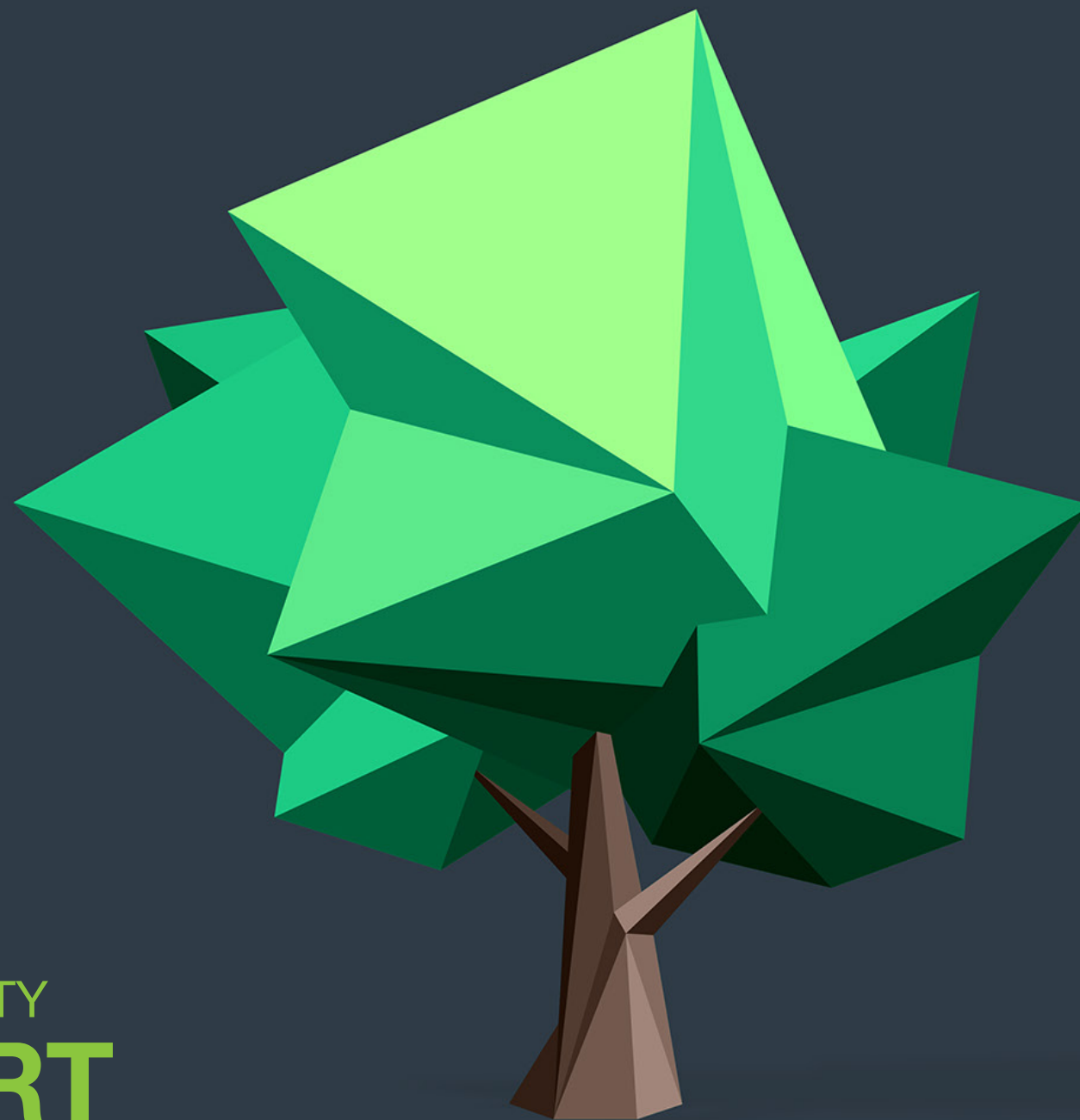


20  
22 | CORPORATE  
SUSTAINABILITY  
**REPORT**







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# Letter from our CEO

Throughout First BanCorp’s (the “Corporation”) 75-year history, one thing has remained constant: Our corporate mission has always been grounded in the principle that investing in our people, supporting our communities, and providing an outstanding banking experience to our customers is essential for our success over the long term. We have always believed that when we take care of our people, they will take care of our customers, ultimately leading to great results for our company, shareholders, and other stakeholders. We also strongly believe that as a responsible corporate citizen, we must give back to the communities we serve and to society as a whole.

At First BanCorp, we firmly believe that incorporating environmental, social, and governance (ESG) principles into our business strategy is not only the right thing to do but also the smart thing to do. Even though we’ve always strived to become a socially responsible and sustainable company, we decided to establish a formal ESG program in 2021, with the goal of integrating ESG considerations into our strategic plan and decision-making. Also, we adopted an ESG framework which establishes and communicates our ESG strategy and overarching governance policy. Since then, we have continued to evolve our ESG program with the oversight of our Board of Directors and executive leadership team, including establishing specific action plans and reporting on our progress. In 2022, we adopted the First BanCorp Sustainability Policy, which establishes the Corporation’s sustainability commitments, and published our inaugural ESG Report. To continue updating our stakeholders on our progress, we are publishing this Sustainability Report as our second report on ESG and sustainability matters, which is aligned with leading frameworks and standards, such as the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (SDGs).

We are proud of our progress during the past year and are deeply encouraged by the commitment demonstrated during the past year; however, we continue working on expanding the ESG program. Throughout this past year, we developed action plans to make progress in areas that most impact our business and customers, including projects related to financial inclusion, responsible sourcing, and human capital development.

## ENVIRONMENTAL RESPONSIBILITY

In recent years, we have witnessed numerous natural disasters, including hurricanes and earthquakes, that have devastated the communities we serve. Whether we were directly



impacted or not, we have all been reminded of the risks climate change poses and that it is essential to act. For such reasons, we continue to focus on advancing sustainable solutions as we think about the future of our company, how we operate, and our responsibility to our communities and the environment. As such, our team is focusing on implementing requirements considering environmental and social factors in the credit analysis process. In addition, we continue to focus on several actions to reduce our environmental footprint by improving energy efficiency in our operations, sourcing materials from sustainable sources, and continuing to enhance our recycling programs to minimize waste and pollution.



*Through Crece Verde we promote reforestation.*

SOCIAL RESPONSIBILITY

During the past year, we have continued our social impact initiatives across the Corporation to drive meaningful, lasting change toward a more sustainable future. Our employees are our most valuable asset, and we are committed to creating a safe, diverse, inclusive, and supportive workplace for everyone. We believe in treating all employees with respect and dignity. We are also committed to investing in the development and well-being of our employees by providing training and development opportunities, as well as health and wellness programs. In this respect, we have developed several initiatives throughout the past year to promote diversity, equity, and inclusion (DEI). In 2022, we conducted an employee engagement survey, with over 92% of our employees participating. Feedback from this survey provided 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, which we call “The Experience of Being One.” In 2022, we also invested significantly in merit increases and market compensation adjustments.



*FirstBankers painting at the non-profit organization Niños de Nueva Esperanza in Toa Baja, Puerto Rico.*

We recognize that our business has a broader impact on the communities in which we operate. We are committed to being a responsible corporate citizen, supporting local initiatives and organizations, and contributing to the economic development of the areas where we do business. We continue to focus our efforts on assisting small- and medium-sized businesses with overcoming the hurdles and challenges of operating successfully, including through the “First Success Program.” We also increased our corporate donations program in 2022 to approximately \$1.7 million, compared to approximately \$1 million in 2021.

GOVERNANCE

We believe in transparency and accountability in all aspects of our business. We have a robust governance framework in place with clear policies and procedures. We recently adopted a Responsible Marketing Policy, which outlines our internal rules and professional controls for our marketing practices, to ensure fair and responsible marketing and advertising practices. We also have a solid and diverse Board of Directors (Board), with members who have diverse skills and experience, that provides oversight and guidance on the Corporation’s strategic roadmap.

As we look ahead, we remain committed to making a meaningful impact on our society, including through our ESG strategy. I am proud of our progress, thanks to our people’s hard work and commitment, but we recognize that we are just getting started. We know we have a long road ahead of us to fulfilling our ESG objectives, and we remain focused on achieving our ESG goals. I am confident that we will help build a sustainable, prosperous, and inclusive future for our company, our people, our customers, and our communities.

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

**Aurelio Alemán**  
President and  
Chief Executive Officer



► Highlights

Governance



- In 2022, the **Board adopted First BanCorp’s Sustainability Policy**, which established our framework to address ESG matters, including establishing our sustainability commitments.
- **ESG-related objectives** were integrated within the **2022 individual goals and high-level incentive compensation targets** for certain Executive Leadership Team (ELT) roles.
- Adopted a new **Responsible Marketing Policy** addressing internal rules and professional controls for our marketing activities and **updated our Vendor Risk Management Control Survey** to address ESG-related vendor policies and business practices.
- **33%** of the Corporation’s Board members **are women** and **67% are Hispanic**.
- In 2022, we executed approximately **\$30 million in ESG-related credit extensions**, such as affordable housing projects.
- Since early 2023, the Vendor Management Program has been tracking our minority supplier engagement, in an effort to continue improving and promoting our DEI efforts.
- In 2023, we revised our Service Provider Code of Conduct to address certain topics of importance to the Corporation, such as matters related to community support, social responsibility, and the supplier work environment, approach toward DEI, and policies against child and forced labor.

Social



- Of our workforce at year-end 2022, **67%** were women, with **57%** of management positions and **33%** of ELT roles being held by women.
- **In 2022, we delivered more than 108,000 hours of training** to our employees across our three regions to support their continued education.
- In 2022, we contributed over **\$1.7 million** and 486 employees donated approximately 1,988 volunteer hours to support nonprofits across the regions where we operate.
- **Tripled paternity leave to 15 days’ paid time off** beginning early in 2023, which is in excess of minimum legal requirements.
- In 2022, we conducted an engagement survey for our employees and sought feedback on topics such as benefits, culture, work environment, managers, communication, and leadership.
- We increased our total number of consumer loans for individuals residing in low- and moderate-income areas from 11,257 in 2021 to **15,144 in 2022**.
- In 2022, the Bank originated approximately **930 CRA-related loans** under \$1 million for a total approximate amount of \$140 million.
- During 2022, a total of **33 CRA-qualified community development loans** were granted for a total of **\$213 million** across all regions.
- During 2022, First BanCorp employees provided **305 financial literacy workshops**, amounting to over **900 hours**, assisting more than **5,293 individuals** of all ages with enhancing their financial skills.

Environmental



- We converted approximately **147,000 square feet** of office space from traditional office furniture to those made from **recycled material**.
- Switched our **uniform** to those made from recycled plastic bottles fabrics.
- In 2022 we expanded our recycling program to include materials such as wood, metals, electronics, and carton, which in the aggregate resulted in recycling over **84,500 pounds**.
- In 2022, approximately **75%** of our facilities were equipped with LED lighting, amounting to 3,546 new light bulbs installed in our facilities, reducing our energy consumption.
- Through our Urban Forestry and Conservation of the Municipality of Ponce in Puerto Rico, in July 2022 we donated **100 native trees**.





# About This Report



First BanCorp’s 2022 Sustainability Report covers the progress of our ESG program during 2022, with data and metrics reflecting the period from January 1 through December 31, 2022, unless otherwise noted. In some instances, we include information on initiatives continued into 2023, which we have endeavored to note as such. Please see “Forward-Looking Statements and Materiality” in the Appendix for more information.

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.

We consulted with third-party ESG experts to prioritize material ESG topic areas, engage internal subject-matter experts, and align our reporting with leading frameworks and standards. We align our disclosures with the SASB Standards — now housed within the International Sustainability Standards Board — primarily for the commercial banks industry to ensure that we address the ESG factors most relevant to our business.

We have also identified six SDG that offer the greatest opportunity for impact for First BanCorp given their relevance to our business activities and key priority areas:



We recommend that this report, which speaks only as of its date and is not comprehensive, be reviewed in conjunction with First BanCorp’s 2022 annual report to stockholders (the “[2022 Annual Report](#)”) and proxy statement for the 2023 annual meeting of stockholders, filed with the Securities and Exchange Commission (SEC) on April 5, 2023 (the “[2023 Proxy Statement](#)”), which disclose additional information about our operations and financial performance. We also guide readers throughout the report to additional sources on our corporate website and other websites for convenience.



A stylized map showing the state of Florida in light green and the island of Puerto Rico in a darker green. A black star is placed on the main island of Puerto Rico. The map is positioned on the left side of the page, partially behind the 'Who We Are' text.

# Who We Are

Founded in 1948, FirstBank Puerto Rico, First BanCorp’s (NYSE: FBP) principal banking subsidiary, was the first savings and loan institution established in Puerto Rico. Today, we are a full-service provider of financial services and products with operations in Puerto Rico, Florida, and the U.S. and British Virgin Islands.

For **75 years**, First BanCorp has played a fundamental role in improving the quality of life in Puerto Rico, helping to build social and economic status for retail and commercial banking clients.

# VISION, MISSION AND VALUES

► **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**

**Honesty**  
**Respect**  
**Responsibility**  
**Collaboration**  
**Agility**

**Innovation**  
**Commitment to quality**  
**Customer focus**  
**Community involvement**



# FIRST BANCORP AT A GLANCE

- ▶ **Second largest financial holding company in Puerto Rico**
- ▶ **Headquartered in San Juan, Puerto Rico**



- ▶ **Primary business segments**
  - Consumer (retail) banking
  - Commercial and corporate banking
  - Mortgage banking

▶ **2022 highlights**



# 2022 RECOGNITIONS

▶ **Puerto Rico**  
The Banker, a Financial Times international banking magazine, selected FirstBank Puerto Rico as Puerto Rico’s Bank of the Year for 2022. The Banker recognized FirstBank’s leadership position within the Puerto Rico market, as well as its strong fundamentals, robust capital position, and high profitability levels when compared to its peers. We were also ranked 24 in the S&P Global Market Intelligence’s 2022 Top 50 Public Banks, which recognizes First BanCorp as a top performer within our industry.



▶ **Florida**  
FirstBank Florida was again recognized for its impressive work in the business community by receiving the following awards from the Daily Business Review:

- Best Business Bank
- Best Bank for Commercial Real Estate Lending
- Best Bank for Jumbo Loans
- Best Foreign National Mortgage Lenders







FirstBankers participated in a beach clean-up in Carolina, Puerto Rico.

# Our ESG Strategy

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. Our vision has been grounded in the principles that operating with ethical business practices, investing in our employees, supporting the communities we serve, and providing an outstanding experience to each customer are paramount to our long-term success, financial sustainability, and ability to deliver value to our stakeholders. We understand our role as a community partner in the different geographic regions where we operate, and we strive to positively impact society, the economy, and the environment. At First BanCorp, we see the effective management and execution of our ESG strategy as a critical step toward building a sustainable, inclusive, and successful future.



One of our leaders offers mentoring to our interns.



Employees cleaned up an urban garden as part of our Volunteer Program, I am FirstBank.

## Environment



We are committed to advance environmental practices that reduce the impact of our operations on the environment and that continue maximizing our efforts against climate change.

## Social



We strive to provide a workplace in which our employees are treated with respect and dignity and are supported for professional growth and development and strive to strengthen the communities in which we live and work.

## Governance



We are committed to sound corporate governance and ethical practices, building long-term value and trust with all of our stakeholders.



# GOVERNANCE

At First BanCorp, we understand that adhering to sound governance practices is of the utmost importance. High standards of governance and ethics are an integral part of our corporate culture. For us, banking is a business centered on trust and built on relationships.

## IN THIS SECTION

- ▶ Governance and Oversight
- ▶ Business Ethics and Compliance
- ▶ Regulatory Compliance and Government Affairs
- ▶ Responsible Marketing and Sales Practices
- ▶ Risk Management and Business Continuity
- ▶ ESG Integration in Credit Analysis
- ▶ Responsible Vendor Management
- ▶ Data Security and Cybersecurity Management



# Governance and Oversight

A high standard of corporate governance is a fundamental principle at First BanCorp. We strive to maintain the highest ethical conduct standards, reporting with accuracy and transparency and complying with the laws, rules, and regulations that govern our business.

► **Learn More**  
FirstBank | Governance - Corporate Governance ([fbpinvestor.com](https://fbpinvestor.com))



*Our leaders are committed to high standards of ethics.*

## BOARD COMPOSITION AND DIVERSITY

We recognize the importance of having a diverse Board in order to maintain an inclusive workplace grounded in unique perspectives and a competitive advantage. The Corporate Governance and Nominating (CGN) Committee regarding the director nomination process considers diversity in the context of viewpoints, differences in skills, regional and industry experience, background, race, gender, and other distinctions across directors. The Board is committed to ensuring that it maintains a diverse composition of individuals who, together, understand how to manage our stakeholders expectations, our business goals, and strategic objectives.

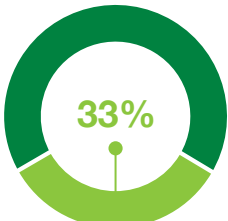


Board of Directors

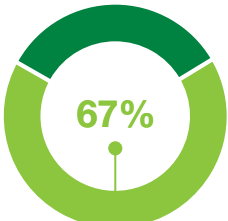


From left to right:  
Juan Acosta Reboyas, ESQ.  
Aurelio Alemán-Bermúdez  
Luz A. Crespo  
Tracey A. Dedrick  
Patricia M. Eaves  
Daniel E. Frye  
Roberto R. Herencia  
John A. Heffern  
Félix M. Villamil

Diversity

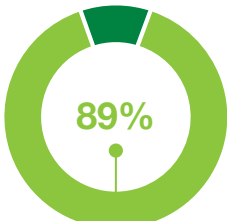


Women



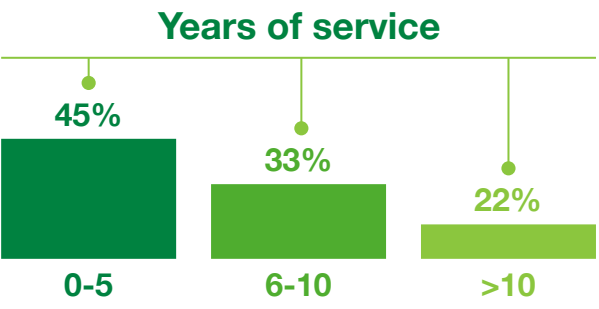
Ethnicity / Hispanic

Independence



Independence

Tenure



The average board tenure of our sitting nominees is **7.2 years**. There have been **four new Directors** or **45%**, elected within the last five years.

CORPORATE GOVERNANCE AND ESG

Our corporate governance practices are designed to enable our Board to set objectives, monitor performance, and strengthen accountability. The CGN Committee aims to constantly improve our governance structure by annually reviewing our [Corporate Governance Guidelines and Principles](#) and, to the extent necessary, recommending modifications and improvements to the Board. Please refer to our [2023 Proxy Statement](#) for a detailed view of our key corporate governance practices.

**In 2022, the Board adopted First BanCorp’s Sustainability Policy.** Our Board works closely with our ELT to oversee our ESG initiatives, reporting, and sustainable business practices. The Board has assigned primary oversight to the CGN Committee the management of ESG policies, practices and disclosures and has also delegated its oversight of certain material ESG topics to other Board committees in accordance with their responsibilities.

Our CEO, together with the ELT, is accountable for our overall ESG strategic performance and establishing appropriate structures to manage ESG across our business. A management-level ESG Committee reports to the CEO and oversees the day-to-day management of our ESG framework and strategy. The ESG Committee provides regular updates to the CEO and the CGN Committee.

The ESG Committee is tasked with aligning priorities and initiatives for the year, setting and monitoring long-term objectives and goals, and leading the annual reporting process on ESG-related topics. We are focused on developing action plans with the goal of continuing to evolve our ESG program. The areas we are focusing on are:

- Operational efficiency improvements from an energy management perspective
- Initiatives directed toward DEI matters
- Incorporation of environmental and social considerations within our credit analysis process
- Expansion of responsible sourcing and responsible marketing efforts



Board of Directors	Responsibilities within ESG Oversight
Board of Directors	<ul style="list-style-type: none"><li>Shared oversight with our ELT of our ESG policies and practices</li></ul>
Corporate Governance and Nominating Committee	<ul style="list-style-type: none"><li>Corporate Governance Guidelines and Principles</li><li>Board independence, diversity, evaluation, and refreshment</li><li>Corporate sustainability and ESG risk management, strategy, policies, and reporting practices</li></ul>
Audit Committee	<ul style="list-style-type: none"><li>Codes of business conduct and ethics</li><li>Compliance with legal and regulatory requirements</li><li>Financial reporting and audit functions</li></ul>
Compensation and Benefits Committee	<ul style="list-style-type: none"><li>Human capital management practices</li><li>Overall compensation programs and evaluation of their effectiveness in promoting shareholder value and company objectives</li></ul>
Risk Committee	<ul style="list-style-type: none"><li>Company-wide risk management framework</li><li>Data security and customer privacy</li><li>Stress testing</li></ul>
Credit Committee	<ul style="list-style-type: none"><li>Credit management, including lending functions and credit risk management</li></ul>
Asset/Liability Committee	<ul style="list-style-type: none"><li>Asset and liability management policies related to liquidity risk, interest rate risk, fund management, and investment management</li></ul>

Management	Responsibilities within ESG Oversight
Executive Leadership Team	<ul style="list-style-type: none"><li>Shared oversight with our Board of our ESG policies and practices</li></ul>
Executive Risk Management Committee	<ul style="list-style-type: none"><li>Corporate-wide risk governance at the management level</li></ul>
ESG Committee	<ul style="list-style-type: none"><li>Day-to-day management of our ESG program and strategy with updates regularly reported to the CEO and the CGN Committee</li><li>Composed of cross-functional leaders representing critical areas within our business, such as:<ul style="list-style-type: none"><li>Human Resources</li><li>Enterprise Risk Management</li><li>Strategic Planning</li><li>Investor Relations</li><li>Legal and Corporate Affairs</li><li>Marketing and Corporate Communications</li><li>Compliance</li><li>Credit</li><li>Finance</li><li>Corporate Internal Audit</li></ul></li></ul>

For more information about our corporate governance and board committee charters, please see the governance page on our investor relations [website](#).





# Business Ethics and Compliance

At First BanCorp, adhering to corporate governance practices is of the utmost importance, starting with a strong tone at the top from our Board. We aim to foster a culture of ethics through our governance framework that guides our employees’ and directors’ decisions and behavior in such a way that we are able to choose what’s right every time.

## CODE OF ETHICAL CONDUCT

We are committed to conducting our business in a legal and ethical manner, looking out for the best interests of our Corporation; meeting the expectations of our clients, stockholders, and employees; and offering a service of quality and excellence. The Board has approved policies and guidelines to ensure that we have a strong and robust governance structure. All of our employees and directors are required to abide by the standards included in our [Code of Ethical Conduct \(the “Code”\)](#).

Our Code is designed to maintain high ethical standards. The Code is reviewed annually, as well as updated as needed, and approved by our Board. Additionally, our Human Resources (HR) team works closely with the Enterprise Risk Management (ERM) and Legal teams to stay abreast of ethics-related risks that may necessitate updates to the Code. The Code addresses areas such as:

- Conflicts of interest
- Fair treatment for all
- Nondiscrimination
- Confidentiality of customers’ information

All employees are trained in the Code’s guidelines upon hire. Annually thereafter, all employees receive training on the Code and are required to certify annually that they have reviewed the Code. We strive for 100% compliance. **In 2022, 100% of required employees completed training on the Code’s guidelines.**



Furthermore, First BanCorp also has a [Code of Ethics for CEO and Senior Financial Officers \(the “Code for Financial Officers”\)](#), which 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 2022, 100% of our senior financial officers and our CEO acknowledged compliance with the Code for Financial Officers.**



**WHISTLEBLOWER POLICY**

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; our customers, shareholders, employees, or investors; or the public at large. We have a Whistleblower Policy in place that includes the details of our confidential and anonymous reporting helpline to address reportable matters, such as the following:

- 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 managed by a third party, with oversight from our Board’s Audit Committee and the support of our Corporate Internal Audit team. Issues or complaints are quickly escalated to internal investigators within the Corporate Internal Audit team. 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.

**Key elements of our Whistleblower Policy include:**



**An independent, reporting hotline available 24/7**



**A non-retaliation policy**



**The possibility for anonymous reporting and confidential treatment**



**A formal process for addressing whistleblower reports**



**Protection of whistleblower’s employment status**



**Protection of a whistleblower from harassment in the workplace**



**ANTI-BRIBERY, ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING POLICIES**

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. The Code strictly prohibits all employees from accepting or offering money, or benefits of any other type, directly or through a third party, from government officials. The Code also outlines our requirements for proper adherence to the provisions and intent of the Bank Bribery Act, which prohibits the offer or receipt of anything of value for or in connection with any transaction or corporate business.

First BanCorp aims to comply with all applicable laws, rules, and regulations related to anti-money laundering and anti-terrorist financing initiatives. Our Bank Secrecy Act / Anti-Money Laundering (BSA/AML) program is designed for us to comply with the BSA and the USA PATRIOT Act as well as with the Office of Foreign Assets Control requirements. The BSA/AML program is reviewed annually and approved by our Board. Furthermore, our employees are required to complete an annual BSA/AML training, and over 99.7% of eligible employees completed the training in 2022; those employees who did not complete the training were duly excused.



# Regulatory Compliance and Government Affairs



Public policies have significant impact on First BanCorp’s business operations, clients, communities, shareholders, and employees. Therefore, we believe that responsible corporate citizenship requires our participation in the public policy process. First BanCorp is a member of the Puerto Rico Bankers Association (the “Bankers Association”), the organization responsible for representing most of the banking industry in Puerto Rico. Our CEO

is a member and past president of the Bankers Association Board of Directors, representing the interests of our business and customers when the Bankers Association considers government legislation. The Corporation is also a member of certain banking associations in the U.S. Virgin Islands, the British Virgin Islands, and Florida, which are responsible for representing the banking industry in their respective jurisdictions, as well as a member of the American Bankers Association.

In accordance with the Code, First BanCorp maintains a position of political neutrality, and we will not identify with any political party or candidate for public office. Our mission is to contribute to the economic development of the market and the communities in which we operate. Considering our political neutrality, we do not make any corporate political contributions.

# Responsible Marketing and Sales Practices

First BanCorp aims to advance, utilize, and promote responsible selling practices throughout our organization, including providing information access through both traditional and digital channels. We aim to build long-term customer relationships and ensure a consistent and positive experience across our bank network.

## RESPONSIBLE MARKETING POLICY

We are committed to offering our clients an array of products and services, based on their needs, wants, and preferences. Our marketing practices and efforts are required to meet our internal compliance standards, and applicable policies, as well as to comply with regulations regarding brand image, product accuracy, and transparency to prohibit unfair, deceptive, or abusive marketing practices. 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.



Management provides input on our marketing content, which is then revised by supporting units. We have a regulatory compliance program to ensure we comply with applicable legislation, including consumer protection laws and regulations. Our Compliance Department reviews and approves all of our marketing and communication campaigns. In developing our communications and marketing efforts, we also ensure that we take into consideration the targeted audience, especially as it relates to marketing and advertising efforts to persons under the age of 18.



In May 2023, we adopted a **Responsible Marketing Policy** that outlines our internal rules and professional controls for our marketing activities regarding our published advertising materials across all types of media to meet the following ethical standards:

<b>Clear</b>	<b>Consistent</b>
Use easy-to-understand narratives.	Providing customers similar information across each point of contact.
<b>Complete</b>	<b>Accurate</b>
Including all applicable regulatory disclosures, information, and sources.	Having reasonable validation to communicate credible information.
<b>Honest</b>	<b>Customer-Driven</b>
Reasonably ensuring that the content does not contain any false or misleading statements.	Promoting our products and services in ways that genuinely meet our customers’ needs, using captivating visuals without discrimination.
<b>Trustworthy</b>	<b>Truthful</b>
Communicating about our sustainability practices and advanced product features using appropriately validated scientific and technical data and statistics.	Communicating honestly and accurately, adhering to the guidelines and practices of various self-regulating bodies.

OVERSIGHT OF SALES PRACTICES

Our continuous and comprehensive monitoring of and compliance with consumer protection rules also means compliance and customer-focused thinking are embedded into FirstBank’s day-to-day business operations. To provide a solid, responsible sales oversight structure, we have incorporated cross-functional procedures into critical oversight functions within various departments — from Finance to HR to ERM and Compliance — to design, analyze, approve, and manage compensation incentive plans in alignment with sales evaluations, budget monitoring, risk-avoidance assessments, and corporate strategic plans.

The ERM team performs a risk avoidance review annually as part of the review of the Corporation’s incentive plans to ensure alignment with our standards of ethical behavior and compliance with regulatory expectations. The ERM team validates that the proper controls for monitoring are in place. The ERM team presents the results of the review to the Board’s Compensation and Benefits Committee. The corporate incentive plans are required to be approved by the Chief Risk Officer (CRO), and plans in excess of \$300,000 also require the approval of our CEO. The actual payout for ELT incentives must be approved by the Board’s Compensation and Benefits Committee.

Business areas maintain quality review controls to ensure policies and procedures are followed when completing the sale of a product. The quality review controls are audited periodically. This governance framework requires an escalation of complaints related to products not requested by customers and are discussed by FirstBank’s Complaint Management Committee.

RESPONSIBLE COMPENSATION STRUCTURE

The Board’s Compensation and Benefits Committee rewards exceptional employees, while ensuring that their compensation reflects the principles of risk management and performance metrics that promote long-term contributions, enhance shareholder value and adhere to the rules of conduct expected of each employee. The corporate risk management structure includes policies and procedures that provide for the ability to anticipate, identify, measure, monitor, and control risks. The adequacy of the internal controls and risk management structure are periodically evaluated by internal and external auditors and examiners.

EXECUTIVE COMPENSATION

Our executive compensation program is designed to support the Corporation’s durability by driving long-term business outcomes, promoting strong governance, and encouraging responsible risk-taking. In 2022, ESG-related objectives were integrated within individual goals for certain members of the ELT. Our Board’s Compensation and Benefits Committee reviews the Corporation’s performance as a whole and the performance of each executive as it relates to the accomplishment of the goals and performance objectives set forth across different categories. For more information, see the Compensation Discussion & Analysis section of our [2023 Proxy Statement](#).



# Risk Management and Business Continuity

Planning effectively for a wide range of risks is essential to our business success. The Board has the ultimate responsibility for defining corporate risk tolerances. In performing this function, the Board receives periodic reports from Board-designated committees and different members of senior management. Senior management is responsible for implementing the risk management strategies in such a way as to appropriately limit the risks and ensure that employees comply with policies and procedures and all applicable laws and regulations.

## RISK POLICIES AND OVERSIGHT

The Board’s Risk Committee assists the Board in its oversight of the management of the company-wide risk management framework. Its role is one of oversight, recognizing that management is responsible for designing, implementing, and maintaining an effective risk management framework.

We have a Risk Appetite Statement in place that articulates our risk tolerance and is reviewed by the CRO and the Risk Committee on a quarterly basis, 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. Furthermore, the Corporation monitors its capital position consistent with the safety and soundness expectations of federal regulators, and we perform internal stress testing as part of our annual capital planning process. The Corporation’s capital planning activities are overseen by the Capital Planning Committee at the management level, which is chaired by the CEO and is composed of the following members: the Chief Financial Officer, the CRO, and the Corporate Strategy and Investor Relations Officer.

## RISK MANAGEMENT POLICY

Our Risk Management Policy provides the foundational business practices that together aim to establish, maintain, and enforce a sound system of risk management to anticipate, identify, measure, monitor, and control the risks faced by our businesses. The policy outlines our risk categories, organizational oversight, internal controls, and implementation of procedures. Our risk categories include several ESG factors, such as:

- Strategic talent acquisition
- Business continuity
- Climate change
- Regulatory framework

## BUSINESS CONTINUITY AND INCIDENT RESPONSE

At First BanCorp, we plan ahead for the continuity of our operations and business in the event of emergency or unpredictable situations. Our Business Continuity Management (BCM) program further provides the foundation for business continuity management policies and practices. The BCM program is composed of a series of strategic, tactical, and operational policies, procedures, frameworks, and practices to mitigate the risk of potential losses; to recover facilities, data, and assets; and to resume normal operations.

The BCM program incorporates a cyclical process that includes assessing governance and leadership, planning, operations, monitoring, and compliance functions that incorporate key elements such as business continuity plans, disaster recovery testing, redundancy sites, disaster relief programs to assist our employees and customers, and an incident response plan.

The program initiates the activation of an emergency committee to effectively report emergency situations through a robust Corporate Incident Response Plan (CIRP), led by a cross-functional team.





**CLIMATE PREPAREDNESS AND NATURAL  
DISASTER RESPONSE PROTOCOLS**

We recognize the long-term benefits of integrating climate preparedness into our governance, strategy, and risk management. Climate change may inherently increase operational costs in the global economy (e.g., insurance premiums, energy costs, etc.) and may increase corporate compliance costs. Having physical locations in Puerto Rico, the U.S. and British Virgin Islands region, and South Florida, our operations are susceptible to weather and climate change-related risks. In emergency situations, including natural disasters, our CIRP emergency committee is quickly activated to ensure the physical safety of our employees and customers on our premises. We have the systems in place to monitor and prepare for these risks on an ongoing basis so that we can provide support during climate-related events and disruptions with our digital capabilities and the physical safety of our locations.

In recent years, several natural disasters have impacted the regions where we operate. Despite the disruption from these events, we have been successful in confirming the viability, veracity, and effectiveness of our emergency response system.

**ESG**  
**Integration in  
Credit Analysis**

**ENVIRONMENTAL RISK PROGRAM**

The goal of our Environmental Risk Program is to evaluate potential environmental liabilities and/or risks associated with certain commercial transactions, including real estate financing, for which we may become potentially liable under certain environmental laws. Accordingly, prior to the extension of credit and as part of our due diligence process, a third-party is engaged to perform an environmental site assessment. If, while performing the assessment substance contamination is discovered, no extension of credit is performed unless the contamination is duly remediated.

Environmental risks analyses are monitored throughout the life cycle of a loan and structured into different tiers, depending on the real estate location, the type of property, or whether there is potential for environmental risk. The following are examples of environmental site assessments that may be performed:

**Phase I Environmental Site  
Assessment (“ESA”) Report:**

An All Appropriate Inquiry (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, a site visit, a public record and regulatory file review, and a final assessment report.

**Phase II ESA Report:** Required when Phase I reveals a recognized environmental condition or environmental concern with a recommendation for further evaluation. The assessment 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.





**LOAN OFFICER  
ENVIRONMENTAL TRAINING**

We provide on an annual basis a mandatory 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. This training is provided through the Corporation’s online training platform.

**COMMERCIAL LOAN CREDIT POLICY**

Fundamentally, our Commercial Loan Credit Policy sets the standards for credit guidance, underwriting, and documentation with the objective of maintaining a high-quality loan portfolio to safely meet the requirements of our regulators and interests of our shareholders. As a responsible lender with a strong focus on managing risk, we evaluate our applicants’ financial health and the industries they operate in to safeguard our loan portfolio by prohibiting, or limiting, lending to certain high-risk entities. Our Commercial Loan Credit Policy helps management execute our lending practices within established risk tolerances.

In conjunction with the integration of ESG factors into our credit governance processes, we have expanded the mandate for the Commercial Loan Credit Policy, to further strengthen our ability to assess the downside risk of our credit investments considering the transition and physical risks of our credit investments considering the transition and physical risks associated with climate change, as well as the social and economic well-being of the communities and serve. Primarily focusing on the following ESG-related objectives:

- Serve the needs of customers in the community.
- Aid in the expansion of 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 shareholders.
- Focus on growing the number of clients involved in the development of sustainable technologies, products, and services that support a green economy.

As a result of our increased pursuit of financing commercial projects that advance renewable energy opportunities, we reduced **funds earmarked for utilities loans by more than \$75 million**. Also, loans to entities within the oil and gas industry now have stricter approval requirements; setting a clear path towards focusing on companies that value environmental, as well as community stewardship. Our Commercial Loan Credit Policy will continue to evolve to further achieve and expand our targeted ESG-related objectives.

In 2022, we executed approximately **\$30 million** in ESG-related credit extensions, such as affordable housing projects.



# Responsible Vendor Management

Our vendor relationships 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. A management-level Vendor Management Committee (VMC) oversees the VMP and is led by the Finance Department Expense Management Group, which reports its progress to the Risk Committee on an annual basis. The VMC meets quarterly and is composed of cross-functional business leaders representing our Legal, Compliance, ERM, Security, Technology, Insurance, Finance, and Operations teams.

## VENDOR EVALUATION PROCESS

The VMC establishes a comprehensive evaluation of potential suppliers. The extent of oversight over 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. Additional information may be required for vendors with a higher risk designation. In accordance with the VMP, vendors are reviewed against the following criteria:

- Quality of service
- Risk management practices
- Financial condition
- Applicable controls and reports

As part of our evaluation process, vendors are also required to complete a Related Party Questionnaire to obtain full disclosure of potential business relationships between vendors and related employees of First BanCorp. This step aims to avoid the risk of a potential conflict of interest or the appearance of a conflict of interest. Please see our 2023 Proxy Statement for information on our Related Person Transaction Policy.

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

Our goal is for the VMP’s Vendor Risk Management Control Survey to be completed by our vendors and revamped in 2023 to include ESG-related questions, focused on environmental and social aspects. The Corporation will use such information to develop strategies to promote and encourage our vendors to establish ESG-related initiatives.

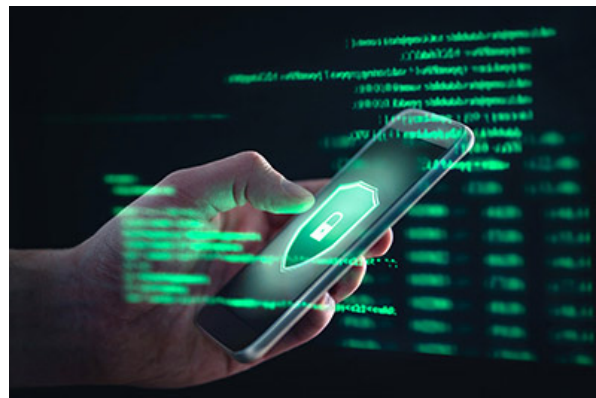
First BanCorp’s procurement efforts focus on obtaining the best value and service while maintaining compliance with our corporate policies. We understand the impact our expenditures have on the communities we serve and, when possible, we look for locally based suppliers that meet our needs. Since early 2023, the VMP has been tracking our minority supplier engagement, including identifying suppliers that are small businesses or woman-, veteran-, or minority-owned businesses, in an effort to continue improving and promoting our DEI efforts. 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.

## SERVICE PROVIDER CODE OF CONDUCT

Our vendors receive a 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’s products and services. The Service Provider Code of Conduct was revised in 2023 to address certain topics of importance to First BanCorp, such as matters related to community support, social responsibility, and the supplier work environment, approach toward DEI, and policies against child and forced labor. Please see our [Service Provider Code of Conduct](#) for more information, available on our corporate website.



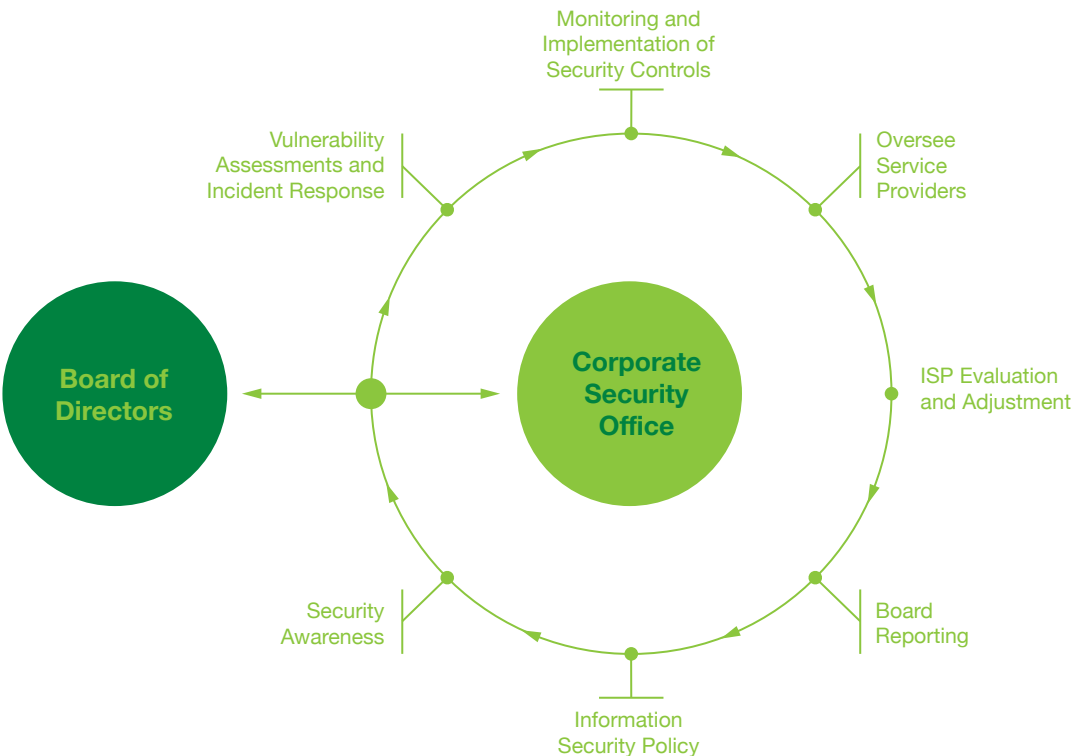
# Data Security and Cybersecurity Management



Data security is a top priority for First BanCorp. We seek to manage cybersecurity risk through technology platforms, adequate staffing resources, and effective governance controls. 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.

First BanCorp has a federally mandated obligation to protect the privacy of our clients’ personal information. We aim to protect our customers’ personal and financial information through responsible information collection, processing, and use practices. The Corporate Security Officer (CSO) oversees the CISP and reports on a quarterly basis to the Board’s Risk Committee, which oversees management’s efforts to address cyber security risks and respond to cyber incidents. The CSO provides the Board’s Risk Committee regular reports and engages in discussions throughout the year on the effectiveness of the CISP, including risk mitigation strategy and progress. The Board’s Risk Committee reviews and approves the CISP annually and receives a report on the security safeguards annually, 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 vulnerabilities. As part of the ongoing enhancements to the CISP, we have implemented several security-hardening initiatives since 2020 to continue to

strengthen our cybersecurity frameworks, such as email authentication, web application firewalls, and next-generation antivirus with endpoint detection and response. Independent external and internal penetration tests and security assessments are performed on a regular basis.

The CISP applies to all First BanCorp employees, contractors, consultants, and temporary employees, among others, and to all information technology hardware and



software used to support our operations, including outsourced applications. The CISP also covers cybersecurity breaches and procedures for appropriate response efforts, including any required notification, depending on the severity of the specific security incident.

All employees are required to complete a comprehensive security training upon hiring and on an annual basis thereafter. This training covers responsible information security, data security, cybersecurity practices, and data protection against cyber threats. Service providers, including contractors and consultants, are required to take information security and cybersecurity awareness training to be granted access to our network. Any deviation must be formally analyzed and approved by the Corporate Security Office.

Access rights to systems and internal resources are determined by the manager/supervisor based on the business role and following segregation-of-duties and least-privilege principles. Employees are issued unique employee identification numbers, and separate accounts are issued for employees with privileged

permits, with no access to the internet or email. On a regular basis, the Corporate Security Office performs employees’ access reviews and rectification of data.

Our Board members also receive cybersecurity training on a regular basis, offered by experts in the field. In addition, we conduct ongoing phishing tests and specialized phishing exercises throughout all regions as part of our Security Awareness Program. We also communicate alerts and information for internal awareness of existing threats.

Our security measures are operated in accordance with leading security frameworks, such as ISO 27001 and the National Institute of Standards and Technology (NIST). We perform regular assessments of our internal controls, test our security systems, and conduct multiple annual external and internal independent audits, and we report information security key performance indicators on a periodic basis to the Board’s Risk Committee. An independent cybersecurity assessment of our risk and preparedness is performed and validated by our regulators on an annual basis.





# SOCIAL

We are dedicated to fostering a diverse and inclusive culture of respect, trust, and collaboration, in which our employees can thrive and innovate, while providing an outstanding customer experience and strengthening our communities.

Our contributions to UN SDGs



## IN THIS SECTION

- ▶ People and Culture
- ▶ Community Impact
- ▶ Focus on Customers



# People and Culture

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.



*A group of volunteers before the Give Life Walking with Raymond event for the Puerto Rican League Against Cancer.*

## ► Highlights

- Tripled paternity leave policy to 15 days’ paid time off beginning early in 2023, which is in excess of minimum legal requirements
- Deployed new ergonomic workstations, including standing desks
- Expanded the wellness program with financial health education, emotional well-being seminars, and on-site routine and physical exams and exercise programs

### EMPLOYEE HEALTH AND WELL-BEING

We regularly assess our Total Rewards program to ensure that it remains competitive against our peers in the markets in which we operate. Our Total Rewards program’s philosophy utilizes market data to pay salaries and other rewards that will attract, retain, and motivate engaged employees who have demonstrated outstanding performance and have made notable contributions. Furthermore, we offer variable pay programs, including non-equity performance-based incentives and long-term equity incentives for eligible positions, to recognize positive results.

In light of post-pandemic labor market dynamics, we reviewed our minimum hourly wage in all regions where we operate. As result of such review, the Corporation increased its salary wages above minimum legal requirements in all regions.

Our benefits package, which is part of our total compensation offering, is intended to promote physical, emotional, and financial health. We offer health and dental plans that enable employees to choose which plans best accommodate their needs and those of their families. We also include retirement benefits, life and disability insurance plans, and



personal and family leave options. Some examples of our comprehensive benefits include:

- Over 82% of insurance premiums is paid by the Corporation.
- Family leave, including both maternity and paternity leave, plus marriage leave and bereavement leave.
- A hybrid work model, if applicable to the employee’s job.
- An option for employees to donate up to five sick days to a fellow employee in need.

During 2021 and 2022, seven employees received donations of 185 sick days from fellow employees.

Our wellness programs incorporate on-site health services, including doctors, pharmacy services, and on-site lab testing. We provide preventive care services, such as vaccines and flu shots, as well. We offer employees access to gym facilities, fitness activities, and personal finance education and offer nutritionally balanced and healthy food selections in our corporate cafeterias. We also have new facilities guidelines for upgrading our offices and for new office locations, which include ergonomic chairs and stand-up desks for our employees.



Our ergonomic office furniture provides a better work experience.



MENTAL HEALTH AND EMPLOYEE ASSISTANCE

The mental health of our employees is critical. We offer various resources to support our employees on an ongoing basis, including mental health education covering areas such as managing anxiety and controlling emotions at work. We also provide an Employee Assistance Program (EAP) to support the health and well-being of our employees and their families during challenging times. Through the EAP, employees and their immediate family members have access to psychologist, psychiatrist, and clinical services offered by an interdisciplinary team, among other features. **During 2022, we supported more than 420 employees, over 13% of our workforce, including their dependents, through our EAP, which is available to all employees 24 hours a day, seven days a week.** Furthermore, through an alliance, we offer training courses to help employees be part of the solution for difficult mental health situations. Currently, our provider offers an educational program known as First Aid for Mental Health, which is an eight-hour training course designed to provide participants with the skills necessary to help an individual who is developing a mental health issue or experiencing a mental health crisis. The course provides tools to control crisis, combats stigma about mental illness, facilitates early intervention by identifying symptoms, and promotes knowledge about mental health.



# Recruitment and Engagement

We conduct outreach efforts to attract high-potential candidates early in their professional careers. Having young and emerging talent is critical to continue enriching our diverse culture, adding new and fresh ideas to the organization, and enhancing 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.

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

- Utilizing a robust database to facilitate recruitment process management to provide a positive candidate experience.
- Incorporating assessments to identify key competencies for different positions within the Corporation.
- Engaging and supporting the new-employee integration process and onboarding program.

## INTERNSHIP PROGRAM

Since 2011, we have continued our First Internship Program, which has been very successful in bringing new talent to the Corporation. This internship program is one of our most effective recruiting tools, attracting high-performing talent, many of whom have stayed with the organization and have since been promoted to management positions. Throughout the year, we have three different start dates for our internship, and generally hire between 20 and 30 interns each year. We have alliances with several universities in Puerto Rico, including the University of Puerto Rico’s Mayagüez and Río Piedras campuses and the Polytechnic University of Puerto Rico. In 2022, twenty-three interns participated in our program, and of those, ten were subsequently offered and accepted full-time positions with the Corporation.



Our First Internship Program attracts high-performing talent.



Our interns are recognized for their contributions.

## Launching FirstBank Career Paths through Internships 1 First Internship Program

In 2015, **Ivana Gonzalez** joined the First Internship Program during the spring semester. Because of her outstanding performance, she was offered a full-time position and has been part of the Bank since then. Ivana shared her experience with us:



The First Internship Program is an excellent opportunity for students and recent graduates to gain hands-on experience in their chosen fields of study. During my internship program, I had the opportunity to work within the Commercial Loan Department in the Portfolio Management Division. My internship experience was one filled with challenges, learning opportunities, and career growth. In 2017, I was hired as a full-time employee within the Controller’s Department.



EMPLOYEE ENGAGEMENT

We periodically conduct engagement surveys to address any employee concerns in a timely manner. In 2022, given our recently realigned organizational structure, we completed an engagement survey that sought feedback on topics related to benefits, culture, work environment, managers, communication, and leadership. We have created an action plan based on analyzed survey results. Over 92% of our employees participated in the 2022 engagement survey. The results validate advancement steps in 11 of 18 survey dimensions compared to the prior survey’s results. The following areas, among others, stand out as positive:

- FirstBankers have remarkable pride in being a FirstBanker and belonging to our organization.
- FirstBankers have noticed improvements in communications coming from our president and immediate supervisors.
- FirstBankers feel that they make a great contribution and that their work is aligned with their experience and skills.
- Our new FirstBankers feel welcomed and supported.

Feedback from this survey provided our ELT with valuable information to continue strengthening our employee engagement in line with our strategic goals to be an employer of choice and to offer a superior experience to our workforce: **The Experience of Being One.**

RETENTION AND TENURE

We focus on maintaining an engaged and collaborative workplace. We provide unique growth opportunities for our employees, including training them in new skills to help them grow as professionals and take on new responsibilities in other areas. This is evidenced by the long tenure of our workforce.

Approximately **41%** of our employees have worked with First BanCorp for more than 10 years.

WORKFORCE TENURE





# Talent Management

## 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 includes a development plan that offers employees the opportunity to reach their growth goals.

Employees start with goal setting at the beginning of the year, followed by staggered performance reviews to support a constant evaluation process of competencies, goals, and achievements. The annual employee performance review begins with a self-assessment by each employee, complemented by an evaluation of competencies and an annual objectives assessment performed by the supervisor.



Trainings and conferences are given in our facilities.

In 2022, more than **2,831** of our eligible employees participated in the Performance Management Program, which amounted to **98%** of our eligible workforce.



# Training and Professional Development

We believe that having a culture of constant learning and development that maximizes our human capital is key to our sustainable growth as described below:

## New Hire Training

This training covers what a new-hire employee needs to know to start their work at First BanCorp. We have a comprehensive Onboarding Program followed by a five-week, new-hire job training.



## Technical Curricula

We offer technical curricula annually to support our employees in improving and enhancing their job-related skills, such as credit underwriting, improving their English and Spanish, and in most-used systems to enhance proficiency. These trainings are classified into three primary areas: fundamentals, compliance and corporate governance, and specialized technical subjects.



## Professional & Leadership Development

Professional and leadership development programs provide opportunities to develop competencies for current and future roles within the Corporation, including courses to strengthen communication, negotiation skills, and project management, among others. It also focuses on developing leadership skills for employees who have assumed or will assume leadership roles within the Corporation.



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 8,000 training opportunities through in-person or virtual classes. Overall in 2022, we delivered more than 108,000 hours of training to our employees across our three regions to support their continued education. New trainings added in 2022 included:

- Maintaining Trustworthy Relationships in the Workplace
- Respect at Work
- Effective PowerPoint Presentations
- Transform to Grow
- Coffee Break: Empathy
- Tips, Shortcuts, and What's New with Microsoft Teams

First BanCorp provides partial tuition reimbursement, based on academic performance, for employees who wish to complete a bachelor's or master's degree in areas related to banking, finance, and/or economics.

◀ We foster a learning culture.



# Leadership Development

We offer a leadership development 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, in addition to our human resources policies and practices. Every year, approximately 100 new and existing 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 from instructors and coworkers.

In 2022, over 63% of our existing leaders have participated in these programs, accounting for over 21,000 training hours since the programs were launched in 2014. In 2022, we delivered more than 7,200 hours of supervision and management-related training.

The leadership development program includes topics related to innovation, problem-solving and managerial skills, including how to provide constructive feedback and tools for delegating tasks among others. New training topics are delivered annually to strengthen competencies aligned with our strategic objectives. Also, the Corporation uses its annual talent review and succession planning process to identify, assess, and develop high potential employees with high performance and who also meet certain qualitative characteristics to assume key positions within the Corporation. 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.



Our leaders encourage learning from peers.



We hold regular meetings with our leaders to share results and outline strategies.

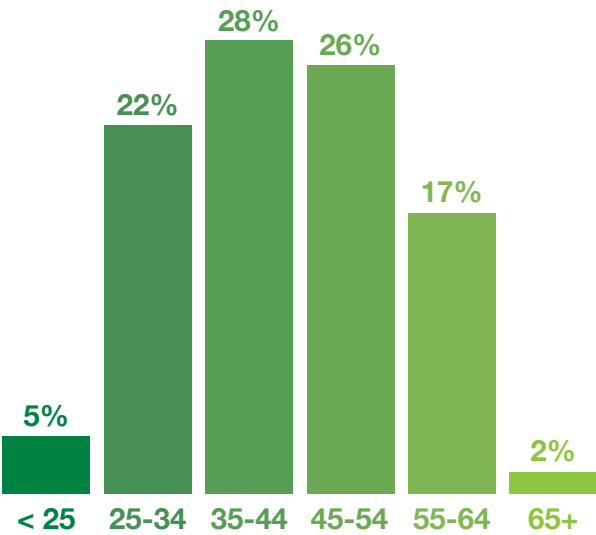
# Diversity, Equity, and Inclusion

First BanCorp is committed to the principles of DEI, and to accomplish meaningful, permanent change and positive outcomes both inside and outside our company. Our employees drive our progress, and our ability to attract and retain a highly qualified and motivated workforce is foundational to our business. We work every day to foster a culture of excellence for our people by investing in the growth and well-being of our employees, as well as embracing DEI in all we do. We believe that our employees must authentically reflect the communities we serve.

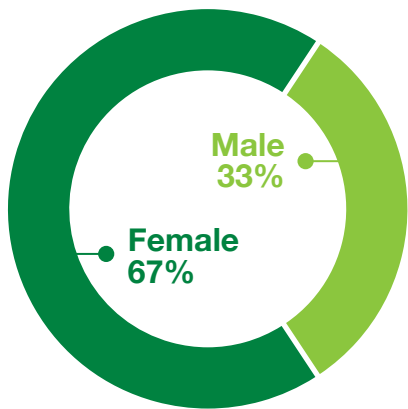
We regularly review, implement, and advance DEI initiatives throughout all levels of the Corporation. We have a written Affirmative Action Plan in place that is reviewed annually by a third party. The Affirmative Action Plan includes analysis and conclusions based on employee census data with the goal of ensuring that all employees have the ability to progress and grow within the institution based on their merits. As a result of this annual analysis, we develop action plans to address identified gaps and make changes to our recruiting and compensation practices. We believe that these steps result in improved DEI practices, including those related to people with disabilities, veterans, and who belong to underserved groups.



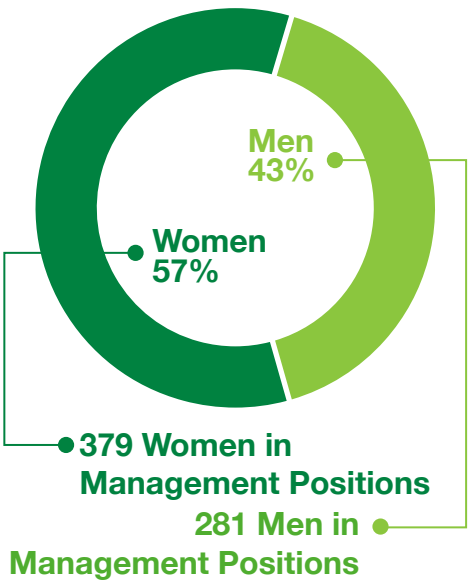
Age Distribution



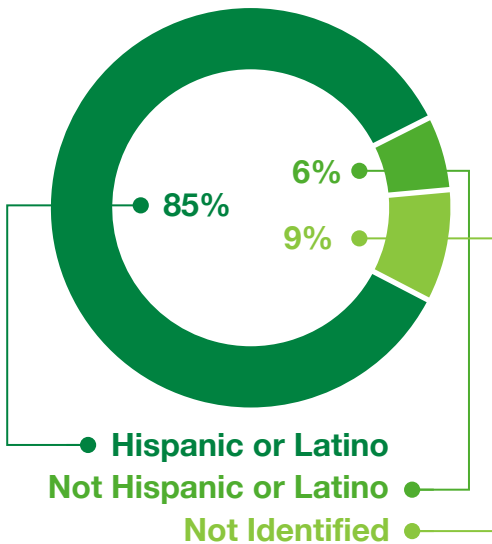
Workforce Gender



Management Positions



Workforce Ethnicity



We recently began utilizing diverse panels of interviewers when interviewing finalists for senior positions at First BanCorp. This allows us to receive varied feedback and opinions on each candidate with the intention of yielding more diverse candidates within the Bank.

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 candidates’ status as a veteran or any other classification protected by applicable federal, state, or local laws. We maintain policies and procedures designed for compliance with applicable employment laws prohibiting discrimination and provide reasonable accommodation to qualified individuals with disabilities in accordance with the Americans with Disabilities Act.



**DIVERSITY AWARENESS AND TRAINING**  
Through our FBU platform, we offer various DEI trainings to our employees, which includes such topics as:

- Diversity in the workplace
- Unconscious bias
- Respect in the workplace
- Innovation within multigenerational teams



# Community Impact

We are committed to helping strengthen the social and financial well-being of our employees, communities, and customers. We have a long history of community development and continuously refine and invest in programs to be more intentional, transparent, and impactful.

## COMMUNITY REINVESTMENT ACT PROGRAM

We closely design and execute initiatives aligned with the Community Reinvestment Act (CRA), which encourages banks to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) individuals. As part of the general examination of supervised banks, the CRA requires federal supervisory agencies to assess a bank’s track record of meeting the credit needs of its community, to assign a performance rating, and to take result and ratings into account in their evaluation of certain applications by such bank. **In the most recent examination by the Federal Deposit Insurance Corporation, the Bank received a “Satisfactory” CRA rating.**



College students receive a monetary award for the development of their small businesses.

## CRA OPPORTUNITIES AND GOALS

We recognize that our growth as a business is intimately linked to the growth and economic vitality of the communities we serve. We believe that by supporting and serving our local LMI individuals, families, and communities, we are also helping to create a prosperous, equitable, and productive economy.

Our CRA program supports projects and initiatives developed and managed by nonprofit organizations or by partnerships across the nonprofit, private, and public sectors. We establish CRA goals annually to positively impact our communities. The areas of interest are:

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

In response to these goals, we sponsor community development events; host seminars to inform the public about financial literacy, lending products, savings accounts, and personal financial management; and provide technical assistance by working with community-based organizations.

## CRA GOVERNANCE

Our CRA program is reviewed annually, and as part of such review, we established goals and standards for region, which are presented to the Board’s Risk Committee. We measure our performance at least on a quarterly basis to determine whether we are on track to meet our goals or whether the strategies and tactics must be changed to meet our goals.

We have a CRA Committee in each operational region that serves as the principal contact within the community and monitors our execution of the community development goals. Our executive officers, loan officers, and managers are also visible and active in our supporting community programs.



# Lending to Support Community Growth

## CONSUMER LENDING WITHIN LMI COMMUNITIES

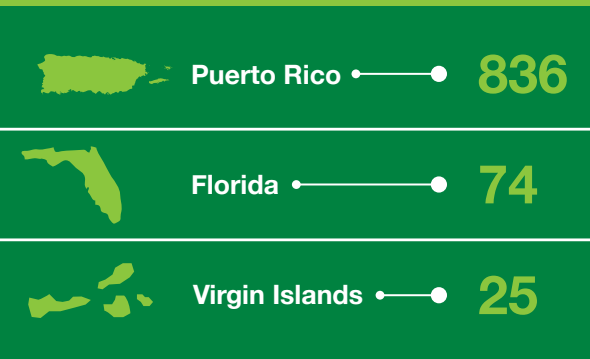
We believe that supporting and serving LMI individuals, families, and communities is key to achieving a prosperous and productive economy. As part of our CRA program, we track the number of consumer loans originated for individuals residing in LMI census tract areas. We aim to continue increasing our support to LMI communities and have delivered year-over-year increases in total consumer loans within LMI communities, as highlighted below.

Years		
2022	2021	2020
Total # of Consumer Loans Originations		
57,891	45,961	27,101
% in LMI Areas		
26%	24%	24%
# in LMI Areas		
15,144	11,257	6,615

## SMALL-BUSINESS LOANS

As a commercial bank, we recognize the unique challenges small businesses face and strive to assist them in succeeding and to promote financial inclusion. In 2022, the Bank originated approximately 930 CRA-related loans under \$1 million for a total approximate amount of \$140 million. The loans were originated among the geographic areas which we serve as follows:

### Number of 2022 CRA-Related Small Business Loan Originations



Support for our PYMES is part of our business strategy.

During 2022, we extended 29 loans with government guarantees across these regions for a total amount of \$12 million. FirstBank is a certified lender for the U.S. Small Business Administration and, as such, can provide expedited loan approval for the local business community. The federal guarantee program allows the Bank to offer a variety of financing tools to small businesses. As of December 31, 2022, we had approximately 5,999 loans in total in the small business segment, with an outstanding aggregate principal balance of approximately \$298 million.





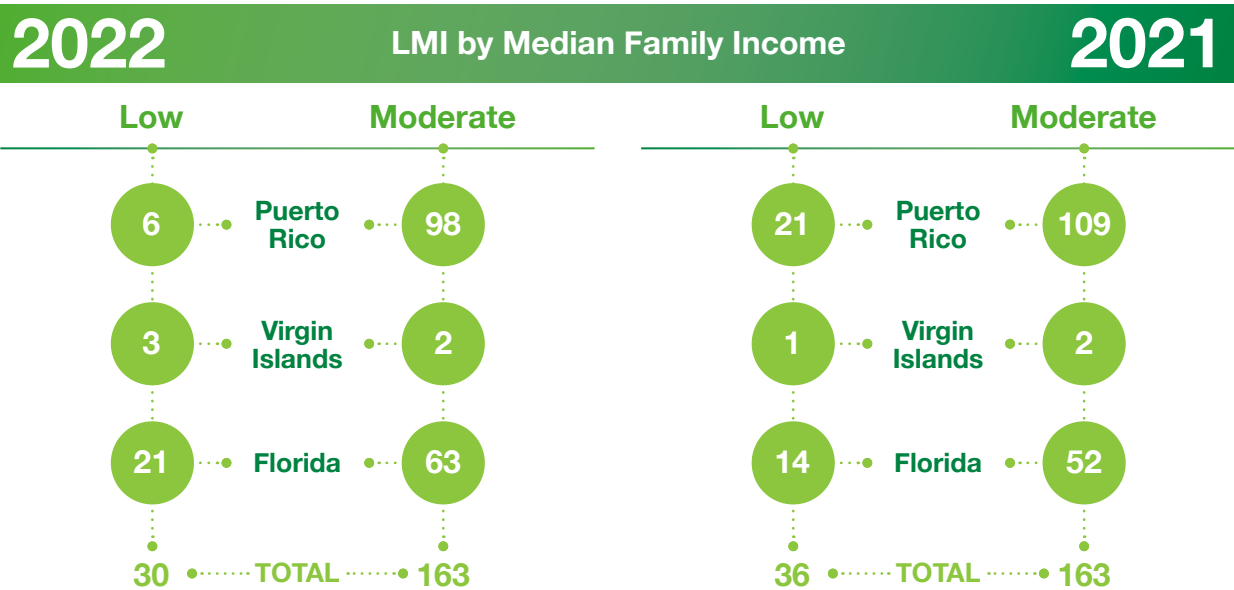
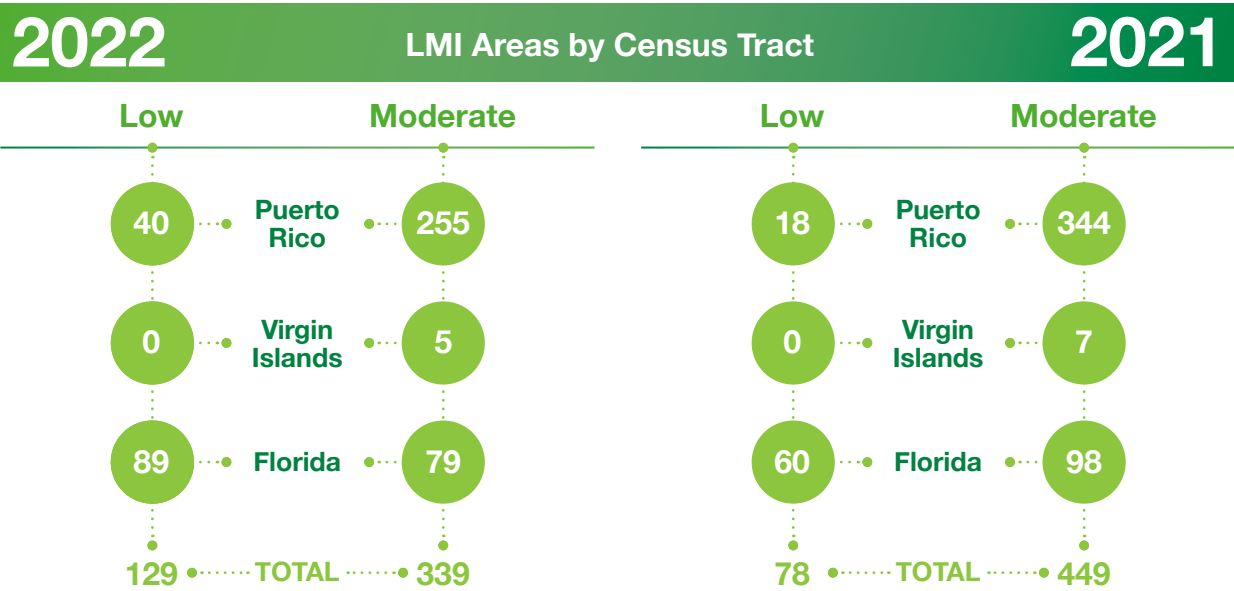
AFFORDABLE HOUSING

We understand that affordable housing is critical for the stability of families and individuals and thus serves as a cornerstone of any growing economy. We are committed to financing affordable housing where possible within the communities we serve.

LMI MORTGAGE LOANS

The following charts reflect mortgage loans originated in LMI areas classified by census tract or originations to LMI by median family income across our three operating regions for 2022 and 2021. In 2022, the Bank increased the total loan distribution in low-income areas by census tract by 65%, which is the direct result of targeted efforts executed by the Bank.

LMI Mortgage Loan Originations





FEDERALLY GUARANTEED MORTGAGE PROGRAM

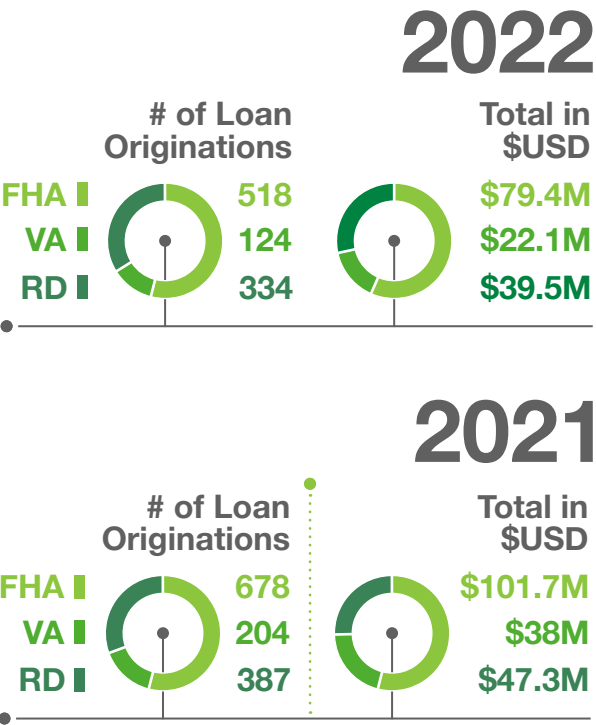
We use innovative and flexible mortgage offerings that leverage federal lending programs to serve the needs of LMI individuals in the areas we serve. Below is a description of the innovative and flexible lending programs we offer:

- We offer a range of government-sponsored lending programs through federal housing programs, administered by the Federal Housing Administration.
- We offer Veterans Administration guaranteed mortgages, which allow consumers to borrow up to 100% of the property’s appraised value.
- FirstBank is also an approved lender under the Rural Economic and Community Development Program offered by the U.S. Department of Agriculture to eligible borrowers who wish to acquire a home. This program consists of Farm Service Agency and Rural Housing Service loans.

In 2022, we originated 976 federally guaranteed loans for a total of approximately \$141 million. The following chart details the number and amount of federally guaranteed mortgage loans originated in 2022 and 2021.

Reflecting the macroeconomic environment, there was a slight reduction in mortgage volume, both from a count and dollar amount, in 2022 when compared to 2021.

Federally Guaranteed Mortgage Program



HOMEBUYER DREAM PROGRAM

During 2022, the Bank continued participating in the Homebuyer Dream Program (HDP) developed by the Federal Home Loan Bank of New York (FHLBNY) to help individuals purchase their first home. The HDP assists first-time homebuyers in Puerto Rico and the U.S. Virgin Islands with closings costs and defrayment of nonprofit counseling agency costs. The bank members of the FHLBNY administer the HDP and are responsible for identifying eligible borrowers who qualify for assistance under the program guidelines.

The HDP provided a maximum potential grant of \$10,000 per household in 2022 based on the criteria established by the FHLBNY, which includes a grant of up to \$9,500 per household and an additional \$500 for defrayment of nonprofit counseling agency costs. During 2022, FirstBank granted four loans under this program.

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS PROGRAM

The Bank also participated in the distribution of Community Development Block Grant (CDBG) Program funds to support affordable housing for first-time homebuyers across Puerto Rico. The CDBG Program, which awards up to a maximum of \$55,000 to first-time homebuyers at the time of application, provides annual grants on a formula basis to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for LMI individuals.

In 2022, a specialized team was created within FirstBank’s mortgage unit to expedite the closings and increase the number of cases under the CDBG Program. FirstBank helped approximately 53 families in 2022 to purchase their first homes under the CDBG Program, for a total approximate contribution of \$4.3 million used for down payment or closing costs.



# Supporting Community Development

## CRA-QUALIFIED LOANS

Community development loans that qualify for CRA credit are loans that support the economic development of LMI communities through the construction or rehabilitation of housing, promotion of business and/or economic expansion in the areas, job creation, and development of infrastructure. Helping to create job opportunities for our communities is a major priority for the Corporation. Through our lending to for-profit developers of affordable housing and commercial developments and to nonprofit community development organizations, the Corporation plays an important role in helping to build stronger communities. During 2022, a total of 33 CRA-qualified community development loans were granted for a total of \$213 million across all regions.

## CRA-QUALIFIED INVESTMENTS

First BanCorp’s community development investment program addresses both the short- and long-term needs of underserved populations. Our investments are targeted at developing affordable housing and strengthening LMI communities. In this respect, First BanCorp has invested in several funds, which supports small business development. Qualified investments include investments that promote community development, affordable housing, revitalization and stabilization, or economic development. As of December 31, 2022, the Corporation maintained \$187 million in CRA-qualified investments, representing 1% of the Corporation’s total assets.



Non-profit organizations are recognized on Volunteer Day.

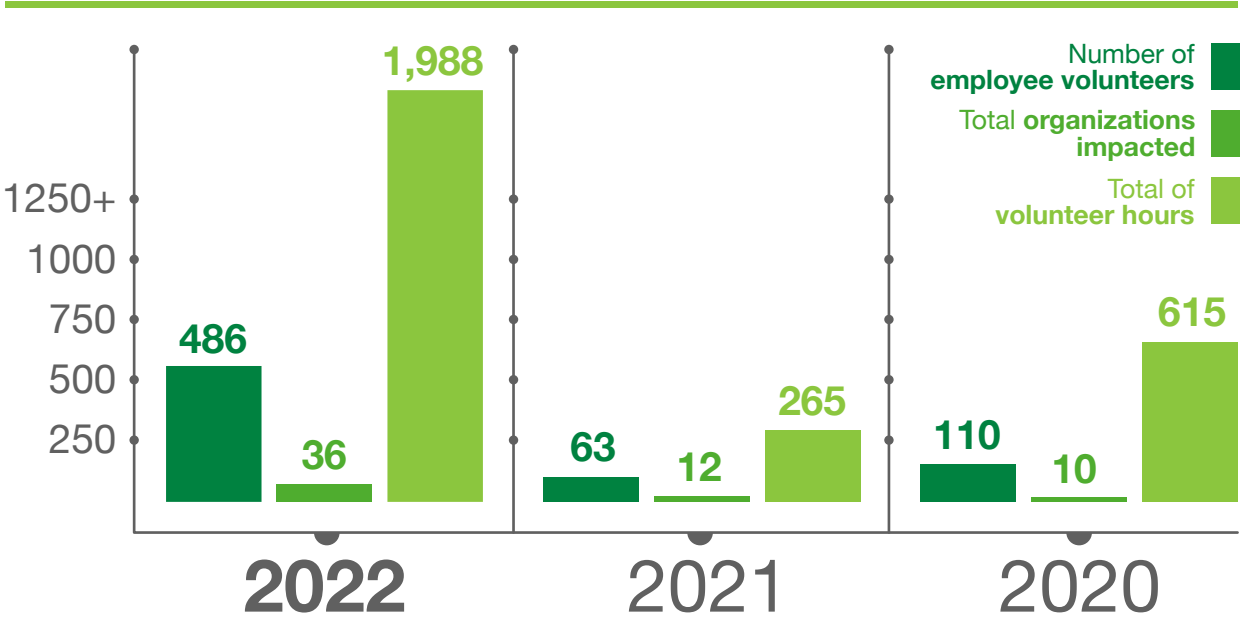
# Community Engagement

First BanCorp encourages and provides opportunities for our employees to volunteer in support of local community development organizations or initiatives that make a positive impact on the social, economic, and environmental well-being of our communities, customers, and employees.

## “I AM FIRSTBANK” EMPLOYEE VOLUNTEER PROGRAM

Through our volunteer program, known as I AM FirstBank, we aim to reinforce our commitment to and support of our underserved communities. Throughout the year, we sponsor activities to assist underprivileged children, which include the Back-to-School Drive and Toy Drive, and participate in telethons for the benefit of nonprofit organizations in Puerto Rico. Our volunteer efforts are dedicated to supporting community revitalization and stabilization while fostering our employees’ sense of belonging and pride as First BanCorp employees.

## Employee Volunteering







Children of one of our communities participate in activities with local basketball stars.



In addition to volunteer work, our programs provide funds for community efforts.

During 2022, 31 First BanCorp employees served on the boards of directors of 24 nonprofit organizations across the three regions, supporting groups that provide financial education, economic development, affordable housing, and educational and social services for at-risk populations.

DONATIONS AND COMMUNITY SUPPORT

One of the Corporation’s goals is to support nonprofit organizations that provide different types of services to communities, LMI individuals, and small- to medium-businesses. With that in mind, we formed the CRA Donations Committee, which focuses on initiatives that comply with CRA. The CRA Donations Committee meets on a quarterly basis to review and approve donations. The donations are targeted to support initiatives that focus on serving LMI individuals, families, and communities within the Corporation’s regional footprint. In addition to financial donations, the Corporation donates in other forms, including properties, equipment, and service hours.

In 2022, we contributed over \$1.7 million, including approximately \$1.3 million in donations under the CRA Program and donations of used equipment (e.g., furniture, computers, and office equipment) to over 160 nonprofit organizations in the regions where we operate. In addition, we allow nonprofit 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.

2022 Corporate Donations to Non-Profit Organizations

	Under CRA Program	Non-CRA Donations	Total by Region
Financial Donations	Donation Value	Donation Value	Donation Value
Florida	\$63,833	\$8,250	\$72,083
Puerto Rico	\$987,000	\$386,913	\$1,373,913
Virgin Islands	\$97,500	\$63,750	\$161,250
Total Financial Donations	\$1,148,333	\$458,913	
Used Equipment Donations	\$124,000	N/A	
TOTAL	\$1,272,333	\$458,913	





Financial literacy conferences are given throughout the Island.

► **FINANCIAL LITERACY PROGRAMS**

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. During 2022, First BanCorp employees provided 305 workshops, amounting to over 900 hours, assisting more than 5,293 individuals of all ages with enhancing their financial literacy skills.



► **SUPPORTING ACCESS TO HIGHER EDUCATION**

In October 2022, we launched the YOU First College Program in partnership with six Puerto Rico universities to extend support to Puerto Rico’s future professionals. The program includes scholarships, trainings, internships, free professional attire for job interviews, and a college tour to provide access to learning experiences and other opportunities.

During 2022, we pledged \$55,000 to six Puerto Rico universities through our YOU First Scholarship Program to provide scholarships to 25 students with outstanding academic performance and limited economic resources.

As part of the YOU First College Program, we included 1Éxito Universitario, a series of virtual trainings developed in collaboration with INprende, aimed at educating students about entrepreneurship and leadership and about managing their financial future and entering the workforce. In 2022, we hosted three virtual workshops with total participation of 452 students.



► **HABITAT FOR HUMANITY**

Our efforts are not only focused on entrepreneurship but also on the rehabilitation of our communities. We have been supporting Habitat for Humanity Puerto Rico, a nonprofit organization that creates housing opportunities for low-income individuals and families, for more than 10 years. Our support is centered on housing construction projects; housing rehabilitation, such as the Un Toque de Cariño program; and offering education in construction work to women through the “Women Who Build” program. During 2022, the Bank supported a rehabilitation project targeted among the municipalities of Guayama, Salinas, and Santa Isabel. The Bank provided volunteers to work on the rehabilitation.



► **HURRICANE FIONA RELIEF**

In September 2022, the Puerto Rico region was impacted by Hurricane Fiona. In support to our employees and communities, we provided relief through different initiatives:

- Created a special fund to grant \$300,000 to 27 nonprofit organizations helping with first-response assistance
- Assisted Save A Sato, a non-profit organization dedicated to easing the suffering of Puerto Rico’s homeless and abused animals, through our employee volunteerism for cleaning their facilities and delivering food their sheltered animals
- Collected essential goods and food and delivered it to nonprofit organizations and communities
- Waived late charge fees for retail loans and credit cards
- Waived ATM charges to noncustomers
- Offered loan repayment alternatives to our customers
- Donated power plants



► **74TH ANNIVERSARY CELEBRATION**

In October 2022, as part of our 74th anniversary celebration, we held a multiregional community outreach event through our Uno te da la Mano Program, in which volunteer employees aided 17 different nonprofit organizations in Puerto Rico and Florida as well as a community in the U.S. Virgin Islands.

► **1ÉXITO WORKSHOPS**

In partnership with INprende, in 2022 we developed the 1ÉXITO Entrepreneurs 2022 initiative, which is a business training program that offers tools and free virtual workshops for Puerto Rican entrepreneurs. In addition, the program included the opportunity for participants to be selected for an in-person mentorship boot camp.

In this workshop, participants benefited from four interactive virtual trainings with experts in their respective areas. Also, participants who attended the four workshops received a commercial deposit account with no service charges for one year. Approximately 300 entrepreneurs benefited from this 11-hour program.





► **1ÉXITO MENTORSHIP BOOTCAMP**

In October 2022, FirstBank celebrated the closing of 1ÉXITO Empresarios 2022. This mentorship boot camp included more than ten professional mentors distributed in stations ready to provide guidance to the entrepreneurs and answer their questions. As part of the program, FirstBank delivered \$1,000 to five entrepreneurs who responded in an innovative way to the following question: Why is my business “1ÉXITO”? The event helped approximately 40 entrepreneurs.



► **SOMOS PR 2022**

In 2022, we furthered the partnership that began in 2021 with one of the leading media conglomerates in Puerto Rico and with INprende. This program is a community outreach program throughout Puerto Rico that promotes economic and social development. Through this program we offer seminars to small- and medium-sized businesses across different municipalities. During 2022, ten municipalities benefited from this excellent opportunity to join and participate in workshops related to business development, resilience, and business opportunities. Furthermore, we provided financial education workshops to the participants, which included face-to-face workshops, online courses and complementary tools to support owners of small- and medium-business owners to optimize their companies with the objective of knowing every aspect of their organizations, and specific services on business development, and brand identity.



► **THE SHOP**

In December 2022, we created The Shop by FirstBank, a space to support eight small merchants to boost sales of their products during the holiday season. In our role as a facilitator for our commercial clients in Puerto Rico, we decided to implement this innovative concept to provide these merchants with a space in one of Puerto Rico’s principal and largest shopping centers during the holidays to boost their sales and increase their incomes without having to worry about the cost of renting a space. We believe that small and medium-sized enterprises are the engine of our economy and that each growing company we promote has the potential to generate significant changes that will have a long-term impact on the economic well-being of the regions in which we operate.



# Focus on Customers



## CUSTOMER 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. The Privacy Policy describes how First BanCorp and our affiliates manage customers’ personal information, including how we may use or share personal information collected to deliver products and services and for advertising or event management purposes. We may share customer information to manage our customers relationships, including servicing the account; maintain information about the customer; and/or manage and assess our risks and operations. First BanCorp does not share customer information with nonaffiliates for marketing purposes.

We employ robust privacy and security programs, policies, and governance and strive to comply with all applicable privacy laws and regulations in the regions where we operate. These security measures include computer safeguards and secured files and buildings.

We’ve also adopted the following privacy protection practices, which aim to ensure that customer information is safeguarded and protected with the highest levels of security and appropriate discretion:

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

To protect customers from the risk of fraudulent activity, we seek to ensure digital banking security and teach customers about outside risks through various forms of media. Our security help center on the First BanCorp website 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 Wi-Fi, anti-malware software, and other heightened security requirements. We have a team of trained professionals who assist our customers with fraud-related issues as well as 24/7 system tracking to prevent and address suspicious activity.

## CUSTOMER INCLUSION AND ACCESS THROUGH DIGITAL CHANNELS

The Bank’s digital strategy is centered on providing innovative digital offerings and designing new services with a focus on personalization, ease of use, and a “digital human touch” across our customers’ journeys. In recent years, we accelerated our digital transformation by investing in expanded capabilities for digital applications and by operating an effective online banking platform to enable self-service options through these channels.

As we look ahead to our vision for the upcoming years, our digital strategic plan is concentrated on continuing to expand our digital offerings with the ultimate goal of improving the overall banking experience for our customers, including features such as:

- Retail Digital Banking (e.g., Tu Banca Digital) with remote deposit capture (RDC) capabilities (e.g., Depósito Expreso Móvil)
- Digital sales of consumer loans and credit cards
- Person-to-Person transfer capabilities
- Business digital banking with mobile RDC capabilities
- Commercial cash management solutions (Smart Cash)

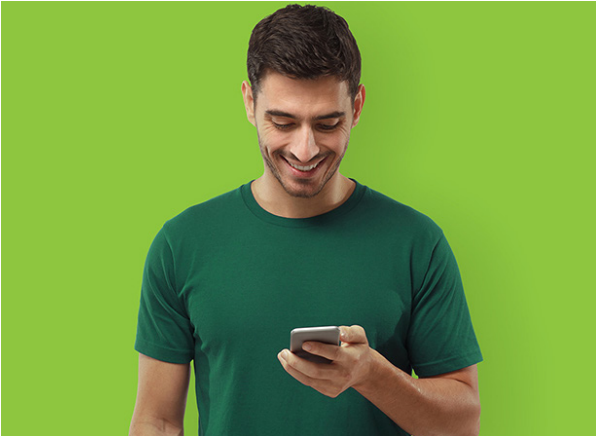


# Increasing Accessibility to Financial Services

During 2021 and 2022, we continued to expand and improve our automatic teller machine (ATM) features and location strategy to increase customer accessibility to First BanCorp’s financial services and support, such as:

- Convenient access and features for self-service banking with bilingual navigation in English and Spanish and remote deposit, “Depósito Expreso,” service, which allow customers to deposit cash or checks at their convenience and without entering a branch.
- Features to assist customers with disabilities and/or impairments, such as voice guidance, metal braille numeric keypads, and compliant height requirements.
- Location network expansion servicing LMI communities facilitated by building branding alliances with ATM providers.

In 2022, we launched online scheduling and appointment services, which allow customers to coordinate branch appointments for account opening and/or services.



## CUSTOMER EXPERIENCE

First BanCorp’s vision is framed around the overall objective of providing an improved banking experience to our clients. In 2021, we established the Customer Experience (CX) Strategy team, which is the cornerstone of our continuously enhanced customer experience. The CX team defines high-level goals and promotes an adequate strategic governance framework. To assure an outstanding customer experience, key performance indicators, such as the following, have been established to monitor performance:

- Net promoter scores
- Systems and channels availability
- Call center service metrics
- Claims and complaints process monitoring
- Credit approval training

## DEBT COLLECTION POLICY AND PROCEDURES

FirstBank has consumer collection processes and procedures that generally follow guidance from the Fair Debt Collection Practices Act and its standards for the financial industry. Debt collection procedures are also designed to comply with consumer protection regulations. We have a comprehensive training program for debt collectors, in which employees are trained regularly in all applicable regulations. The debt collection process includes a loss mitigation program with debt restructuring or payment plan alternatives to help those customers in hardship. The Bank’s loss mitigation policy follows guidance from the Uniform Retail Credit Classification and Account Management Policy.





# Customer Feedback and Complaint Management

We actively track customer feedback regarding products and services through our complaint management program, which was developed in accordance with our Complaint Management Policy. The program provides a comprehensive and centralized management mechanism for resolving complaints relating to FirstBank's services across all regions. All complaints received are logged, documented, and monitored through a tracking system. Personnel at our Customer Complaint Management Department perform quality reviews to ensure that complaints are addressed accordingly. Matters that require escalation are communicated to the Board's Risk Committee. Our Corporate Internal Audit Department conducts annual audits and periodically reviews customer complaints to better address and resolve internal business practices in these areas.

Complaints are overseen by the Complaint Management Committee. The committee meets quarterly to:

- Review lines of business performance regarding complaints received and actions taken to mitigate risks
- Evaluate complaints according to the risk presented to the Bank
- Review and discuss complaint trends and root-cause analyses of high-risk complaints
- Review and discuss the impact of complaints concerning significant areas, such as customer service, compliance, operations, and legal
- Review the adequacy of the internal control structure to target the prevention of customer complaints
- Review and discuss findings and observations of federal or local regulators and internal or external audit findings regarding complaint management





# ENVIRONMENTAL

We are committed to advancing environmental practices that reduce the impact of our operations and that continue maximizing our efforts against climate change.

Our contributions to UN SDGs



## IN THIS SECTION

- ▶ Energy Management
- ▶ Waste and Recycling
- ▶ Supporting Reforestation





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

## Energy Management

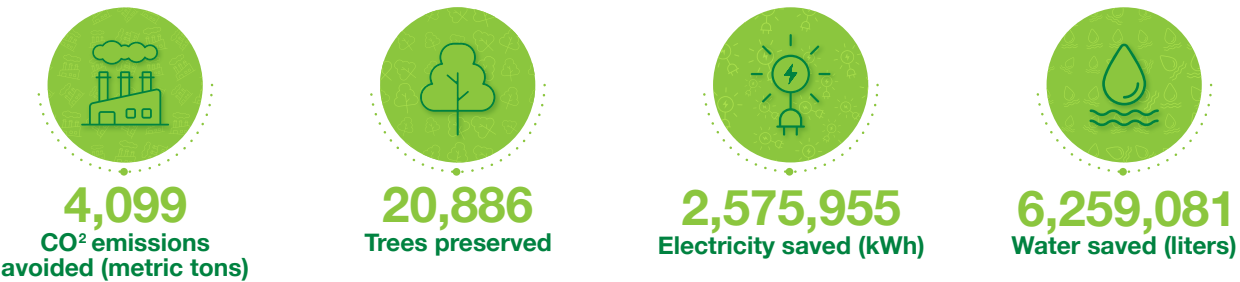
We strive to build a sustainable future in our communities through our environmental stewardship and climate change mitigation. We work to minimize the negative environmental impact of our operations.

In 2022, approximately 75% of our facilities were equipped with LED lighting, amounting to 3,546 new light bulbs installed in our buildings and branches. As we continue to renovate our spaces, we ensure that our facilities have LED lighting and install light sensors in our offices and conference rooms and variable-frequency drives for air conditioning systems and within water pump systems to conserve our overall energy and electricity usage. Through these environmental initiatives and improvements, we strive to lessen our impact on the environment by improving our operating procedures.

## Waste and Recycling

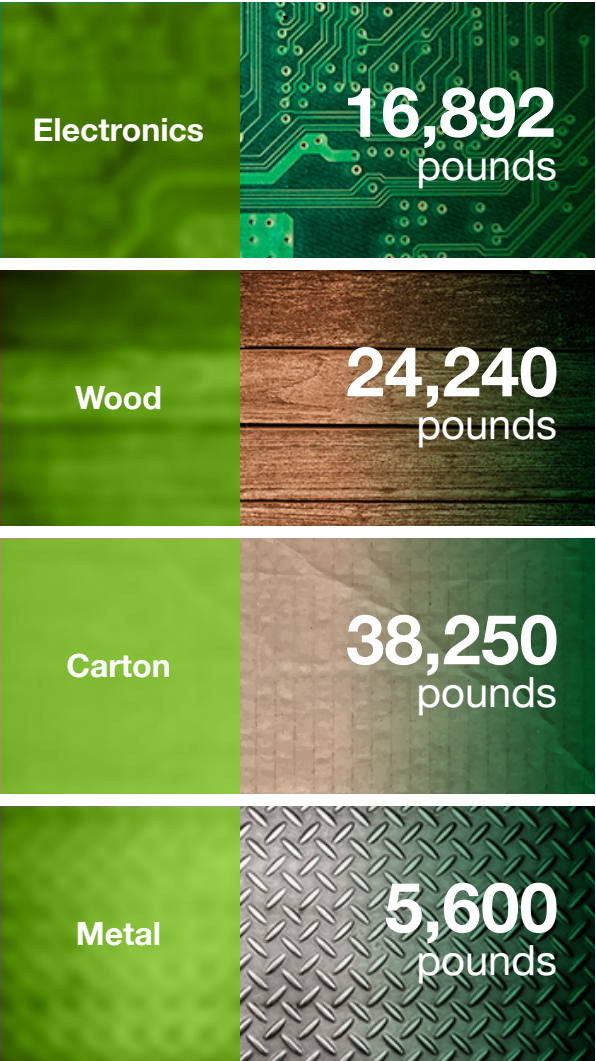
We continually look for ways to integrate recycling initiatives throughout our business operations and encourage recycling within our communities by our employees and customers. We have recycling bins in our cafeterias, where employees can recycle their aluminum and plastic bottles. We have also reduced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

In 2022, we recycled and shredded **1,739,429 pounds of paper**. This had the equivalent of the following environmental benefits:





We continued our carpet tile recycling initiative through the joint venture we formed in 2021 with a corporate partner. **Furthermore, we implemented other recycling initiatives in 2022, recycling the following approximate amounts in our facilities:**



Dona tu Celu, our corporate mobile phone recycling program, aims to raise awareness of the risks of inadequately disposing mobile phone equipment and accessories. Customers and corporate employees deposit old mobile phones, chargers, and accessories at drop-off locations throughout our branch network. We partner with e-Cycling to safely collect and recycle collected electronics, thus contributing to reducing our environmental footprint. All proceeds from the recycling process are donated to Martín Peña Recicla, a nonprofit organization that has a program for the adequate management and disposal of solid waste in the communities around the Caño Martín Peña, an LMI community in San Juan, Puerto Rico. In 2022, we recycled 1,015 cell phones. Since the program’s inception, we have recycled approximately 19,215 mobile phones and chargers.

### Turning Recycled Materials into Office Furniture

In 2022, we decided to switch from traditional office furniture and interior decorations to those made from recycled materials. This led us to convert approximately 147,000 square feet of office space into an ergonomic environment for our employees.

### Turning Plastic Bottles into Corporate Uniforms



In late 2022, we decided to switch to corporate uniforms made from **recycled single-use bottles**. We received the uniforms in early 2023.



# Supporting 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.

## TROPICAL RAINFOREST PRESERVATION

Through the reforestation component of the One with the Environment Program, we granted \$5,000 in 2022 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.



## COMMUNITY-CENTERED REFORESTATION

Our main reforestation initiative, Crece Verde, established in 2010, partners with communities needing reforestation and has distributed approximately 33,400 trees benefiting approximately 136 communities across various municipalities in Puerto Rico. This initiative also includes an urban garden project, which helps provide food security to and promote healthy eating and self-sufficiency of the residents in LMI communities. Since the urban garden initiative was deployed in 2014, we have developed a total of 20 urban gardens impacting 19 communities.



## ENVIRONMENTAL EDUCATION PODCAST

We 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. Agrochic is a woman-focused gardening lifestyle platform founded in 2009 to promote wellness, gardening, urban agriculture, and upcycling.



► URBAN FOREST REHABILITATION AND CONSERVATION

In 2021, we made a five-year commitment to donate \$5,000 every year until 2026, for a total of \$25,000, to San Patricio Urban Forest in Puerto Rico for its conservation and rehabilitation. This donation will help provide habitats for several species of amphibians and reptiles, 33 species of birds, and other Puerto Rico endemic species in danger of extinction.



► URBAN FORESTRY AND CONSERVATION

In July 2022, FirstBank donated 100 native trees to public and private high school graduates who participated in the Environmental Project: Urban Forestry and Conservation of the Municipality of Ponce. The project included workshops on agricultural work and tree conservation, visits to farms, and planting of trees and vegetables in Luis A. “Wito” Morales Park. FirstBank donated soursop, guava, native oak, medlar, Tintillo, and Retama San José trees, among others. In addition, to promote savings and financial education, our employees offered a talk about savings and credit and distributed \$20 certificates to open an UNO bank account at FirstBank as a starting point.





# APPENDIX





## United Nations Sustainable Development Goals

In 2021, we started the process of aligning our ESG activities to the SDGs outlined below to help stimulate action and impact through 2030 with our business strategy, products, and services. The SDGs are a collaborative, global effort to build a better tomorrow. These 17 global goals and 169 corresponding targets address challenges of poverty, inequality, climate change, environmental degradation, peace, and justice.

SDG	Target Description	First BanCorp’s Position	Report Section
	End poverty in all its forms everywhere.	We support and serve LMI individuals, families, and communities, which we view as key to achieving a prosperous, equitable, and productive economy. Our robust CRA program includes targeted lending to LMI communities and small businesses to increase access to financial products and build wealth for the families in the communities we serve.	Please see the <b>Community Impact</b> section of this Corporate Sustainability Report for more information.
	Ensure inclusive and equitable high-quality education and promote lifelong learning opportunities for all.	<p>We believe that our support of educational and development opportunities within our communities plays an important role in enabling the progress of society. We provide scholarship opportunities via our YOU First Scholarship Program through our strategic alliance with universities in Puerto Rico. Our multifaceted program has delivered virtual workshops related to financial education and has pledged approximately \$55,000 to provide scholarships to 25 students at four universities in Puerto Rico.</p> <p>We have continued our First Internship Program, which has been very successful in developing and recruiting new talent within First BanCorp. The internship program provides the opportunity to young adults to develop their skills in the workplace. In 2022, 23 interns participated in our program.</p> <p>Furthermore, financial literacy is a key element to helping individuals become self-sufficient and achieve financial stability. To positively impact this goal, we have developed a financial literacy program, sponsored by the Bank and with the support of our employees, that teaches skills related to budgeting, saving, and other financial matters. In 2022, we provided 305 workshops, invested 900 hours in programming, and reached 5,293 individuals as part of this program.</p>	Please see the <b>Community Engagement</b> section of this Corporate Sustainability Report for more information.



SDG	Target Description	First BanCorp's Position	Report Section
	Achieve gender equality and empower all women and girls.	<p>We pride ourselves on continuously working toward developing our workforce composition to reflect diversity across gender, age, race, geographical background, and experience.</p> <p>We recently began utilizing diverse interviewer panels when interviewing finalists for senior positions. This allows us to receive varied feedback and opinions on each candidate, and we hope to yield more diverse candidates for the bank.</p> <p>Women hold 57% of management positions and represent 33% of the Executive Leadership Team.</p> <p>We believe these conscious steps to add diversity considerations through our hiring and people management practices will lead to greater outcomes.</p>	Please see the <b>Diversity, Equity, and Inclusion</b> section of this Corporate Sustainability Report for more information.
	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	<p>In the past year, we have taken steps to further integrate sustainability into the way we do business.</p> <p>The Commercial Credit Policy, which governs the standards for credit guidance, underwriting, and documentation of our loan portfolio, has been enhanced to include ESG-related objectives. These financing guidelines are a key lever of our ability to positively affect sustainable infrastructure.</p> <p>As a result of our increased pursuit of financing commercial projects that advance renewable energy opportunities, we established a risk appetite of approximately \$250 million for renewable energy loans during 2022 while reducing funds earmarked for utilities loans by more than \$75 million. Also, loans to entities within the oil and gas industry now have stricter approval requirements.</p> <p>Furthermore, a key focus for our strategy is to continue innovating and expanding our suite of digital offerings. Our ATM strategy focuses on expanding the features and footprint to make these services more accessible to our clients. Self-service functionality, multilingual language support, and features to enhance operating accessibility are key pillars of this strategy.</p>	Please see the <b>ESG Integration in Credit Analysis, Focus on Customers, and Community Impact</b> sections of this Corporate Sustainability Report for more information.



SDG	Target Description	First BanCorp's Position	Report Section
	Take urgent action to combat climate change and its impacts.	<p>We strive to build a sustainable future through environmental stewardship and climate change mitigation. To meet this goal, we carefully consider opportunities to minimize the impact of our operational footprint when possible.</p> <p>Our facilities team incorporates resource efficiency into renovations of branch and office spaces, including by installing smart light sensors and smart water pumps.</p> <p>Our waste management program seeks to effectively reduce the impact of resources at their end of life. Our program contains recycling options throughout our buildings, including electronics, wood pallets, cartons, and metals.</p>	Please see the <b>Energy Management and Waste and Recycling</b> sections of this Corporate Sustainability Report for more information.
	Protect, restore, and promote sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; and halt and reverse land degradation and biodiversity loss.	<p>A key pillar of our philanthropic effort is to protect and conserve our native natural habitats and forests in Puerto Rico.</p> <p>Since 2010, via our Crece Verde initiative, we have partnered with local communities to distribute approximately 33,400 trees benefiting 136 communities across Puerto Rico.</p>	Please see the <b>Supporting Reforestation</b> section of this Corporate Sustainability Report for more information.



Sustainability Accounting Standards Board

In developing this report, we aligned our disclosures with SASB Standards related to the commercial banks industry (FN-CB) and relevant topics from the consumer finance (FN-CF) industry to ensure that we address the ESG factors most relevant to our business. All data is as of December 31, 2022, unless otherwise noted.

Commercial Banks

Accounting Metric	SASB Code	2022 Report Response	Report Reference
Topic: Data Security			
(1) Number of data breaches, (2) percentage involving personally identifiable information, and (3) number of account holders affected	FN-CB-230a.1	Not disclosed at this time.	For more information, please see the <b>Data Security and Cybersecurity Management</b> section of this Corporate Sustainability Report.
Description of approach to identifying and addressing data security risks	FN-CB-230a.2	<p>We aim to protect our customers’ personal and financial information through responsible information collection, processing, and use practices. The CSO oversees 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 reviews and approves this program annually and receives a report on the security safeguards annually.</p> <p>As part of our data 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 we determine if additional resources, processes, or technology are needed.</p> <p>Independent external and internal penetration tests and security assessments are performed on a regular basis. Our security measures are operated in accordance with leading security frameworks, such as ISO 27001 and NIST. We perform regular assessments of our internal controls, test our security systems, and conduct multiple annual external and internal independent audits. We report information security key performance indicators on a periodic basis to the Board’s Risk Committee. An independent cybersecurity assessment of our risk and preparedness is performed and validated by our regulators on an annual basis.</p>	



Accounting Metric	SASB Code	2022 Report Response	Report Reference
Topic: Financial Inclusion & Capacity Building			
(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	<p><b>Small Business</b> Number of loans: 5,999 Amount outstanding: \$298,630,600</p> <p><b>Community Development</b> Number of loans: 30 Amount outstanding: \$170,722,748</p>	For more information, please see the <b>Community Impact</b> section of this Corporate Sustainability Report.
(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	<p><b>Small Business</b> Number of loans: 127 Outstanding balance past due/nonaccrual: \$6,205,925</p> <p><b>Community Development</b> Number of loans: 30 Outstanding balance past due/nonaccrual: \$170,722,748</p>	
Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	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.	
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	In 2022, First BanCorp’s financial literacy program provided over 305 workshops, impacting more than 5,293 individuals with low or moderate incomes.	



Accounting Metric	SASB Code	2022 Report Response	Report Reference
Topic: Incorporation of Environmental, Social, and Governance Factors in Credit Analysis			
Commercial and industrial credit exposure, by industry	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, 2022, filed with the SEC on February 28, 2023, for a discussion of our credit management.	For more information, please see the <b>ESG Integration in Credit Analysis</b> section of this Corporate Sustainability Report.
Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	<p>Our Commercial Loan Credit Policy sets the standards for credit guidance, underwriting, and documentation, with the objective of maintaining a high-quality loan portfolio to safely meet the requirements of our regulators and interest of our shareholders.</p> <p>In conjunction with our integration of ESG factors in our credit governance processes, we have expanded the mandate for the Commercial Loan Credit Policy to achieve the following ESG-related objectives:</p> <ul style="list-style-type: none"><li>• Serve the needs of customers in the community</li><li>• Aid in the expansion of economic activity in the local community</li><li>• Assist in the development of permanent structures within the community</li><li>• Support the development of the economic activities of our customers</li><li>• Build economic wealth for the Bank and its shareholders</li><li>• Focus on a growing number of clients in the development and support of sustainable technologies, products, and services that support a green economy</li></ul> <p>We have increased our pursuit of financing commercial projects that advance renewable energy opportunities, and we have evolved the Commercial Loan Credit Policy to better identify the growing number of clients involved in the development of sustainable technologies, products, and services that support a green economy. Also, loans to entities within the oil and gas industry now require the sign-off of the Bank’s Chief Credit Officer or a higher lending authority.</p>	



Accounting Metric	SASB Code	2022 Report Response	Report Reference
Topic: Business Ethics			
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	FN-CB-510a.1	First BanCorp did not experience material 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.	For more information, please see the <b>Business Ethics and Compliance</b> section of this Corporate Sustainability Report.
Description of whistleblower policies and procedures	FN-CB-510a.2	<p>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 First BanCorp; our customers, shareholders, employees, or investors; or the public at large.</p> <p>Key elements of our Whistleblower Policy include:</p> <ul style="list-style-type: none"><li>• An independent, reporting hotline available 24/7</li><li>• A non-retaliation policy</li><li>• The possibility for anonymous reporting and confidential treatment</li><li>• A formal process for addressing whistleblower reports</li><li>• Protection of a whistleblower’s employment status</li><li>• Protection of a whistleblower from harassment in the workplace</li></ul>	



Accounting Metric	SASB Code	2022 Report Response	Report Reference
Topic: Systemic Risk Management			
Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	First BanCorp is not a G-SIB.	For more information, please see the <b>Risk Management and Business Continuity</b> section of this Corporate Sustainability Report.
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	FN-CB-550a.2	<p>Although First BanCorp is not subject to the U.S. Dodd-Frank Act supervisory stress test requirement, we have 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.</p> <p>Notwithstanding, the Corporation monitors its capital consistent with the safety and soundness expectations of the federal regulators and continues to perform internal stress testing as part of its annual capital planning process overseen by the Capital Planning Committee, which is chaired by the CEO and is composed of the following members: the Chief Financial Officer, CRO, and the Corporate Strategy and Investor Relations Officer. In addition, committees and members of senior management are responsible for monitoring our capital adequacy on an ongoing basis; evaluating current and future regulatory capital requirements; reviewing the results of our capital planning and stress test processes and the results of our capital models; and reviewing our contingency funding, capital plan, and key capital adequacy metrics, including regulatory capital ratios.</p> <p>We have a comprehensive capital management policy in place that provides a framework, defines objectives, and establishes guidelines to maintain an appropriate level and composition of capital in both business-as-usual and stressed conditions. Our capital management framework is designed to provide us with the information needed to comprehensively manage risk and develop and apply projected stress scenarios that capture idiosyncratic vulnerabilities with a goal of holding sufficient capital to remain adequately capitalized even after experiencing a severe stress event. We have established a comprehensive governance structure to manage and oversee our capital management activities and compliance with capital rules and related policies. Please see our 2022 Form 10-K for more information.</p>	



Accounting Metric	SASB Code	2022 Report Response			
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	<b>Personal Checking</b> Number of accounts: 360,902 Amount: \$ 3,063,770,405	<b>Personal Saving</b> Number of accounts: 174,137 Amount: \$2,581,525,193	<b>Small Business Checking</b> Number of accounts: 15,880 Amount: \$ 265,492,814	<b>Small Business Saving</b> Number of accounts: 1,142 Amount: \$ 22,790,788
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	<b>Personal Loans</b> Number of loans: 74,276 Value of loans: \$475,304,761	<b>Small Business Loans</b> Number of loans: 5,393 Value of loans: \$386,664,716	<b>Corporate Loans</b> Number of loans: 439 Value of loans: \$2,744,987,476	

Forward-Looking Statements and Materiality

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Act of 1995. These statements are related to the Bank’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 First BanCorp’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 adverse changes in general economic conditions in Puerto Rico, the United States, the U.S. Virgin Islands, and the British Virgin Islands; climate-related conditions and natural disasters; an adverse change in the Corporation’s ability to attract new clients and retain existing ones, including through its digital banking initiatives; technological advancement; the reputational risk associated with our ESG activities and sustainability initiatives 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 2022 Form 10-K and in our other filings with the 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.

The goals, plans, targets and commitments discussed in this report are aspirational. We are committed to achieving them but cannot guarantee or promise that they will be met. Data pertaining to disclosures includes estimates and may be based on assumptions. Additionally, some figures in this report may be unaudited. This report uses certain terms, including “material,” to reflect the issues of greatest importance to the Corporation. Used in this context, these references are not the same as “material” as defined by or construed in accordance with U.S. federal securities laws and SEC rules and regulations. No reports, documents or websites that are cited or referred to in this document shall be deemed to form part of this report.





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