

# Caja Rural de Navarra

Investor  
Presentation





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CAJA RURAL  
DE NAVARRA



A nighttime photograph of a historic plaza. In the foreground, a large, circular stone floor is decorated with a prominent star pattern. The plaza is enclosed by a low stone wall with a decorative balustrade. Several tall, classical columns support a structure above. In the background, multi-story buildings with balconies are illuminated by warm streetlights. The sky is a deep blue.

01.

# Caja Rural de Navarra, Credit Cooperative

Forward looking tradition

# Caja Rural de Navarra

## Company profile

- Established in 1910 as the central institution for the co-operatives in the region of Navarre and evolving from 1946 as a regional co-operative bank.
- Its origins were rooted in the rural and agribusiness environment of that time, but the bank's activities have evolved in line with the strong industrialisation of its home region.
- Founding member of the Spanish Association of Rural Cooperative Banks (AECR), and its affiliate entities (BCE, RSI and RGA).
- First member of the AECR in terms of assets and equity.
- AECR, together with the group's affiliate companies (BCE, RSI and RGA)<sup>1</sup> forms the **Caja Rural Group**<sup>2</sup>, which through the National Union of Credit Cooperatives (UNACC), belongs to the European Association of Cooperative Banks (EACB).



Rabobank

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CORPORATE & INVESTMENT BANK

GRUPO CAJA RURAL

RAIFFEISEN



BCC  
CREDITO COOPERATIVO

Raiffeisen



1. BCE: Banco Cooperativo Español; RSI: Rural Servicios Informáticos; RGA: Rural Grupo Asegurador

2. <https://www.grupocajarural.es/en>

Source: Caja Rural de Navarra





# Caja Rural de Navarra

## Company profile

- Banking culture firmly based on austerity, local focus, risk control, accountability and transparency, in line with the co-operative tradition.
- Strategy of stable growth in its region. No country-wide expansion plans, nor aggressive development in any other business apart from retail banking. This strategy remains within the overall strategy of the Caja Rural Group and most co-operative banking groups in Europe.
- Retail business is focused on serving the needs of individuals and SMEs in its regions of operation.
- More than 178,000 co-op members (shareholders), with a diverse client base from different sectors of the economy and society.
- 254 branches distributed across the regions of Navarre, Basque Country and Rioja. Navarre and Basque Country account for around 90% of the loan book.
- Sustainability and stakeholder focus embedded in its core values and strategy.



Source: Caja Rural de Navarra



# Caja Rural de Navarra

## Financial highlights<sup>1</sup> (1/8)

### Key Financial Data<sup>2</sup> (in €m)

	Dec-21	Dec-20	Dec-19
Total Assets	16,073	15,632	12,946
Average Total Assets	15,877	14,515	12,544
Risk Weighted Assets (RWA)	7,613	7,202	7,255
Total Equity	1,398	1,294	1,213
of which Tier	1,425	1,317	1,218
Gross Loans <sup>3</sup>	9,521	8,911	8,262
Deposits	10,281	10,211	8,741
Employees	947	948	963
Branches	254	254	253
Net Interest Income <sup>4</sup>	160	163	163
Pre-tax Profit	97	92	94
Net Income	88	81	85

1-Stand-alone basis

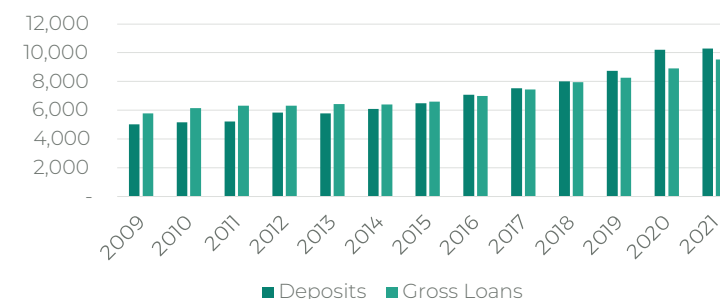
2- Based on stand-alone audited end-2021 financial data

3- Excluding exposures to other financial corporations

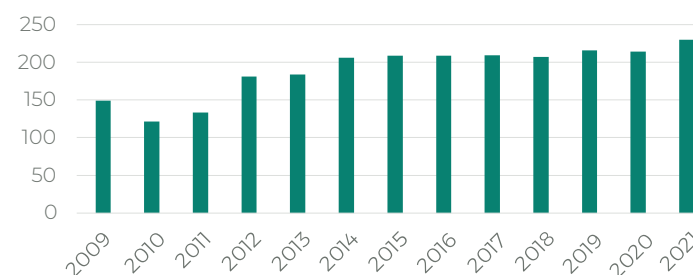
4-Including dividends

Source: Caja Rural de Navarra

### Deposits and Loan Book (in €m)



### NIMs + Fees (in €m)



# Caja Rural de Navarra

## Financial highlights<sup>1</sup> (2/8)

### Financial Ratios<sup>2</sup>

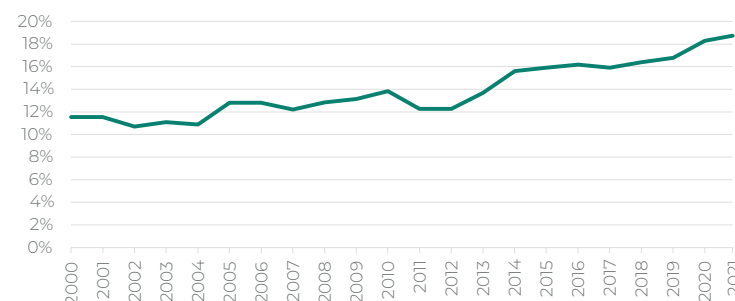
	Dec-21	Dec-20	Dec-19
<b>Capitalization</b>			
Core tier 1 regulatory capital ratio (phased in) <sup>3</sup>	18.72%	18.28%	16.79%
Core tier 1 regulatory capital ratio (fully loaded) <sup>3</sup>	18.13%	17.66%	16.58%
Equity / total assets	8.70%	8.28%	9.37%
<b>Asset quality indicators</b>			
Growth of gross loans	6.84%	7.86%	3.99%
NPL	2.03%	2.12%	2.09%
IL coverage ratio	63.51%	58.51%	50.46%
<b>Profitability ratios</b>			
Net interest income / total assets	1.00%	1.05%	1.26%
Pre-tax profit / average total assets	0.61%	0.63%	0.75%
RoE (averaged)	7.04%	6.96%	7.85%
<b>Funding</b>			
Gross loans / customer deposits (LtD)	92.60%	87.27%	94.52%
<b>Liquidity</b>			
LCR	332%	391%	370%
NSFR	134%	148%	153%

1-Stand-alone basis

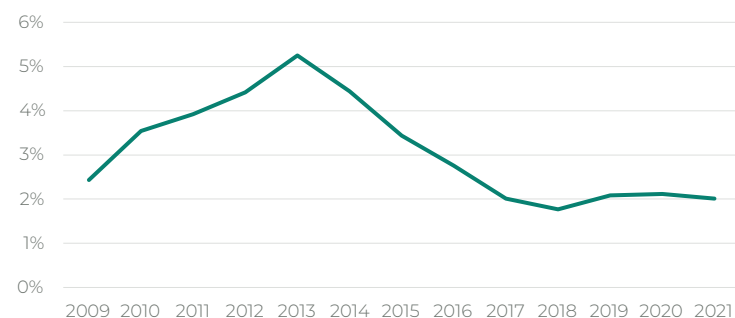
2- Based on audited stand-alone end-2021 financial data

3-Calculated with the standard method

### Core Tier 1 Regulatory Capital Ratio (Phased in)<sup>3</sup>



### Impaired Loans/Gross Loans



# Caja Rural de Navarra

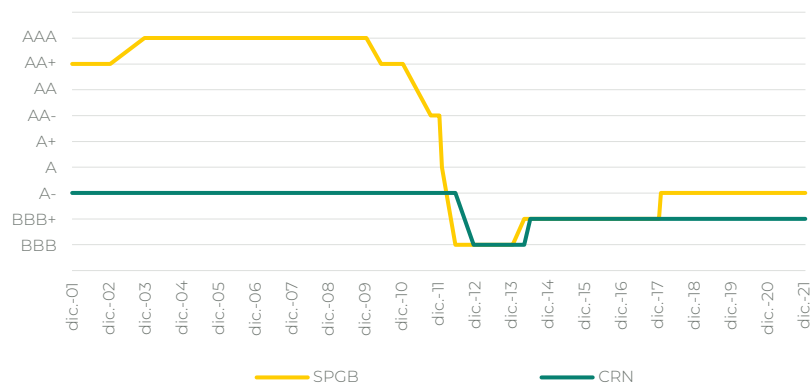
## Financial highlights<sup>1</sup> (3/8)

### Ratings

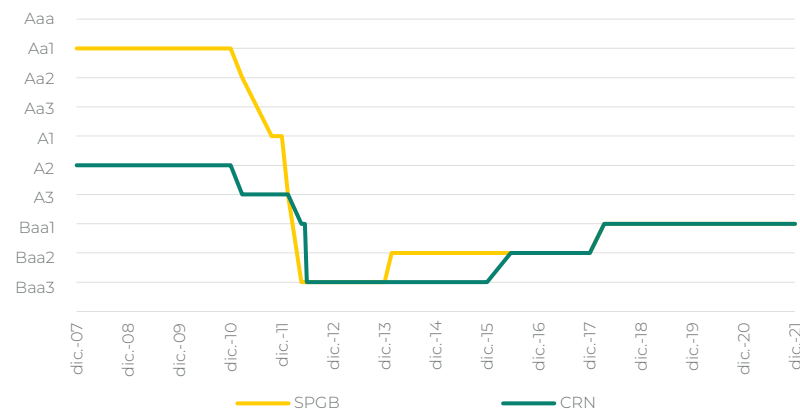
Issuer rating/Deposit rating (Fitch/Moody's)  
Covered Bond rating (Moody's)

BBB+ (stable) / Baa1 (stable)  
Aa1

#### Fitch Ratings



#### Moody's



- Caja Rural de Navarra (CRN) is among the very few Spanish banks having retained investment grade ratings by both Fitch and Moody's throughout the financial and sovereign crisis.
- Rating downgrades occurred as a result of sovereign downgrades and the application of the rating agencies methodology in terms of country ceiling.

<sup>1</sup>-Stand-alone basis



# Caja Rural de Navarra

## Financial highlights<sup>1</sup> (4/8)

- **Solid asset quality** (NPL ratio of 2.03%) and a **cautious coverage** policy (ratio of **63.51%**). Negligible Covid-19 impact.
- CRN has high solvency ratios (CET1 phase in/fully loaded: **18.72%** / **18.13%**) owing to its high level of earnings retention, as co-operative by-laws require the yearly surplus to become part of undistributable reserves.
- The bank's ratings reflect this situation, keeping a level of **BBB+ (stable)** by Fitch and **Baa1 (stable)** by Moody's. Only four Spanish banks (BBVA, Santander, Caixabank and Caja Rural de Navarra) maintained investment grade ratings by both agencies throughout the past financial and sovereign crisis.
- Low exposure to Real Estate (3.64% of Total Loans), in regions with a more stable housing market due to regional economic conditions and the absence of a tourism-related building boom.
- Strong local franchise: 29.89% market share in deposits and 28.12% credit in Navarre as of December 2021. More than half of the population over 18 years-old in Navarre is a customer of CRN.
- CRN is committed to further increasing its profitability by achieving a balance between growth and sustained margins, controlled expansion and increased fee generation. Despite Caja Rural de Navarra's sound capital ratios, RoE ratio is resilient at 7.04%.

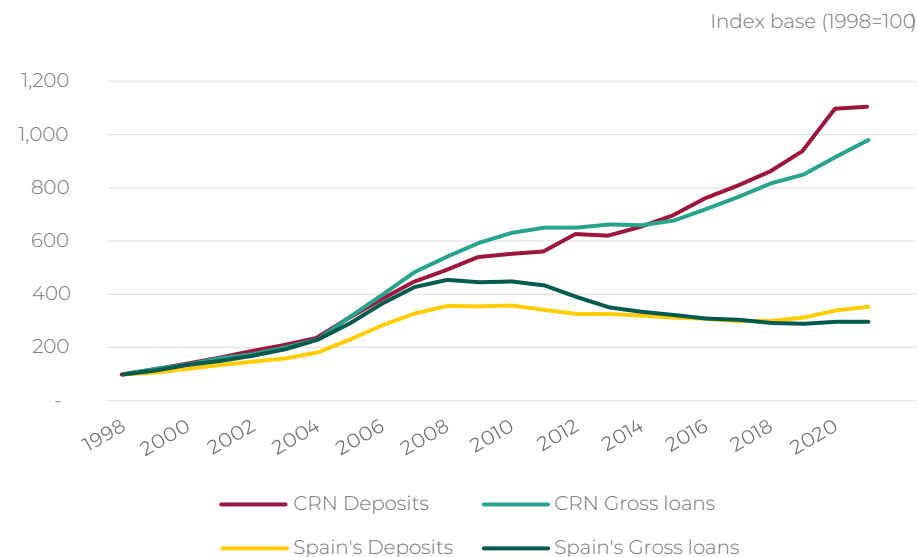


Source: Caja Rural de Navarra  
1- Stand-alone basis

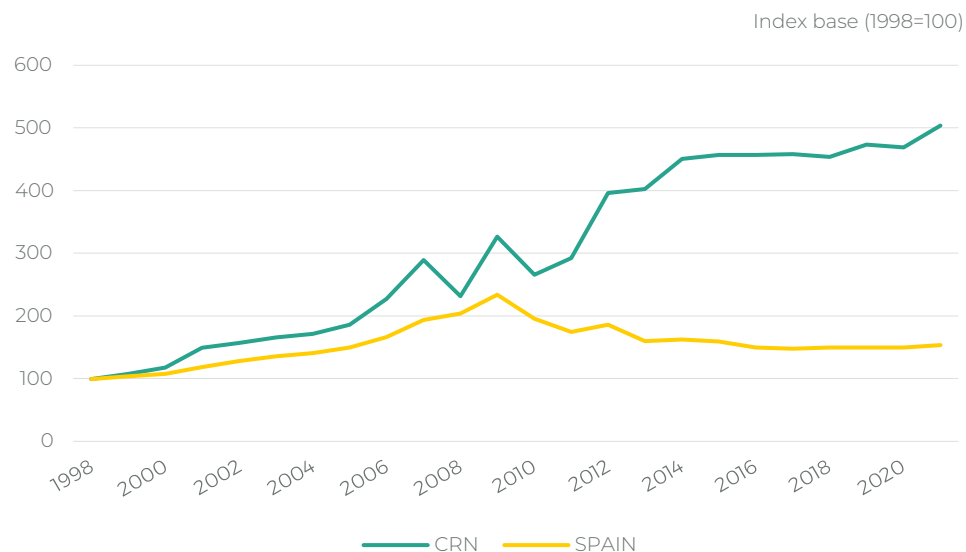
# Caja Rural de Navarra

## Financial highlights<sup>1</sup> (5/8)

### Deposit Taking and Loan Book (in €m)



### NIMs + Fees (in €m)



- In the long run CRN has significantly gained market share by outpacing the growth of the overall financial sector after the financial/sovereign crisis, due to its ability to maintain a retail and regional business model coupled with ample capital and liquidity buffers, combined with a ‘throughout-the-cycle’ healthy asset quality.
- Income sources (NIM+Fees) have grown much more than the Spanish financial sector average, reflecting a self-sustained and organic growth model which keeps profitability and efficiency as key strategic targets.

Source: Caja Rural de Navarra, Bank of Spain

# Caja Rural de Navarra

## Financial highlights<sup>1</sup> (6/8)

- SREP CET1 and Total Capital requirements are in line with CRN's strong credit profile (7.63% and 11.62% respectively).
- **High solvency ratios (CET1 phase in / fully loaded: 18.72%/18.13%), leading to a surplus of 7.09% as of December 2021.**
- Moreover, solvency quality is high, with CET1 making up 100% of total capital ratio.
- CRN's MREL requirement of 15.17% (not including CBR) from 1st January 2024 onwards. The same requirement applies as an interim target from 1st January 2022. Due to its high CET1 level, MREL issuance requirements are expected to be low.



Source: Caja Rural de Navarra  
1- Stand-alone basis

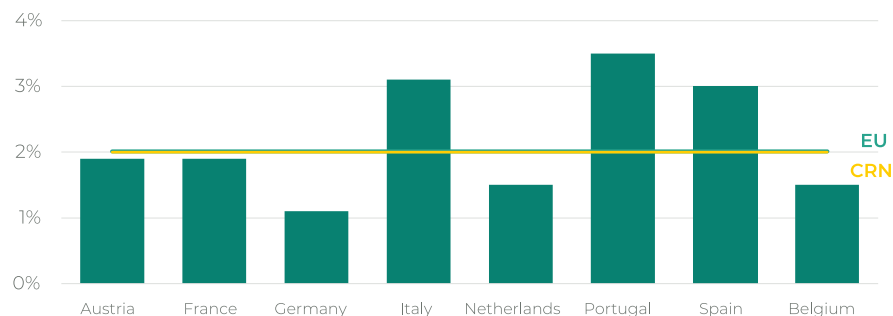




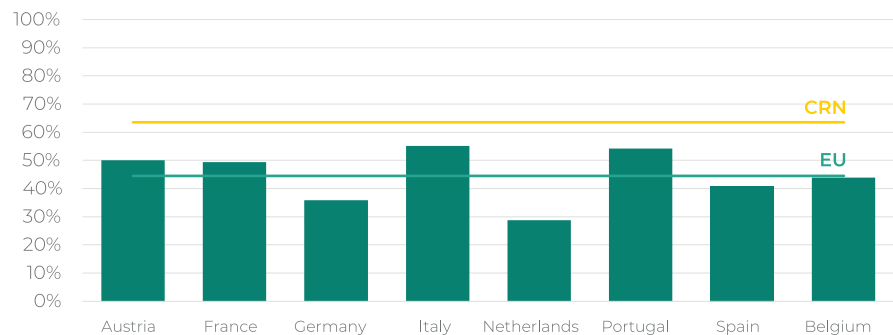
# Caja Rural de Navarra

## Financial highlights (7/8)

### Non-Performing Loans



### Coverage Ratio



Source: EBA Risk Dashboard. Data as of Q4 2021

### Loan Book by Stages

	Gross exposure (€m)	% of loan book
Stage 1	9,180	96%
Stage 2	193	2%
Stage 3	193	2%

# Caja Rural de Navarra

## Financial highlights<sup>1</sup> (8/8)

	EU Banks <sup>1</sup>	CRN <sup>2</sup>
CET1 ratio (transitional)	15.70%	18.72%
CET1 ratio (fully loaded)	15.40%	18.13%
NPL ratio	2.00%	2.03%
Coverage ratio	44.50%	63.51%
Efficiency ratio	63.30%	43.25%
RoE	7.30%	7.04%
Leverage ratio	6.00%	8.88%

1.-Source: European Banking Authority (EBA). Data as of 4Q2021

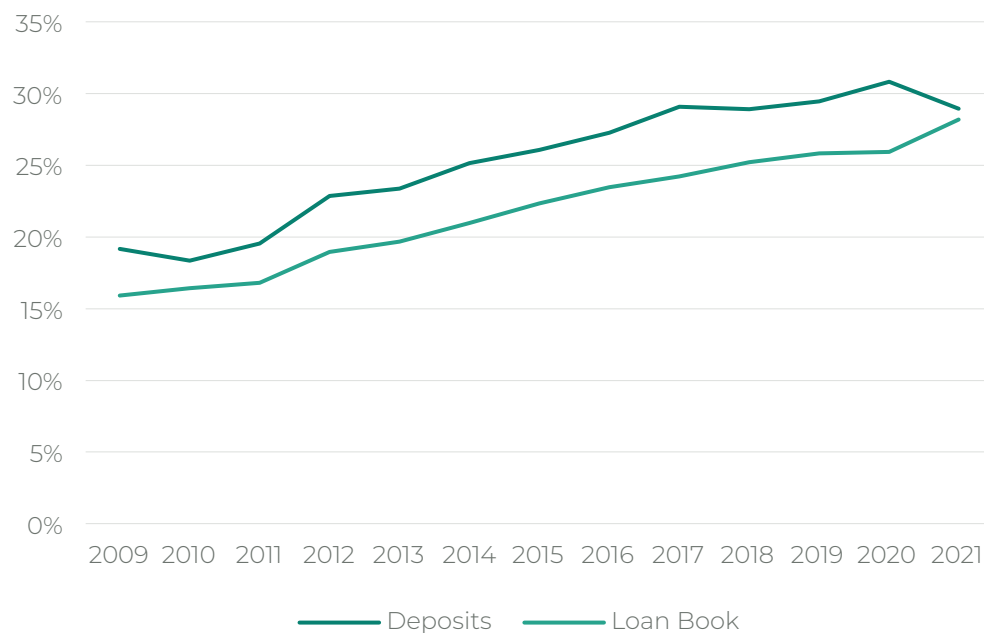
2.-Source: Caja Rural de Navarra. Data as of 4Q2021



# Caja Rural de Navarra

## Strategy

### Market Share (private sector in Navarre)<sup>1</sup>



- As it is the case of many co-operative banks, Caja Rural de Navarra has become the only local financial institution in its home market after the restructuration of the Spanish financial sector
- This position offers a huge historical opportunity for co-operative banks, underpinned by their efficiency through Group structures while maintaining their independence and local focus.
- Caja Rural de Navarra steadily increased its market share since the financial crisis.

Source: Caja Rural de Navarra, Bank of Spain  
1-Data as of December 2021





A background image showing a close-up of a laser cutting process. A metal nozzle is positioned above a workpiece, with bright orange sparks and light trails emanating from the cutting point. The scene is reflected on a blue surface below. The image is partially obscured by a white diagonal shape on the right side.

# 02.

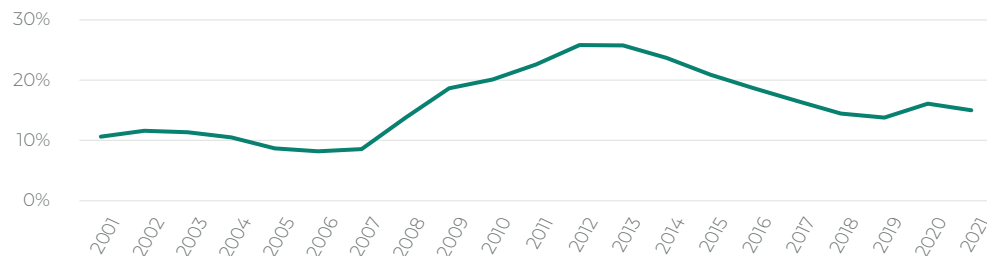
## Operative Environment

Strong in strong regions

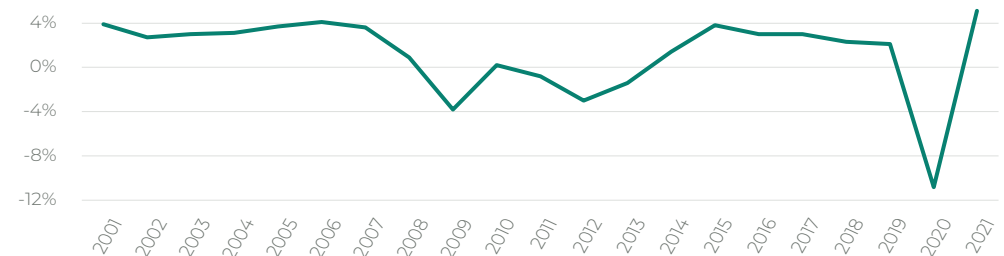
# Operative Environment

## National (1/2)

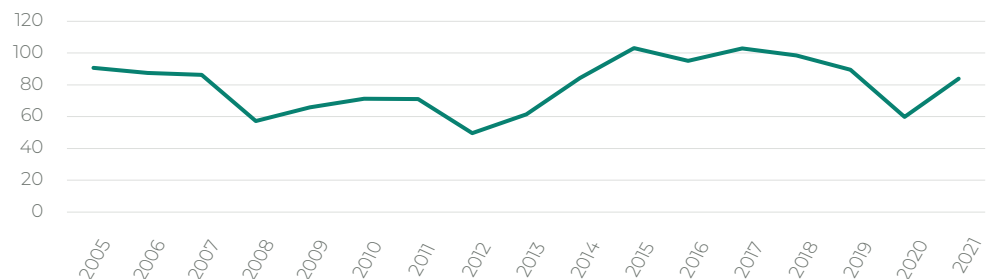
### Unemployment



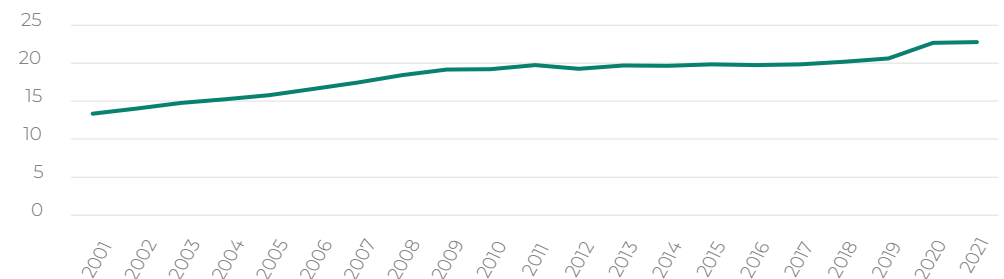
### GDP



### Consumer Confidence Indicator (year average)



### Cost per hour worked (€)



- Covid-19 impacts macro environment, but fiscal and monetary response cushion scarring risks
- Reforms of labour markets and restructuring of the financial sector underpin a more resilient economy
- New geopolitical and inflation-related challenges ahead

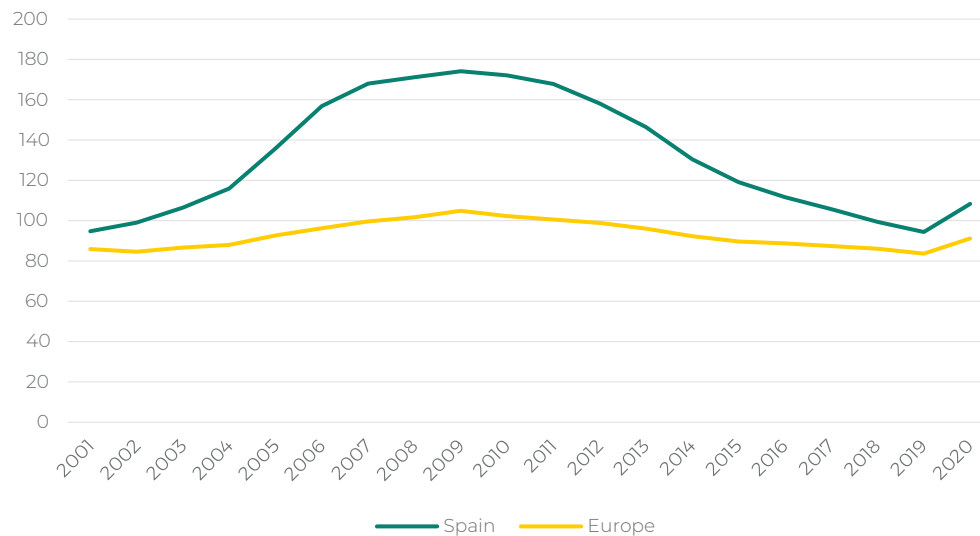
Source: INE, CIS  
Data as of December 2021

# Operative Environment

## National (2/2)

Leverage in Spain has hugely decreased in the last decade, supporting the private sector ability to withstand economic shocks

### Private sector debt as % of GDP



Source: World Bank

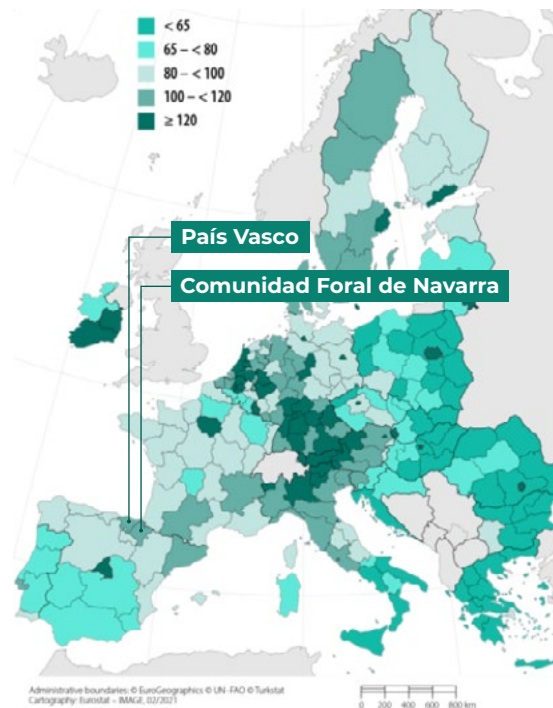




# Operative Environment

## Regional (1/4)

### GDP per capita in EU regions



Münster	111	Provence-Alpes-Côte d'Azur	107	Friesland (NL)	104
Flevoland	111	Prov. Limburg (BE)	107	<b>Comunidad Foral de Navarra</b>	102
Koblenz	110	Alsace	106	Piemonte	102
Veneto	109	Toscana	105	Sachsen	102
Leipzig	109	Liguria	105	Drenthe	102
Schleswig-Holstein	109	Centro (IT)	105	Noreste (ES)	101
Schleswig-Holstein	109	Friuli-Venezia Giulia	104	Pays-de-la-Loire	101
<b>País Vasco</b>	108	Midi-Pyrénées	104	Pays-de-la-Loire	101
Provence-Alpes-Côte d'Azur	107	Dresden	104	Aquitaine	101

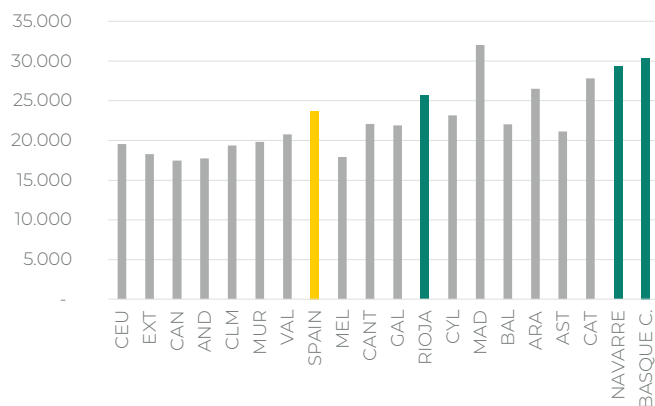
GDP per capita comparable to other developed European regions and underpinning a much more stable economic environment

Source: Eurostat 2019 data

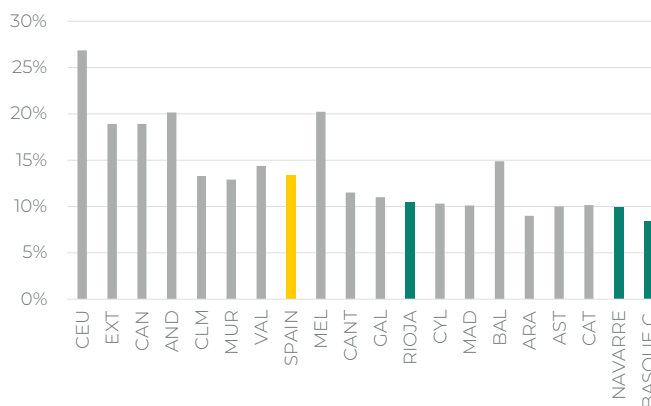
# Operative Environment

## Regional (2/4)

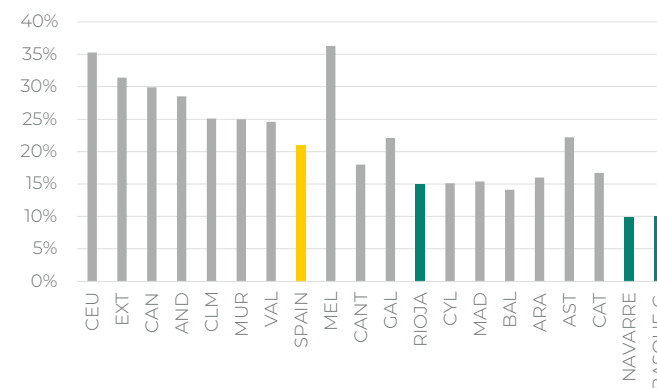
Nom. GDP/capita by Region (4Q20)



Unemployment rate by Region (4Q21)



Poverty risk rate by Region (4Q20)



- GDP per capita well above national average
- Much lower unemployment rate than the national average
- Social indicators (poverty and inequality), among the best performers

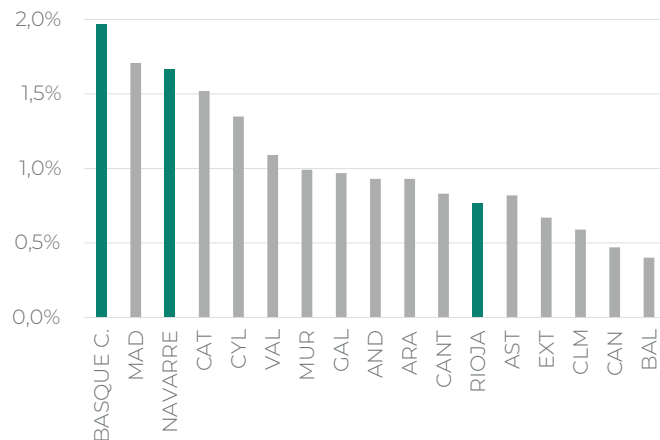
Source: Instituto nacional de estadística (INE)



# Operative Environment

## Regional (3/4)

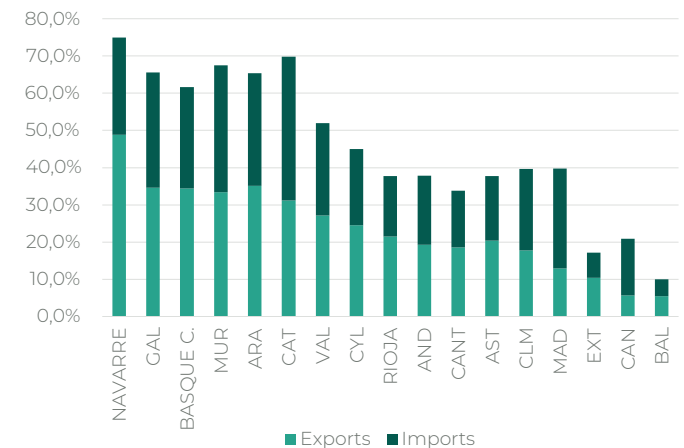
### R&D/GDP (4Q19)



### OECD Regional Well-Being



### Goods Foreign trade exposure (4Q19)



- Navarre and Basque Country are the most industrialised and export-oriented regions in Spain
- They are also amongst those with a highest rate of investment in R&D
- This economic environment positively impacts banking performance

Source: Instituto nacional de estadística (INE), Expansión, [OECD](#)



# Operative Environment

## Regional (4/4)

Standard & Poor's rates the regions of Navarre and Basque Country two notches higher than Spain (AA- vs. A)



- “We believe Navarre’s high fiscal autonomy, diversified economy, and independent liquidity management make it more resilient than Spain in a stress scenario, and therefore rate Navarre up to two notches higher than Spain.”
- “The Autonomous Community of Navarre’s budgetary metrics improved strongly in 2021 thanks to the ongoing economic recovery as pandemic-related restrictions are gradually lifted”
- “The stable rating outlook mirrors that of Spain (unsolicited; A/Stable/A-1). It also reflects our expectation that Navarre will continue to post balanced budgets and gradually reduce its debt burden.”
- “Unlike normal-status regions, special-status entities like Navarre have their own tax administrations that collect most taxes. Navarre then transfers a portion of them to Spain’s central government in compensation for the services it provides in the region.”
- “Navarre’s economy is wealthier, more competitive, and more export oriented than Spain’s. The region’s GDP per capita was about 124% of the national average at year-end 2020. Although Navarre’s GDP was hit by the pandemic, its 2020 contraction of 8.5% was less marked than the about 10.3% nationally.”

Source: Standard & Poor's Global Ratings-Research update (25th March 2022) available at:  
[https://www.navarra.es/NR/rdonlyres/40C27B6A-75E6-4B80-A39F-A4A909B2EDCE/478867/RatingsDirect\\_ResearchUpdateSpainsAutonomousCommun.pdf](https://www.navarra.es/NR/rdonlyres/40C27B6A-75E6-4B80-A39F-A4A909B2EDCE/478867/RatingsDirect_ResearchUpdateSpainsAutonomousCommun.pdf)



# 03.

## Funding

Regular issuer

# Funding

- Retail focus: Loan book growth financed by deposit taking (and SMEs mediation finance by ICO)
- CRN maintains a high volume of liquid assets, most of them eligible for monetary operations with ECB
- Despite this strategy, CRN has been active in wholesale markets since 2001:
  - ◆ Domestic **Commercial Paper** Program
  - ◆ **Schuldscheindarlehen** issues (private placements, all matured)
  - ◆ **Senior FRN** Caja Rural de Navarra 2006 (matured 2011)
  - ◆ **Senior Sustainable FRN** Caja Rural de Navarra 2017 (maturing 2022)
  - ◆ Several **SME ABS and RMBSs** programs (developed through the Caja Rural Group since 2000)
  - ◆ **EIB** specific issuances
    - › SME & Midcaps
    - › SME & climate action
  - ◆ **Public Issued Covered Bonds**
    - › 2013 Covered bond (matured 2018)
    - › 2015 Covered bond (maturing 2022)
    - › 2016 Inaugural Sustainable Covered bond (maturing 2023)
    - › 2018 Sustainable Covered bond (maturing 2025) and tapped (additional 100 million) in 2020
    - › 2022 Inaugural Green covered bond
  - ◆ **Retained Covered Bond**
    - › 2018 Issue (maturing 2025) and 2020 issue (maturing 2027)
  - ◆ **Covered Bond Private Placement** in 2014 (maturing 2029)

Source: Caja Rural de Navarra





# Funding

- The strategy focuses on diversifying liquidity sources, while maintaining a conservative liquidity profile, which remains firmly based on a very stable deposit base. (“stable retail deposit base and low reliance on wholesale funding”, Moody’s Credit Opinion Nov 2021).
- CRN aims at issuing Covered Bonds in order to follow its strategy of diversifying its funding base and tapping growth opportunities in its retail banking business.
- CRN’s Mortgage Covered Bonds (Cédulas Hipotecarias) rated Aa1 by Moody’s.
- CRN’s Covered Bonds in the secondary market have shown a solid trend consistent with their credit quality.
- Having a high capital ratio and low requirements, CRN is open to conduct either public or private placements in Senior preferred or Senior non preferred format depending on investors’ preferences and market situation.



Source: Caja Rural de Navarra







# 04.

## Sustainability Bond Framework

Committed to Sustainability



# Sustainability Bond Framework

## A Bank committed to sustainability (1/2)

- As a cooperative, retail and regional financial institution, Caja Rural de Navarra is highly committed to a long-term engagement with its stakeholders
- CRN is engaged with ESG agencies in an ongoing process of transparency
- CRN publishes on an annual basis an ESG specific report (Corporate Social Responsibility report) and a detailed impact report assessment covering all the relevant sustainability categories.
- Dialogue and active involvement in international initiatives within the Sustainable Finance development





# Sustainability Bond Framework

## A Bank committed to sustainability (2/2)

- The Corporate Social Responsibility Code of Conduct is a guide integrated in Caja Rural de Navarra and its employees' behaviour towards its social and economic environment, as a retail, regional and cooperative bank.
- The main goal is to apply some principles and layout the duties that guide CRN and its employees' activities, with a long-term strategy view.



# Sustainability Bond Framework

## ESG Risk rating

- The ESG rating awarded to Caja Rural de Navarra by Second-Party Opinion provider Sustainalytics ranks the Bank among the best performers in the financial sector.
- The whole organisation is subject to Environmental, Social and Governance (ESG) standards that determine the focus, targets and policies of the Bank regarding different aspects of sustainability.



# Sustainability Bond Framework

## Sustainable covered bond at a glance

- Sustainability Bond Framework<sup>1</sup> that is fully compliant with ICMA's Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021



- Second-Party Opinion provided by Sustainalytics<sup>2</sup>



- High quality sustainable assets, EU Taxonomy aligned use of proceeds, and a regular audited annual impact reporting<sup>3</sup> of the Sustainable Bond as part of the Issuer's annual audited report
- A transparent and robust project evaluation and selection process including several categories with clear eligibility criteria and additional exclusion criteria
- Previous Sustainable Bond issuances, targeting SRI investors:
  - **EUR500m 7yr Nov-16: Inaugural Sustainable Covered Bond**
  - **EUR100m 5yr Jun-17: Inaugural Sustainable Senior Bond**
  - **EUR500m 7yr May-18: Sustainable Covered Bond** (Further tapped through a EUR100m issue in October 2020)
  - **EUR500m 7yr Feb-22: Inaugural Green Covered Bond**

<sup>1</sup>-Sustainability Bond Framework

<sup>2</sup>-SPO (Sustainalytics)

<sup>3</sup>-Sustainability Impact Report

# Sustainability Bond Framework

## Sustainable bond overview

Legal Status	Use of Proceeds	Eligible Projects Categories
<ul style="list-style-type: none"> <li>CRN Sustainable Bonds' investors have the same level of protection as regular Bonds' investors</li> <li>Same legal framework applies (claims against the entire cover pool)</li> </ul>	<ul style="list-style-type: none"> <li>Allocated towards lending to projects or activities aligned with CRN's internal sustainability principles and Sustainability Bond Framework<sup>1</sup></li> <li>The projects or activities to be funded must meet CRN's Sustainability criteria</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable agriculture</li> <li>Renewable energy</li> <li>Energy efficiency</li> <li>Sustainable forest management</li> <li>Waste management</li> <li>Affordable housing</li> <li>Education</li> <li>Social and economic inclusion</li> </ul>
Project Evaluation and Selection Process	Management of Proceeds	Reporting
<ul style="list-style-type: none"> <li>Financial viability of the loans financed through the proceeds evaluated by the Credit Risk department</li> <li>Alignment with the sustainability eligibility criteria is assessed by the Sustainability Committee</li> </ul>	<ul style="list-style-type: none"> <li>100% of bond proceeds to be allocated to eligible projects or activities at the time of issuance</li> <li>Sufficient number of existing loans to utilize the entire proceeds of the sustainable bond</li> </ul>	<ul style="list-style-type: none"> <li>Annual disclosure of the allocated proceeds to each eligible category outlined in the framework</li> <li>CRN's annual report<sup>2</sup> audited by an external auditor</li> </ul>
Assurance		

Sustainalytics Second-Party Opinion and CRN's audited annual report, which includes reporting on the Sustainable Bond.

Source:  
[1-Sustainability Bond Framework](#)  
[2-Annual Report](#)



# Sustainability Bond Framework

## Second-party opinion

Sustainalytics is an independent provider of sustainability research, analysis, and services to investors. Sustainalytics has provided a second opinion on Caja Rural de Navarra's sustainability bond issuance and the bond's environmental and social credentials. The following statements are extracts from Sustainalytics' Second-Party Opinion.



Alignment with best practices	Track record and Framework robustness	Sustainability commitments
<ul style="list-style-type: none"><li>Sustainalytics has determined that the Caja Rural de Navarra Sustainability Bond Framework aligns with the four core components of the GBP and SBP.</li><li>Sustainalytics believes that (...) the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 4, 8, 9, 10, 11, 12, and 15.</li><li>Both the allocation proceeds and impact reporting will be third-party verified. Based on these elements, Sustainalytics considers this process to be in line with market practice.</li></ul>	<ul style="list-style-type: none"><li>Sustainalytics believes that the Caja Rural de Navarra Sustainability Bond Framework is aligned with the overall sustainability strategy of the company (...)</li><li>Sustainalytics is confident that Caja Rural de Navarra is well-positioned to issue sustainability bonds and that that Caja Rural de Navarra Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).</li></ul>	<ul style="list-style-type: none"><li>Sustainalytics is of the opinion that CRN demonstrates a commitment to sustainability with a focus on growing its sustainable lending lines.</li><li>Sustainalytics is of the opinion that CRN is able to manage and mitigate potential risks through (...) its CSR strategy which outlines CRN's commitment to identify, evaluate and manage the ESG risks associated with its portfolio.</li><li>The Caja Rural de Navarra Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds.</li></ul>

Source:  
[1 SPO \(Sustainalytics\)](#)

# Sustainability Bond Framework

## Sustainable development goals

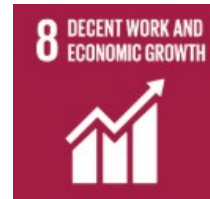
The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. CRN' framework advances the following SDG1 and targets:



Education



Renewable energy  
Energy efficiency



Economic inclusion



Social inclusion



Affordable housing



Sustainable agriculture  
Waste management



Sustainable forest management

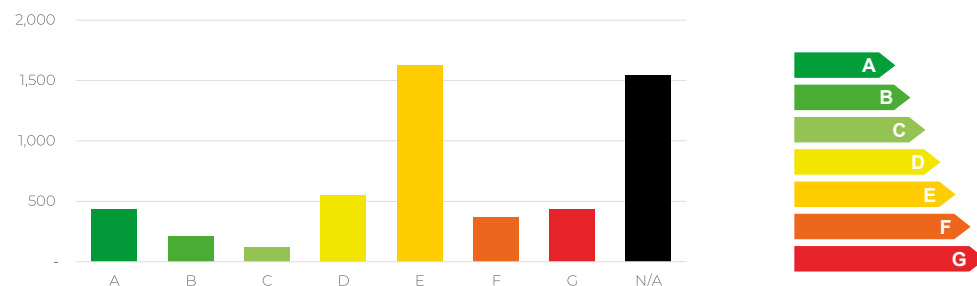
[1 - Sustainable Development Goals Webpage](#)

# Sustainability Bond Framework

## Energy efficiency new criterion: building energy efficiency

- Caja Rural de Navarra included in December 2017 a new criterion to the Energy Efficiency Category: Building Energy Efficiency.
- The new eligibility criterion are focused on its lending activities in either financing new buildings that must be among the 15% most energy efficient, or financing an appropriate upgrade that improves the buildings energy efficiency by 30% in the existing stock of buildings.
- The eligibility is analysed through EPC energy labels

### Mortgage loans breakdown by EPC letter (in m€)



1 Data as of 31<sup>st</sup> December 2021

“CRN loans financing to energy efficient buildings and retrofitting can therefore contribute to the improvement of the Spanish residential buildings stock energy efficiency.”

Sustainalytics

# Sustainability Bond Framework

## EeMAP initiative

- The EEMI is designed on the premise that the banking industry has the potential to play a **game changing** role in supporting the EU in meeting its EU energy savings targets, on the assumptions that:
  - Energy efficiency improvements have a positive impact on property value, reducing a bank's asset risk.
  - Energy efficient borrowers have a lower probability of default as a result of more disposable income in the household due to lower energy bills, reducing a bank's credit risk.
- Caja Rural de Navarra works together with other European financial institutions in the Banking and Finance Committee in the cross-sectorial consultation.
  - Principles, valuation guidelines and building performance assessment guidelines have been drafted and are under consultation.
  - On January 2021 the Energy Efficient Mortgage (EEM) label was launched, with CRN as one of its leading financial institutions.



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 746205



Source: Energy efficient mortgages initiative (EEMI).



# Sustainability Bond Framework

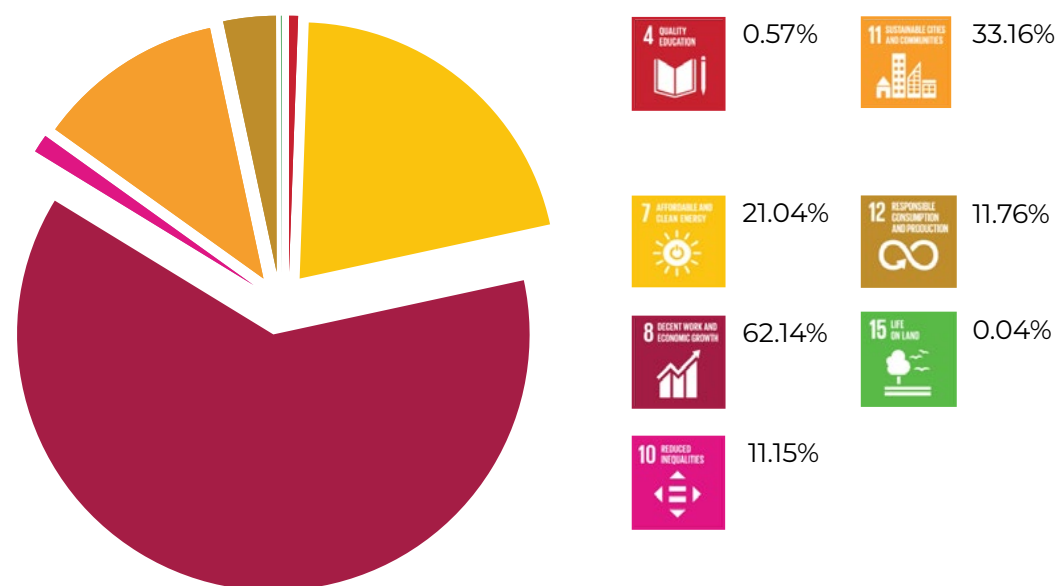
## Use of proceeds

The proceeds of the Sustainability Bonds are allocated to **existing or new lending projects or activities** that meet one or more of the following **eligibility criteria**:

### Sustainable Projects / Activities

Sustainable agriculture	€126,098,091
Renewable energy	€20,674,175
Energy efficiency	€909,720,377
Sustainable forest management	€1,681,489
Waste management	€20,283,058
Affordable housing	€519,940,487
Social inclusion <sup>1</sup>	€50,905,439
Education	€25,041,131
Economic inclusion <sup>2</sup>	€2,748,036,910
	<b>€4,442,381,157</b>

### Current Sustainable Portfolio <sup>3</sup>



<sup>1</sup> Social inclusion: development of cultural facilities and job training for socially/economically marginalized groups, youth, unemployed or physically or mentally disabled populations, improvement of teaching and use of regional or minority languages.

<sup>2</sup> Economic inclusion: provision of microfinance loans to increase financial inclusion and micro enterprise financing . Lending to micro-entrepreneurs and SMEs.

<sup>3</sup> Data as of Dec 2020.

# 05.

## Cover Pool

Dec 2021 Analysis














# Cover Pool

## Covered Bond label

A Covered Bond labelled sustainable covered bond is a covered bond that is fully compliant with the Covered Bond Label Convention, and it also includes a formal commitment by the issuer to use an amount equivalent to the proceeds of that same covered bond to (re)finance loans in clearly defined environmental (green), social or a combination of environmental and social (sustainable) criteria.



Covered Bond Labelled sustainable covered bond programs are based on their issuer's sustainable bond framework which has been verified by an independent external assessment. The issuer strives, on a best efforts basis, to replace eligible assets that have matured or are redeemed before the maturity of the bond by other eligible assets.

ISIN	Pool Identifier	Initial Date of Issuance	Maturity Date	Face value <sup>1</sup>	Coupon	Syn.	Listed	Tapped	Mat. <sup>2</sup>	EEA <sup>3</sup>	LCR <sup>4</sup>
  ES0415306093	Covered Bond	16/02/2022	16/02/2029	EUR 500,000,000	Fixed	Yes	Yes	No	HB	Yes	1
 ES0415306085	Covered Bond	07/04/2020	07/04/2027	EUR 500,000,000	Fixed	Yes	No	No	HB	Yes	2A
 ES0415306077	Covered Bond	27/11/2018	27/11/2025	EUR 300,000,000	Fixed	Yes	No	No	HB	Yes	2A
  ES0415306069	Covered Bond	08/05/2018	08/05/2025	EUR 600,000,000	Fixed	Yes	Yes	Yes	HB	Yes	1
  ES0415306051	Covered Bond	01/12/2016	01/12/2023	EUR 500,000,000	Fixed	Yes	Yes	No	HB	Yes	1
 ES0415306036	Covered Bond	16/03/2015	16/03/2022	EUR 500,000,000	Fixed	Yes	Yes	No	HB	Yes	1
 ES0415306028	Covered Bond	07/02/2014	07/02/2029	EUR 50,000,000	Fixed	No	Yes	No	HB	Yes	N/A
 ES0415306002	Covered Bond	11/06/2013	11/06/2018	EUR 500,000,000	Fixed	Yes	Yes	No	HB	Yes	1

Source: <https://www.grupocajarural.es/en/who-we-are>





# Total Cover Pool

## Overview

Total amount	€5,288m
Substitution Assets	€0m
Outstanding covered bonds	€2,450m
Total overcollateralization (%)	115.86%
Fixed rate covered bonds (%)	100.0%
Number of loans	48,996
Number of borrowers	71,748
Average loan size	€107,938
WA LTV (%)	58.79%
WA seasoning (months)	73.45
WA remaining maturity (years)	19.48
Average rate (%)	1.05%
Floating rate loans (%)	69.19%
Arrears >90 days	0.98%
Loans in Euros (%)	100.00%



Data as of 31<sup>st</sup> Dec 2021

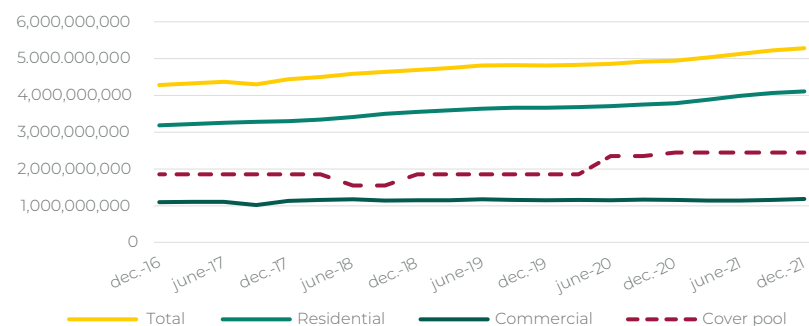




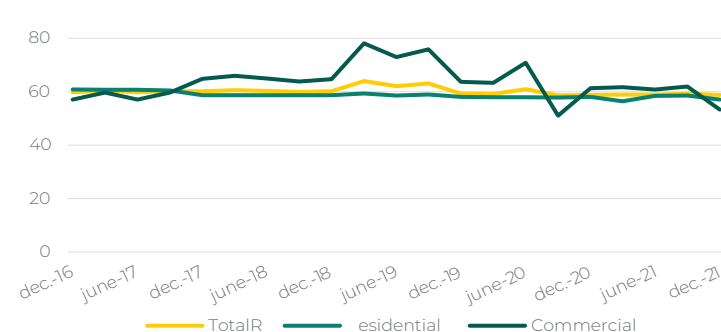
# Total Cover Pool

## Analysis(1/3)

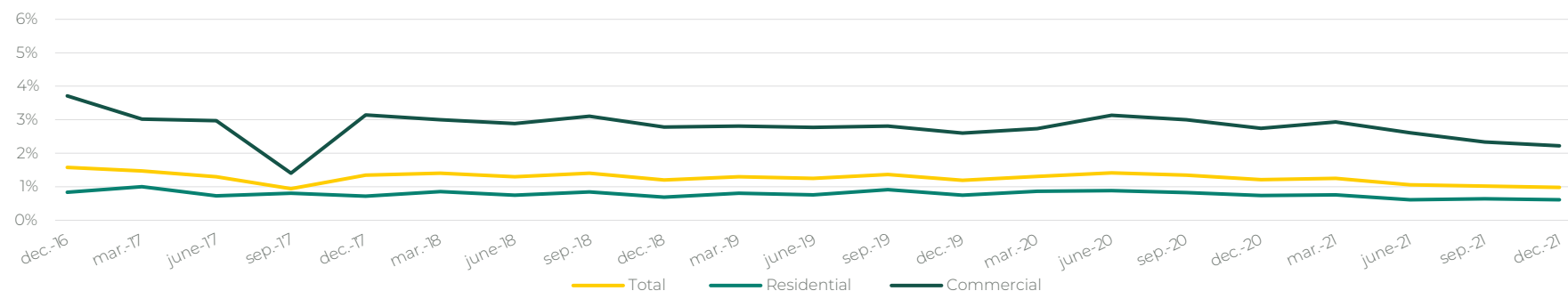
### Mortgage cover pool



### Loan To Value (LTV)



### Non Performing Loans (NPL)



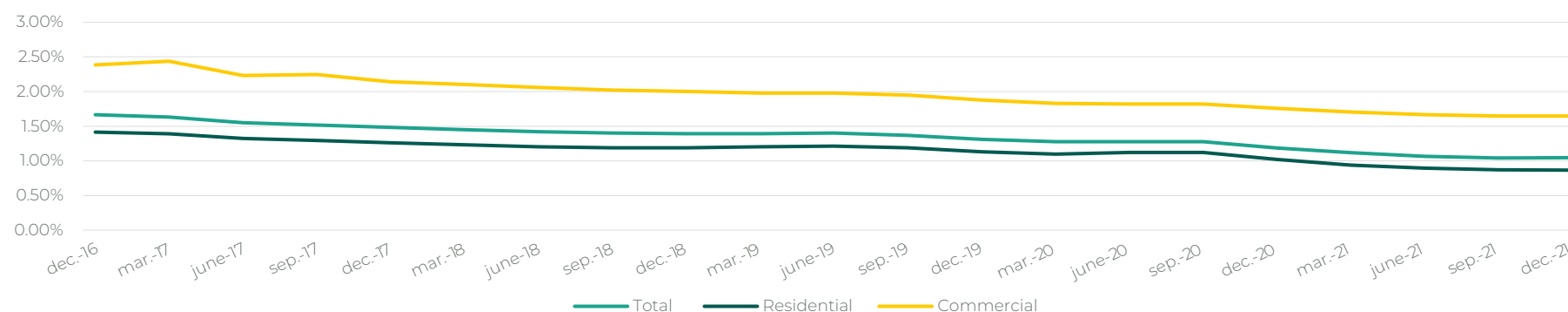
Data as of 31<sup>st</sup> Dec 2021



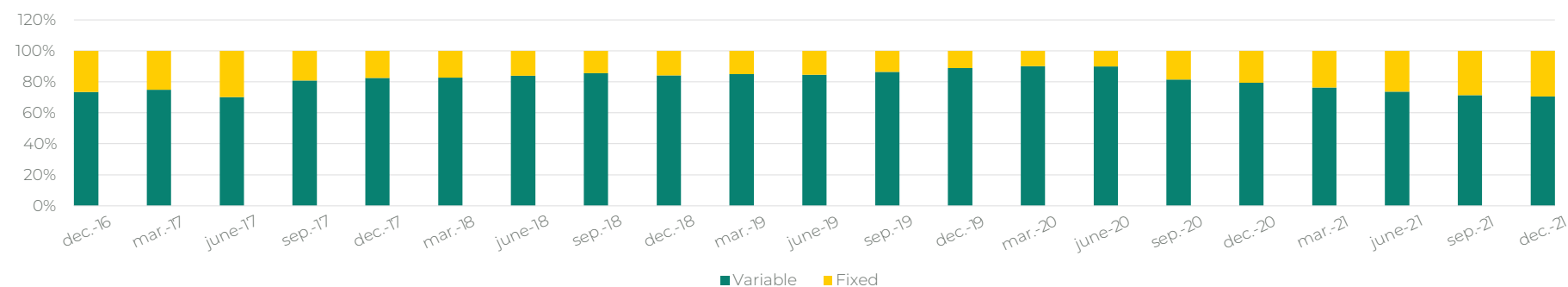
# Total Cover Pool

## Analysis(2/3)

### Average interest rate



### Interest rate type

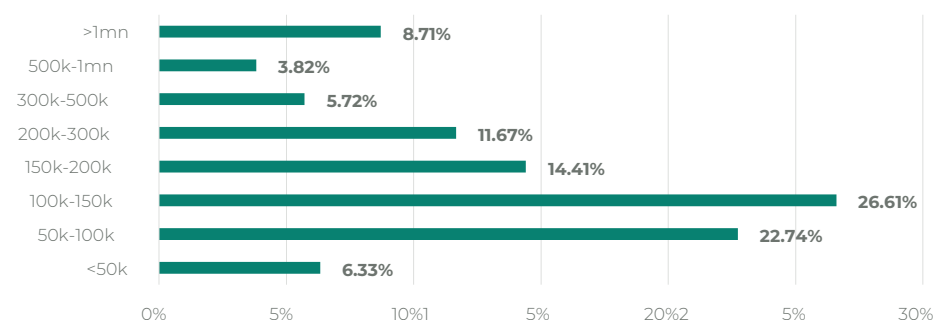


Data as of 31<sup>st</sup> Dec 2021

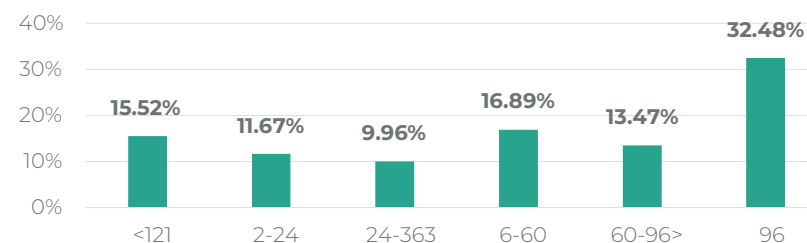
# Total Cover Pool

## Analysis(3/3)

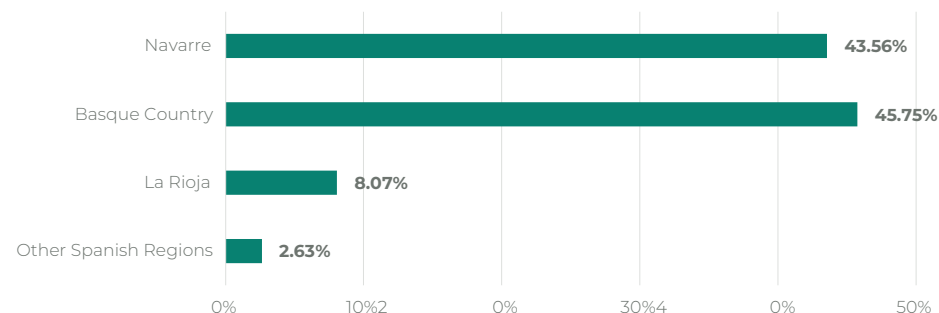
### Current loan balance<sup>1</sup>



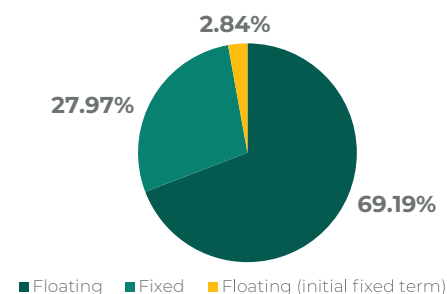
### Loan seasoning



### Geographical distribution



### Reference rate



Data as of 31<sup>st</sup> Dec 2021

1- Current Loan Balance calculated on a WA basis

# Residential/Commercial Cover Pool

## Overview

### Residential

Total amount (Million of Euro)	€4,108
Number of loans	43,270
Number of borrowers	66,627
Average loan size	€94,951
Interest only loans	0.21%
WA LTV (%)	57.06%
WA Seasoning (months)	78.56
WA Remaining Maturity (years)	22.10
WA Rate (%)	0.87%
Floating Rate loans (%)	70.42%
Arrears >90 days (%)	0.62%
10 largest exposures (%)	0.29%

### Residential geographical distribution

Navarre	44.16%
Basque Country	46.35%
La Rioja	7.19%
Other Spanish regions	2.29%

### Commercial

Total amount (Million of euro)	€1,180
Number of loans	5,726
Number of borrowers	5,121
Average loan size	€206,082
Interest only loans	1.33%
WA LTV(1) (%)	53.3%
WA Seasoning (months)	55.64
WA Remaining Maturity (years)	10.38
WA Rate (%)	1.65%
Floating Rate loans (%)	70.5%
Arrears >90 days (%)	2.22%
10 largest exposures (%)	7.40%

### Commercial geographical distribution

Navarre	41.46%
Basque Country	43.63%
La Rioja	11.13%
Other Spanish regions	3.78%

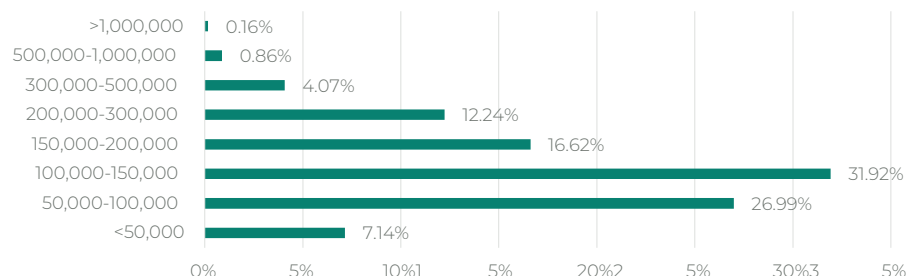
Data as of 31<sup>st</sup> Dec 2021



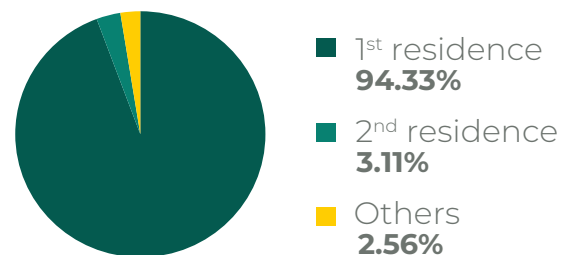
# Residential Mortgage Portfolio

## Analysis(1/2)

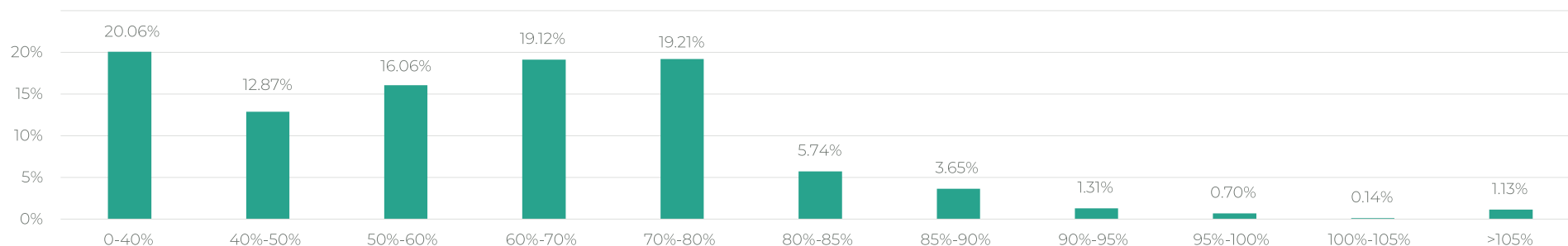
### Residential breakdown by loan size<sup>1</sup>



### Residential breakdown by property type



### Residential breakdown by LTV



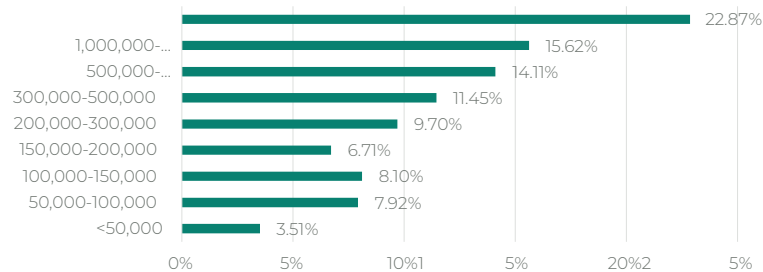
Data as of 31<sup>st</sup> Dec 2021

<sup>1</sup> Current Loan Balance calculated on a WA basis

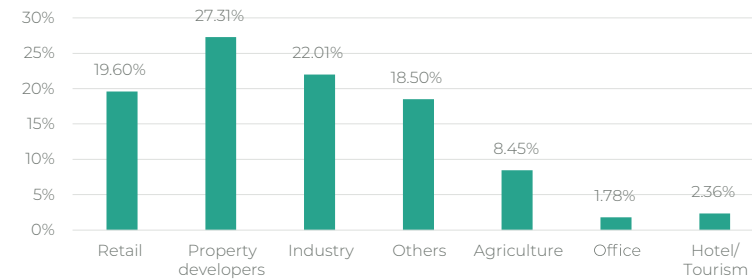
# Commercial Mortgage Portfolio

## Analysis(2/2)

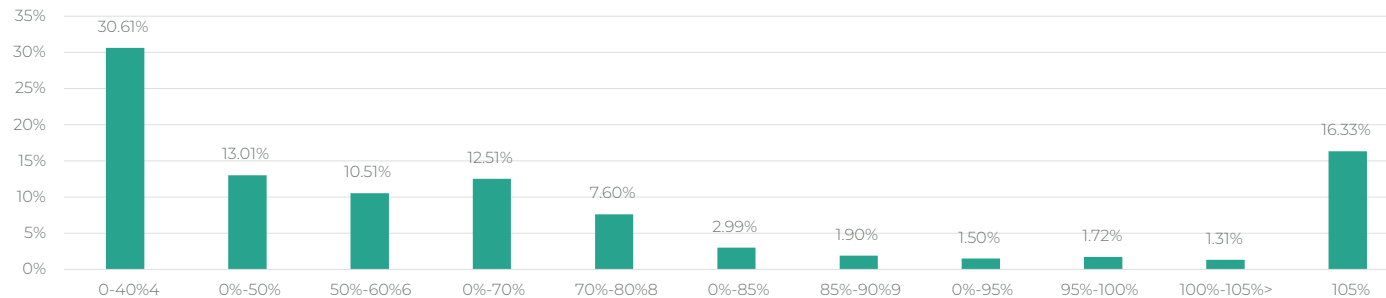
### Commercial breakdown by loan size<sup>1</sup>



### Commercial breakdown by property type



### Commercial breakdown by LTV



Data as of 31<sup>st</sup> Dec 2021

<sup>1</sup> Current Loan Balance calculated on a WA basis

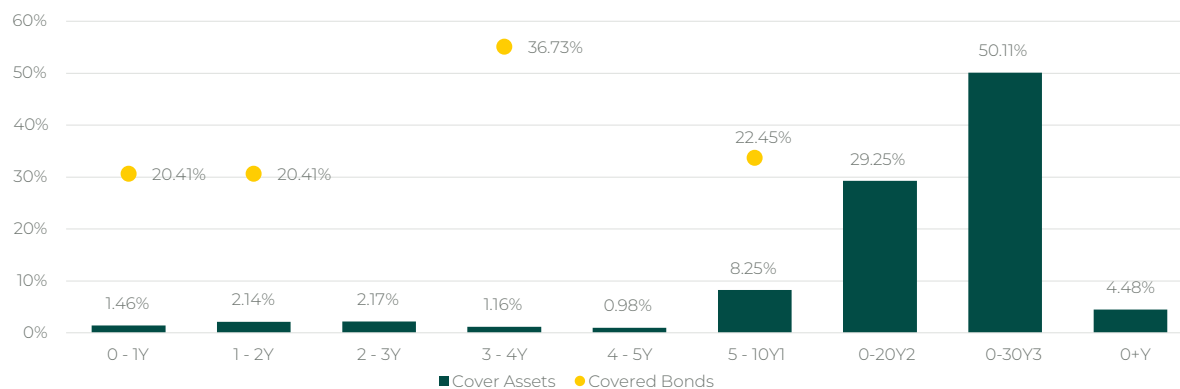
<sup>2</sup> Category "Others" includes housing

# Outstanding Covered Bonds

## Analysis(2/2)

ISIN	AMOUNT	FINANCING	RATE	MATURITY	CCY	RATING
ES0415306036	500M	Public issue	Fixed rate	16/03/2022	EUR	Aa1
ES0415306051	500M	Public issue	Fixed rate	1/12/2023	EUR	Aa1
ES0415306069	600M	Public issue	Fixed rate	8/05/2025	EUR	Aa1
ES0415306077	300M	Retained issue	Fixed rate	27/11/2025	EUR	Aa1
ES0415306085	500M	Retained issue	Fixed rate	7/04/2027	EUR	Aa1
ES0415306028	50M	Private Placement	Fixed rate	7/02/2029	EUR	Aa1

## Maturity structure<sup>1</sup> (%)



<sup>1</sup> Cover Assets maturity calculated on a final maturity basis

A nighttime photograph of a city skyline with several illuminated skyscrapers. In the foreground, a multi-lane highway shows long-exposure light trails from cars, with red and white streaks indicating traffic flow. Road signs and a graffiti-covered wall are visible on the right side of the highway.

# 06.

## Caja Rural Group

Stronger together



# Caja Rural Group

## Main features (1/2)

- The Group is the result of the will of the Spanish regional co-operative banks to join forces and obtain synergies and economies of scale, while remaining independent financial institutions.
- Different business strategy to that developed in the past by other Spanish financial institutions: local focused, no capital markets dependence, no aggressive expansion.
- All members enjoy a relevant market share in their home regions and develop a similar business model adapted to the diverse features of each area.
- Total assets of €82.76 billion and €6.39 billion of equity.
- 8,233 employees, 2,305 branches and a wide presence across different Spanish regions. €6.5 million clients and more than 1.5 million co-operative members.

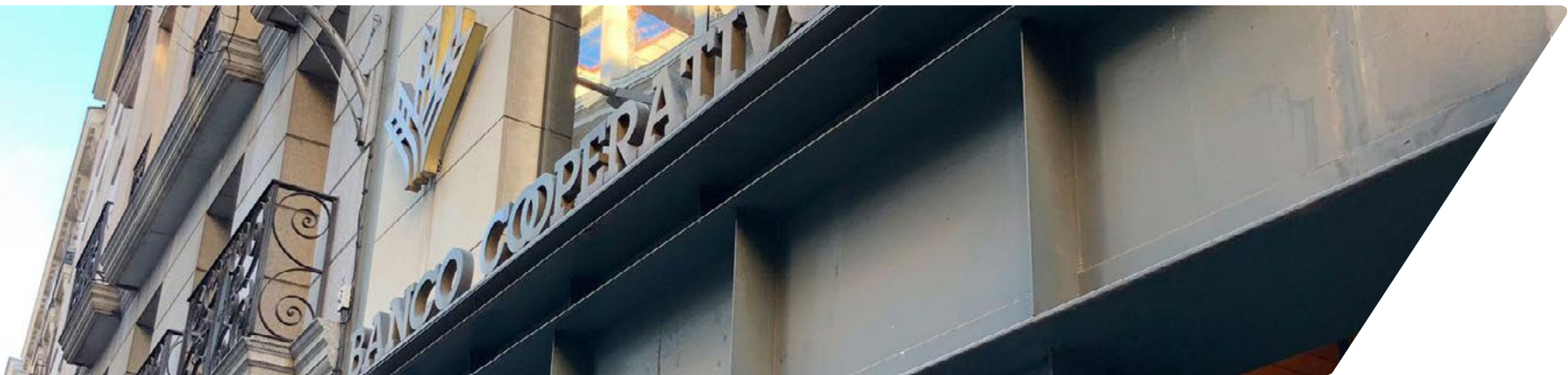


Source: <https://www.grupocajarural.es/en/who-we-are>

# Caja Rural Group

## Main features (2/2)

- The Group became in 2018 a member of the Institutional Protection Scheme (IPS) following the requirements established in article 113.7 of Regulation (EU) No. 575 / 2013 (CRR).
- The 30 cooperative members of the Spanish Association of Rural Banks (AECR), together with their central banking institution (Banco Cooperativo Español SA) operate as IPS with regulatory recognition, and maintain their longstanding model of pooling resources at a national level to obtain economies of scale while retaining their independence and regional focus.
- No material impact on the solvency ratios of Caja Rural de Navarra is foreseen regarding the IPS membership.



Source: <https://www.grupocajarural.es/en/who-we-are>

# Caja Rural Group

Group's entities (1/2)



Source: <https://www.grupocajarural.es/en/who-we-are>

# Caja Rural Group

## Group's entities (2/2)

- Banco Cooperativo Español
  - Central treasurer for Group members
  - Access point to markets (e.g. Interbank, Fixed Income, Derivatives, RMBS issues)
  - Custody and payment services
  - Asset manager and Private Banking
  - Syndicated loans
  - Leasing / Renting
  - International relations
  - Asset and Liabilities analysis and management tools
  - ECB Collateral management
- Rural Servicios Informáticos (RSI) – IT service provider
- Rural Grupo Asegurador (RGA) – Insurance, Pension funds, etc
- Asociación Española de Cajas Rurales (AECR) – Strategic Decision and management of the Caja Rural Group

Source: <https://www.grupocajarural.es/en/who-we-are>





# Contacts

## Head and investor relations



### Headquarters



Caja Rural de Navarra  
Plaza de los Fueros, 1  
31003 Pamplona  
Navarre  
Spain

Tel: +34 948 168100  
[www.cajaruraldenavarra.com](http://www.cajaruraldenavarra.com)

Investor Relations: [investor.relations@crnavarra.com](mailto:investor.relations@crnavarra.com)



### Miguel García de Eulate Martín-Moro

Head of Treasury and Capital Markets  
Tel: +34 948 168198  
E-mail: [miguel.garciadeeulate@crnavarra.com](mailto:miguel.garciadeeulate@crnavarra.com)



### Beatriz Fernández de Arcaya Rotellar

Capital Markets - Investor Relations  
Tel: +34 948 168281  
E-mail: [beatriz.fernandezdearcaya@crnavarra.com](mailto:beatriz.fernandezdearcaya@crnavarra.com)



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DE NAVARRA**