affordable housing and commercial developments and non-profit community development organizations, First BanCorp plays an important role in helping to build stronger communities. As of December 31, 2021, 54 community development loans were outstanding for a total of \$199.3 million across all regions.

### Our CRA Investments

First BanCorp’s community development investment program addresses both short- and long-term needs of underserved populations. Our investments are targeted to develop affordable housing and strengthen LMI communities. They are also used to build capacity and self-sufficiency in such communities. The Corporation significantly increased its CRA-qualified investments from \$72 million in 2020 to approximately \$192 million in 2021. This amount represents 0.92% in CRA investments as a percent of total bank assets. First BanCorp has also invested in several funds, including a third-party fund based in Puerto Rico and registered as a Small Business Investment Company, which supports small business development. The Corporation expects to continue supporting these types of business ventures for the benefit of small business owners and their communities.



### Community Engagement

The Corporation understands that it plays an important role in making a positive impact on the social, economic, and environmental well-being of our communities, customers, and employees.

As part of our community engagement, we encourage our employees to perform volunteer work in the different communities we serve. In addition, we perform different activities throughout the year to assist underprivileged



children, which includes the Back-to-School Drive and Toy Drive and participating in telethons for the benefit of a non-profit organization in Puerto Rico, among others.

As to the Corporation’s volunteer program, known as I AM FirstBank, we aim to support and reinforce our commitment to our communities. Our volunteer efforts are dedicated to supporting community revitalization and stabilization while fostering our employees’ sense of belonging and their pride as members of the Corporation. In the last three years, our employees have donated over 4,800 hours of volunteer work. In October 2019, as part of our 70th anniversary celebration, we held a multiregional community outreach event in which 250 volunteer employees donated approximately 1,000 hours, aiding 20 non-profit organizations in Puerto Rico, Florida, and the Virgin Islands.

We understand that educating and encouraging financial literacy helps individuals become self-sufficient and achieve financial stability. We developed a program to teach individuals in LMI communities about budgeting, saving, and other financial matters. We also encourage our employees to participate in non-profit organizations’ boards of directors.

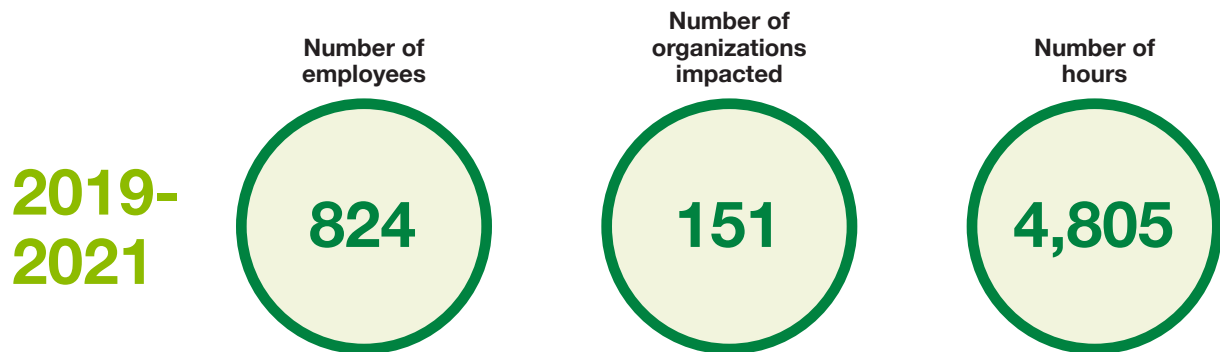
In the last two years, our financial literacy program provided 465 activities, across the regions in which we operate, assisting more than 9,500 individuals of all ages in enhancing their financial skills.

During 2021, we pledged a commitment of approximately \$50,000 to five universities in Puerto Rico to provide scholarships to students with outstanding academic performance and limited economic resources. This program is expected to be launched in 2022.

We provide donations and services to support the economic development of the underserved within our communities. Currently, 26 First BanCorp employees are members of the boards of directors of 27 non-profit organizations across the three regions, which support groups that provide financial education, economic development, affordable housing, and educational and social services for at-risk populations.

Small and medium-sized businesses are the fuel of a prosperous economy. We focus our efforts on assisting these businesses overcome the hurdles and challenges of operating a successful business. To that end, First BanCorp has partnered with several non-profit organizations to develop initiatives aimed towards assisting these businesses. Through our partnership with “INprende”, we provided small business owners and entrepreneurs with virtual workshops to assist them in addressing challenges caused by the COVID-19 pandemic. In 2018, FirstBank and INprende joined forces and developed the “First Success Program” to support entrepreneurs in the regions in which we operate to address constant challenges they face in their respective business environments. The focus of the program has been to empower business owners with the necessary tools to ensure the success of their business through educational seminars.

**I AM FIRSTBANK STATISTICS**





In 2021, FirstBank and INprende impacted 330 entrepreneurs through our virtual program. The virtual program topics included the following: business leadership in times of pandemic, successfully operate your business, marketing in times of pandemic, protect your finances, and how to ensure your company continues to succeed. Also in 2021, we partnered with one of the leading media conglomerates in Puerto Rico and the SOMOS initiative, a community outreach program throughout Puerto Rico municipalities to promote economic and social development, offering seminars to small and medium-sized businesses across different municipalities of Puerto Rico.

Other initiatives have included supporting Grupo Guayacán, Inc., a private sector driven non-profit organization whose mission is to foster, promote, and develop private equity in Puerto Rico. Through their EnterPRize business-building competition, they provide startups with access to workshops, mentoring, and equity-free seed capital. In 2021, FirstBank continued to support this initiative by providing grants to competing participants. Additionally, since 2019 FirstBank has been the official bank of the Entrepreneurs' Organization - Puerto Rico Chapter, providing its members with expert financial advice workshops and financial alternatives.

Throughout the COVID-19 pandemic, we provided relief efforts to our communities and customers through different initiatives. During 2020, we contributed close to \$1.1 million, including donations under the CRA Program, to over 130 non-profit organizations in the regions in which we operate, including the following: \$116,500 to 12 non-profit organizations for earthquake relief efforts in Puerto Rico; \$113,000 to 15 non-profit organizations for COVID-19 relief efforts; and \$150,000 to 30 non-profit organizations during our holiday community initiatives One with Puerto Rico, One with Florida, and One with Virgin Islands.

In 2021, we contributed over \$1 million, including approximately \$673,000 in donations under the CRA program and donations of used equipment, to 136 non-profit organizations in the regions in which we operate. As part of other donations through the CRA Program, First BanCorp makes donations of used furniture, computers, and other types of office equipment. In addition, we allow non-profit organizations that provide services to LMI individuals and small businesses to use our facilities and conference rooms to offer seminars, workshops, and other types of activities.

**COVID-19 RELIEF EFFORTS IN 2021**



**CORPORATE DONATIONS IN 2021**



**METRICS FOR TOTAL CORPORATE DONATIONS BY REGION**





## Our Focus on Customers

### Customer Experience and Privacy

Protecting our customers' privacy and ensuring a seamless customer experience with great service is our top priority.

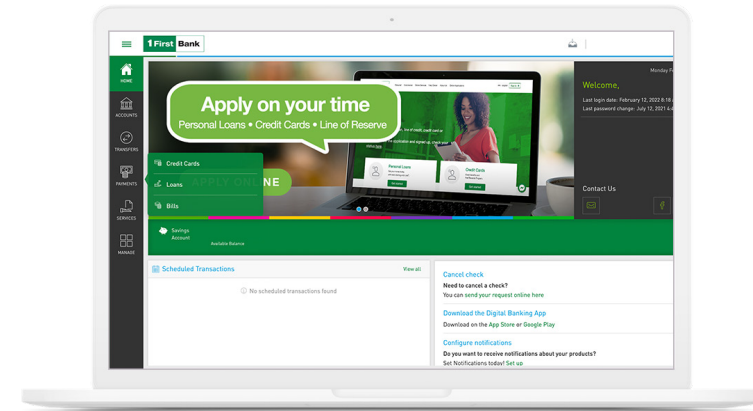
### Privacy

We work hard to ensure that our customers are in control of their privacy choices and can trust how we collect, use, and protect their personal data. Our [Privacy Policy](#) discloses how we collect, share, and use customer information. We employ robust privacy and security programs, policies, and governance and strive to comply with all applicable privacy laws and regulations where we operate. These measures include computer safeguards and secured files and buildings.

We've also adopted the following privacy protection principles to ensure that customer information is safeguarded and protected with the highest levels of security and appropriate discretion:

- A data protection/privacy training program
- Standards to maintain accurate customer information
- Restrictions and limitations on employee access to customer information
- Computer systems that contain confidential data protected with software controls

To protect customers from the risk of fraudulent activity, we ensure digital banking security and teach customers about outside risks through various media outlets. We have seen an increase in fraud during the COVID-19 pandemic, and we work tirelessly every day to protect our customers. Our [security webpage](#) provides a number to call if there is suspicious activity and information to protect our customers. Precautions include password changes, automatic logouts, system locks, secure WiFi, anti-malware software, and other heightened security requirements. People with disabilities and the elderly are especially vulnerable to financial exploitation. As such, we have a team of trained professionals who assist our customers with fraud-related issues as well as system-tracking 24/7 to prevent and address suspicious activity.



### Digital Channels

The Corporation's digital strategy is centered around enhancing our competitiveness by improving existing digital offerings and designing new services with a focus on personalization, ease of use and "digital human touch" across our customers' journeys through digital alternatives. In recent years, the Corporation has accelerated its digital transformation by investing in expanded capabilities for digital applications and operating an effective online banking platform for both individuals and commercial users to self-serve themselves through these channels. COVID-19 accelerated the adoption of our digital channels as customers looked for self-service and digital banking alternatives during lockdowns and curfews, propelling us to enhance our digital offerings and increase our virtual presence to support them in unprecedented times.





We are continually investing in technology that advances the capabilities of digital channels. Upon opening an account, customers immediately have the option to receive their account statements electronically and execute account transactions through the First BanCorp mobile phone app. Additionally, through our remote deposit capture (“RDC”) functionality, customers can deposit checks without requiring an in-person interaction at a branch. We saw improved adoption of digital channels during 2021, driving our technological transformation up compared to the prior year, as demonstrated

by an increase in login activity and in digital deposit transactions, primarily driven by our mobile RDC, automatic teller machine (ATM) RDC, and commercial RDC capabilities. We have also significantly increased our ATM presence through both company-owned ATMs and alliances with other providers.

As we look ahead to our vision in the next three years, our digital strategic plan is concentrated on enhancing our competitiveness by continuing to improve our existing offerings and designing new services that focus on improving the overall banking experience for our customers.

### Current Digital offerings

1. Retail Digital Banking (i.e., Tu Banca Digital) with RDC capabilities (i.e., Depósito Expreso Móvil)
2. Digital sales of consumer loans and credit cards
3. Online originations for mortgage loans
4. Person-to-Person (“P2P”) transfer capabilities
5. Business Digital Banking with mobile RDC capabilities
6. Commercial cash management solutions (“Smart Cash”)

### Customer Experience

The Corporation’s vision is framed around the overall objective of providing an improved banking experience to our clients. During 2021, we re-aligned our strategy management and product development functions to align the Corporation towards this vision and established the Customer Experience (“CX”) Strategy team. The CX Team is the cornerstone of our constantly enhanced customer experience, which will provide a competitive advantage in the current market environment.



The CX Team will primarily focus on the following initiatives:

- Working with business areas and support units to assess the current customer experience and support the resolution of identified customer service opportunities and pain points, focusing on improving our customer satisfaction
- Reactivating internal and external survey initiatives for products and services in order to guide the execution of future product developments
- Leading the creation of customer journeys for products and services that our clients consume, putting together a journey inventory to serve as a guide and reference for future product and service development, and focusing on answering the questions of who our client is and what their needs are
- Developing the CX culture by establishing a unique client attention model across business lines while working on the creation of an internal attention model to ease and promote cooperation between employees while supporting the implementation of the new culture

This organizational alignment supports the CX Team to define high-level goals and promotes an adequate strategic governance framework. For this transformation to be successful, the right set of key performance indicators are being established to monitor and provide an outstanding customer experience. The dashboard and metrics include, but are not limited to, the following:

- Systems and channels availability
- Net promoter scores
- FirstLine Solutions Center success metrics
- Claims and complaints

## Customer Feedback

We actively track customer feedback and complaints in accordance with our Complaint Management Policy, which the Board oversees. We established a Complaint Management Program to carry out the objectives of the policy and institute employee training on our complaint resolution procedures.

Our Corporate Internal Audit Department conducts annual audits and periodically reviews customer complaints to better address and resolve internal business practices in these areas. For example, we advanced an internal pilot program in 2020 with the CX Team to improve our mortgage-selling practices to better address and lessen the customer complaint volume.





# Environment

## Our Environmental Stewardship

### One with the Environment

Our Corporate Social Responsibility Program, “One with the Environment”, promotes ecological conservation and natural resources protection. Our efforts are focused on three main categories: reforestation, recycling, and energy management.

**uno** con el ambiente

**1 First Bank**





## Reforestation

The vast forests and vegetation throughout Puerto Rico have suffered great damage over the past few years due to natural disasters, such as earthquakes and hurricanes. We have targeted resources toward reforestation efforts to rebuild the landscapes of many of our communities. Through the reforestation component of the One with the Environment Program, we granted \$10,000 to Friends of El Yunque Foundation, an organization that focuses on the preservation of the only tropical rainforest managed by the U.S. Forest Service. FirstBank also developed an alliance with Agrochic, a blog podcast in Puerto Rico, that supports environmental well-being, and promotes educational content through our social media channels.



Our main reforestation initiative, “Crece Verde,” established in 2010, has distributed approximately 33,400

trees impacting approximately 136 communities, across various municipalities in Puerto Rico. This initiative also includes an urban garden project, which focuses on developing these gardens in LMI communities to promote food security as well as healthy eating and self-sufficiency of

the residents. The urban garden initiative was deployed in 2014 and, since then, we have developed a total of 19 urban gardens impacting 18 communities. “Crece Verde” provides an opportunity to partner with communities needing reforestation and donate native trees, suitable for the climatic condition of the particular region, to promote community well-being and environmental awareness among children, youth, and adults in Puerto Rico.



Also, as part of our commitment to the care and protection of natural resources and the environment, we granted \$25,000 to support the conservation and rehabilitation of the San Patricio Urban Forest, located between the San Juan and Guaynabo municipalities in Puerto Rico. For five years, we have adopted one of the paths in the forest, which is considered one of the natural lungs of Puerto Rico’s metropolitan area.

The forest comprises 68 acres of land. In this natural space, there are 33 species of birds, and it serves as a habitat for several amphibians and reptiles, as well as other Puerto Rico endemic species in danger of extinction. After Hurricanes Irma and María, the forest was closed. However, these efforts allowed its reopening to the public and the conservation of this natural jewel.



## Recycling

We continually look for ways to integrate recycling throughout our business operations and encourage recycling within our communities by our employees and customers. We have recycling bins in our cafeterias where employees can recycle their aluminum and plastic bottles. We also reduce our paper usage and recycle used paper, including paper shredding for confidential information.

**In 2020 and 2021, we recycled and shredded 1,090 metric tons of paper. This translates into the following benefits:**

- **5,659 metric tons** of CO2 emissions avoided
- **28,834 trees** preserved
- **3,556,223 kWh** of electricity saved
- **2,282,698 gallons** of water saved



In 2021, we also formed a joint venture with a corporate partner to facilitate recycling used carpet tiles from our facilities through a state-sponsored recycling program. We are pleased with the success of this initiative and expect to remove, recycle, and divert over 6,500 square meters of carpet tiles from local landfills in 2022.



In 2013, we initiated a program to recycle our used corporate mobile phone units. The following

year, this recycling program was expanded to our customers, and we established “Dona tu Celu”, our mobile phone recycling program, which aims to raise awareness of the risks of inadequately disposing mobile phone equipment and accessories. Customers deposit old mobile phones, chargers, and accessories at drop-off locations throughout our branch network. For this initiative, we established a strategic alliance with e-Cycling to safely collect and recycle mobile phones, charging cables, and other accessories, thus contributing to reducing our environmental footprint. Our recycling partner collects the phones and erases all the data before recycling them. In turn, we receive monetary reimbursement for the phones. All proceeds from the recycling process are donated to “Martín Peña Recicla”, a non-profit organization that has a program for the adequate management and disposal of solid waste in the communities around the “Caño Martín Peña”, a LMI community in San

Juan, Puerto Rico. Since the program’s inception, we have recycled more than 18,200 mobile phones and chargers, valued at approximately \$13,500.

### Energy Management

We strive to build a sustainable future in our communities through our environmental stewardship and climate change mitigation. We work to minimize the negative environmental impact of our operations and reduce our CO2 emissions throughout our business.

We also work to incorporate improvements to our design specifications to improve energy efficiency where possible. We have installed light sensors in the majority of our offices and conference

rooms as well as variable-frequency drives for air conditioning systems and within water pump systems to conserve our overall energy and electricity usage.

We have been supporting “Ecoexploratorio: Museo de Ciencias de Puerto Rico”, an organization dedicated to science and technology education and awareness, focusing on children and youth. Their expertise in STEM educational initiatives has the goal of giving visibility about environmental issues, a point of view that aligns with our corporate social responsibility.

Through these environmental initiatives and improvements, we strive to lessen our impacts on the environment by improving our operating procedures.










# Frameworks and Standards

## Alignment with the United Nations Sustainable Development Goals

In 2021, we started the process of aligning our ESG activities to five sustainable development goals (SDGs) outlined below to help stimulate action and impact toward 2030. This table highlights how we are responding to the SDGs.

SDG	Description	First BanCorp’s Position	Reference in ESG Report
 <p>1 NO POVERTY</p>	Eradicate extreme poverty including the lack of food, clean drinking water, and sanitation.	Our service offerings are designed to help families build wealth in the communities we serve.	See Access, Affordability, and Community Development section on <a href="#">page 26</a> .
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and equitable high-quality education and promote lifelong learning opportunities for all.	We believe that we play an important role in enabling the progress of society through the support of educational and development opportunities.	See Employee Training and Development section on <a href="#">page 23</a> and Access, Affordability, and Community Development section on <a href="#">page 26</a> .
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	We innovate continuously with the aim of staying at the forefront of digital banking and increasing access for all customers.	See Digital Channels Section on <a href="#">page 31</a> and Customer Experience section on <a href="#">page 32</a> .
 <p>13 CLIMATE ACTION</p>	Take urgent action to combat climate change and its impacts.	We are committed to our environmental footprint across our value chain, including our business operations, suppliers, and customers, and taking steps where appropriate to manage and minimize our impact on the environment.	See Reforestation section on <a href="#">page 35</a> and Energy Management section on <a href="#">page 36</a> .
 <p>15 LIFE ON LAND</p>	Protect, restore, and promote sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; and halt and reverse land degradation and biodiversity loss.	We work to conserve biodiversity and natural habitats through volunteering and philanthropic efforts to organizations that are working to protect and restore land.	See Reforestation section on <a href="#">page 35</a> .



## Sustainability Accounting Standards Board (SASB)

According to the SASB Industry-Level Materiality Map, the following categories are the most important sustainability issues for companies in the financial sector. The table below references accounting metrics within this report and other sources.

SUSTAINABILITY ACCOUNTING METRICS				
Industry	Accounting Metric	Category	SASB Code	Response
Topic: Data Security				
CB	Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	Please refer to <a href="#">page 15</a> : Cybersecurity.
CB	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Quantitative	FN-CB-230a.1	Not disclosed at this time.
Topic: Financial Inclusion and Capacity Building				
CB	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development.	Quantitative	FN-CB-240a.1	Please refer to <a href="#">page 26</a> : Access, Affordability, and Community Development.
CB	(1) Number and (2) amount of past-due and nonaccrual loans qualified to programs designed to promote small business and community development.	Quantitative	FN-CB-240a.2	As of December 31, 2021, the number and amount of loans past due and nonaccrual loans qualified to programs designed to promote small business and community development.  Small Business: Outstanding balance past due/nonaccrual: \$1,784,179 Number of loans: 30  Community Development Loans: Outstanding balance past due/nonaccrual: \$47,660 Number of loans: 1



Industry	Accounting Metric	Category	SASB Code	Response
CB	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers.	Quantitative	FN-CB-240a.3	FirstBank does not offer a no-cost retail checking account. We do, however, offer “Cuenta Uno”, a low-cost retail checking account.
CB	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.	Quantitative	FN-CB-240a.4	<p>Please refer to <a href="#">page 26</a>.</p> <p>First BanCorp understands that educating and encouraging financial literacy helps people become self-sufficient and achieve financial stability.</p> <p>In 2021 First BanCorp’s financial literacy program provided over 315 activities, impacting more than 7,112 individuals of low or moderate income.</p>
<b>Topic: Incorporation of Environmental, Social, and Governance Factors in Credit Analysis</b>				
CB	Commercial and industrial credit exposure, by industry.	Quantitative	FN-CB-410a.1	Please refer to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 1, 2022, for a discussion of our credit management.
CB	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis.	Discussion and Analysis	FN-CB-410a.2	Please refer to <a href="#">page 17</a> : ESG in Credit Analysis.
<b>Topic: Business Ethics</b>				
CB	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.	Quantitative	FN-CB-510a.1	Information related to material legal proceedings of First BanCorp during fiscal year ended December 31, 2021. Please refer to Note 33 “Regulatory Matters, Commitments and Contingencies,” of First BanCorp’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 1, 2022.
CB	Description of whistleblower policies and procedures.	Discussion and Analysis	FN-CB-510a.2	Please refer to the Code of Ethical Conduct, which is reviewed annually by First BanCorp’s Board of Directors.





Industry	Accounting Metric	Category	SASB Code	Response
<b>Topic: Systemic Risk Management</b>				
CB	Global Systemically Important Bank (G-SIB) score, by category.	Quantitative	FN-CB-550a.1	First BanCorp is not a global systemically important bank.
CB	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	Discussion and Analysis	FN-CB-550a.2	Although First BanCorp is not subject to the U.S. Dodd-Frank Act supervisory stress test requirement, it has established and implemented a Capital Policy that provides a comprehensive review of the Corporation's capital planning process, capital deployment strategies, capital limits, triggers, and contingency action under distressed conditions. First BanCorp's capital planning process uses stress testing as its cornerstone. A key element of integrating stress testing within the Corporation's capital planning process is to obtain a forward view on the sufficiency of the Corporation's capital. Capital allocation, budgeting, strategic planning, stress testing, and risk limit-setting processes are linked to create risk appetite limits; ensure budget coordination with capital measures in both base and stress scenarios; and create a framework upon which goals within the strategic plan would be achievable, manageable, and aligned with the risks the Corporation is willing to accept. Furthermore, as part of our capital planning process, factors taken into account include operating within our capital targets, the results of our stress test, capital distribution compared to our peers, and factors listed in the Federal Reserve Board of Governors Supervisory Letter 09-04.
<b>Topic: Employee Diversity and Inclusion</b>				
AC IB	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Quantitative	FN-IB-330a.1 FN-AC-330a.1	Please refer to <a href="#">page 25</a> : Diversity, Equity, and Inclusion.



Industry	Accounting Metric	Category	SASB Code	Response
<b>Topic: Professional Integrity</b>				
IB	Description of approach to ensuring professional integrity, including duty of care.	Discussion and Analysis	FN-IB-510b.4	Please refer to the Code of Ethical Conduct which is reviewed annually by First BanCorp's Board of Directors.
IB	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care.	Quantitative	FN-IB-510b.3	Information related to material legal proceedings of First BanCorp during fiscal year ended December 31, 2021. Please refer to Note 33, "Regulatory Matters, Commitments and Contingencies," of First BanCorp's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 1, 2022.
<b>Topic: Customer Privacy</b>				
CF	Number of account holders whose information is used for secondary purposes.	Quantitative	FN-CF-220a.1	Please refer to First BanCorp's Privacy Policy.
CF	Total amount of monetary losses as a result of legal proceedings associated with customer privacy.	Quantitative	FN-CF-220a.2	For the year ended December 31, 2021, there were no losses identified as a result of legal proceedings related to customer privacy.
<b>Topic: Activity Metrics</b>				
CB	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	FN-CF-220a.1	Personal Checking: Number of Accounts: 357,451 Amount: \$3,275,622,590  Personal Savings: Number of Accounts: 179,411 Amount: \$2,666,808,378  Small Business Checking: Number of Accounts: 15,680 Amount: \$272,261,960  Small Business Savings: Number of Accounts: 1,202 Amount: \$22,809,442



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## Forward-Looking Statements

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Act of 1995. These statements are related to the Corporation’s future economic, operational, and financial performance and can be identified by the words “expect,” “anticipate,” “intend,” “should,” “would,” “believe,” “may,” “will,” “plans,” and similar expressions, as well as variations of these words. These statements are based on the Corporation’s current views and expectations and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These factors include, but are not limited to uncertainties relating to the impact of the ongoing COVID-19 pandemic or any future regional or global health crisis; adverse changes in general economic conditions in Puerto Rico, the United States, the U.S. Virgin Islands, and the British Virgin Islands; an adverse change in the Corporation’s ability to attract new clients and retain existing ones; reputational risk associated with our ESG activities or perceived lack thereof, including negative publicity; new laws and regulations that address ESG matters including, but not limited to, climate change concerns; failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards relative to ESG concerns; and other risks discussed in our Annual Report on Form 10-K for the year ending December 31, 2021, and in our other filings with the Securities and Exchange Commission (SEC). The Corporation cautions readers not to place undue reliance on such statements, which speak only as of the date made, and advises readers to consider such various factors, some of which are in the Corporation’s control and some of which are not. These factors could cause actual results to differ materially from those expressed in or implied by such statements. The forward-looking statements contained in this report reflect our views as of the date hereof. The Corporation does not undertake and specifically disclaims any obligation to update any forward-looking statements after the date of such statements, except as required by law.