



CAJA RURAL
DE NAVARRA

2022
LOAN
PORTFOLIO
IMPACT
REPORT



PRODUCTS AND SERVICES

2022 LOAN PORTFOLIO IMPACT REPORT

SUSTAINABLE FINANCE INSTRUMENTS

Caja Rural de Navarra, as a cooperative, retail and regional institution, has always had close ties with the agri-food sector and supported its responsible development. Over the years, the Bank's business has changed with the increasing industrialization of the regions where it operates, while always remaining true to its culture of transparency, responsibility and sustainability as documented in the published financial information of Caja Rural de Navarra¹.

The organization is now subject to Environmental, Social and Governance (ESG) standards that determine the focus, targets and policies of the Bank regarding different aspects of sustainability. This is why Sustainalytics, the leading ESG rating company, gave Caja Rural de Navarra an ESG risk rating for 2022 of negligible, one of the best in the financial sector.

As part of its focus on ESG issues⁴ Caja Rural de Navarra some years ago created a sustainability framework² (the "Framework") for its loan portfolio in order to promote those financing lines that have the greatest social and environmental impact in the regions where the bank is active. These lines are consistent with its commitment to the local social and natural environment.

The Framework is **regularly reviewed and if necessary updated**, since the categories it addresses change, evolving and developing to keep pace with responsible social and environmental practices. The Framework was last updated in 2021 to incorporate the latest developments in sustainability, including bringing it into line with the EU's taxonomy of sustainable activities³ and with the United Nations Sustainable Development Goals (SDGs)⁴.

Links

¹ www.cajaruraldenavarra.com/es/informacion-inversores

² www.cajaruraldenavarra.com/sites/default/files/files/2017-Sustainability-Bond-Framework-Caja-Rural-de-Navarra.pdf

³ ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

⁴ sdgs.un.org/goals

Caja Rural de Navarra SCC

Regional Banks Spain

ESK Risk Rating

9.8

Update Nov 25, 2022

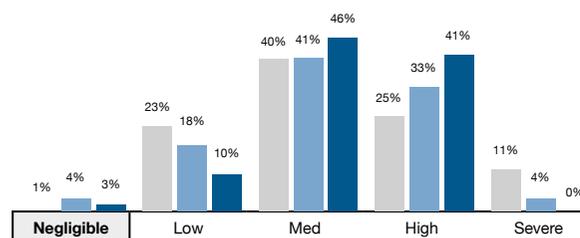
-0.6

Momentum

Negligible Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESK Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	BANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top score)
Global Universe	207/15478	2nd
Banks INDUSTRY	34/997	4th
Regional Banks SUBINDUSTRY	7/396	3rd

Caja Rural de Navarra has been active in wholesale markets with issues of sustainable financial instruments (bonds or loans) that fit into the Framework:

- EUR 90 million in European Investment Bank loans taken out in 2018 and 2019 to fund lending to SMEs that combat climate change by improving energy efficiency
- A EUR 500 million Sustainable mortgage-backed covered bond (European covered bond (Premium)) maturing in 2023
- A EUR 600 million Sustainable mortgage-backed covered bond (European covered bond (Premium)) maturing in 2025.
- A €500 million Green mortgage-backed covered bond (European covered bond (Premium)) maturing in 2029

The successive versions of the Framework are supervised by Sustainalytics⁵ whose “Second-Party Opinion”⁶ (last issued in December 2021) looks at the Bank’s commitments to devote at least the amount raised by these sustainable/green issues to financing or refinancing future or existing projects identified by the Bank as meeting the criteria for its sustainability framework and to produce a regular sustainability impact report on the projects. Caja Rural de Navarra’s transparency policy meets generally accepted international criteria for defining such activities. It also requires the regular publication of the allocation report with updated details on the sustainability lines, and of the impact report covering the Bank’s area of operations, as well as the Bank’s involvement in environmental and social actions in fulfilment of its commitment to support enough projects that comply with the Framework. Caja Rural de Navarra’s CSR Report includes the information

from the allocation and impact reports and is verified by a third party (AENOR)⁷.

Sustainalytics ratifies in its report that the Bank’s Framework is aligned with the principles and objectives mentioned above, including the ICMA’s “Green Bond Principles”⁸ and “Social Bond Principles”⁹ and that the Bank finances projects that contribute to environmental sustainability, social challenges and the United Nations Sustainable Development Goals (SDG) in accordance with their guidelines on transparency, communication and reporting. Categories cited in the Framework are aligned with the UN Sustainable Development Goals (SDGs)¹⁰ which set global objectives for all humanity. The local focus that is at the heart of Caja Rural de Navarra’s mission thus closely correlates with the UN’s basic goals to promote social prosperity while protecting the planet.

Links

- ⁵ www.sustainalytics.com/
- ⁶ www.cajaruraldenavarra.com/sites/default/files/info-inversores/Sostenibilidad/Sustainalytics/crn-sustainability-bond-framework-second-party-opinion-2021.pdf
- ⁷ www.aenor.com/certificacion/certificado/?codigo=220390
- ⁸ www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/
- ⁹ www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/
- ¹⁰ sdgs.un.org/goals





The Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

The green bond market will allow and encourage debt markets to play a key role in financing projects that contribute to environmental sustainability.

The GBP are intended for broad use by the market; they provide issuers with guidance on the key components involved in launching a credible green bond; they aid investors by promoting availability of information necessary to evaluate the environmental impact of their green bond investments; and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

GBPs have four main components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting



The Social Bond Principles (SBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the social bond market by clarifying the approach for issuance of a Social Bond.

Social bonds are any type of bond instrument where the proceeds will be exclusively used to finance or Refinancing finance in part or in full eligible social projects. Some social projects may also have environmental benefits.

The SBPs are intended for broad use by the market; they provide issuers with guidance on the key components involved in launching a credible social bond; they aid investors by promoting availability of information necessary to evaluate the positive impact of their social bond investments; and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

SBPs have four main components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting



On 25 September 2015, global leaders adopted a set of 17 global goals (the “SDGs”) to eradicate poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each of the 17 goals includes specific targets to be met in the next 15 years. Caja Rural de Navarra has mapped each of the Framework’s sustainability lines against the UN SDGs.



In the interests of transparency, in the case of its mortgage covered bonds, Caja Rural de Navarra publishes quarterly analyses of its loan book data following the standards set by the Covered Bond Label¹¹ which guarantees transparency to investors and allows easy comparison of results against other labelled entities.

Current issues of covered bonds are tagged by the EMF-ECBC (European Mortgage Federation – European Covered Bond Council) with the green leaf symbol for being sustainable/green and with a yellow star on a blue background for complying with the European Covered Bonds Directive .



In addition, the ESG teams at the DZ Bank (German cooperative banking group) analysed the full range of sustainability issues affecting Caja Rural de Navarra and awarded it the DZ Bank Sustainability certification with above-average scores in all four areas considered: Economy, Environment, Social and Governance.



Besides adhering to these certifications and standards, Caja Rural de Navarra takes part in a range of international initiatives and working groups to develop green finance and to promote energy efficient homes which meet the environmental and social goals set out in the UN Paris Agreement, including stimulating investment and creating employment:

- **EeMAP-EEMI¹²** (“Energy Efficient Mortgage Action Plan-Energy Efficient Mortgage Initiative”)
- **Energy efficient mortgage label¹³**

Links

¹¹ coveredbondlabel.com/issuers/directory
¹² energyefficientmortgages.eu/
¹³ www.energy-efficient-mortgage-label.org/

The Framework of the Caja Rural de Navarra loan book consists of 9 different credit lines whose customer base has evolved over recent years as follows:

SUSTAINABLE PORTFOLIO – LOANS OUTSTANDING

2022	2021	2020	2019	2018
€ 4,538,225,085	€ 4,422,381,157	€ 4,159,965,114	€ 3,144,616,831	€ 3,148,273,076

NÚMERO DE ACREDITADOS

2022	2021	2020	2019	2018
€ 49,692	€ 53,184	€ 52,064	€ 43,608	€ 44,121

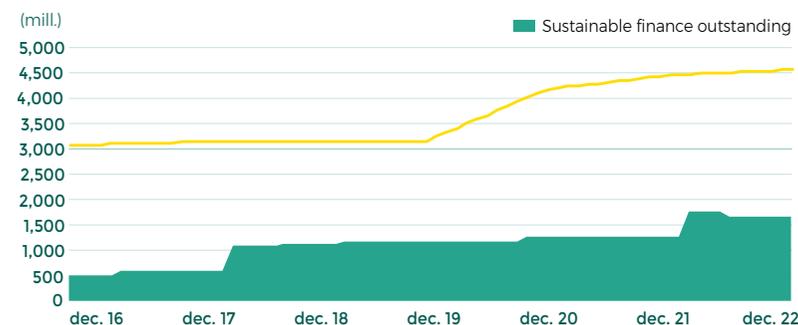
As the table above shows, at 31 December 2022 the sustainable portfolio totalled more than EUR 4,500 million allocated as follows:

ASSIGNMENT OF CAJA RURAL DE NAVARRA'S SUSTAINABLE ASSETS AND LIABILITIES*

SUSTAINABLE PORTFOLIO CATEGORIES	ASSETS	LIABILITIES AND EQUITY	ALLOCATION OF SUSTAINABLE FINANCE
Sustainable farming	€ 117,272,717	€ 500,000,000	Mortgage covered bond CRUNAV 0.750 16/02/2029
Renewable energy	€ 22,347,887	€ 500,000,000	Mortgage covered bond CRUNAV 0.625 01/12/23
Energy efficiency	€ 1,583,902,937	€ 600,000,000	Mortgage covered bond CRUNAV 0.875 08/05/2025
Sustainable forestry	€ 1,433,587	€ 40,000,000	EIB loan to SMEs (2018)
Waste management	€ 17,014,634	€ 10,000,000	EIB loan for SMEs and climate change (2018)
Social housing	€ 372,471,552	€ 40,000,000	EIB loan to SMEs (2019)
Social inclusion	€ 51,678,727		
Education	€ 26,509,565		
Economic inclusion	€ 2,345,593,478		
		€ 2,848,225,086	Unassigned sustainable portfolio
Total Sustainable Portfolio	€ 4,538,225,085	€ 4,538,225,086	Maximum potential Sustainable Finance

Figures are for sustainable lending made by Caja Rural de Navarra and outstanding at 31 December 2022

seeks to improve the “additionality” of its sustainability framework. This means that the total of outstanding sustainable loans made by Caja Rural de Navarra since launch of the Framework has exceeded its issuance of sustainable bonds.



Loans made under the Framework have grown 49% since it was established in 2016, benefiting 60,924 people and companies in 2022.

The sustainable loans portfolio grew again in 2022, as the Bank pulled out all the stops to support companies in our region, helping sustain jobs and the business fabric on which social and economic development depend.

Other major elements in growing the sustainable portfolio were better internal identification of energy efficient homes (in line with the EU taxonomy), and financing building renovations to improve their energy efficiency.



We present below a breakdown of sustainable financing for each of the UN SDGs supported by Caja Rural de Navarra and included in the Framework:

4 QUALITY EDUCATION	2022	26,509,565 €
	2021	25,041,131 €
	2020	26,747,946 €
	2019	24,028,003 €
	2018	-
	2017	-

11 SUSTAINABLE CITIES AND COMMUNITIES	2022	372,471,553 €
	2021	519,940,487 €
	2020	595,814,908 €
	2019	628,560,131 €
	2018	2,533,004,109 €
	2017	2,685,353,502 €

7 AFFORDABLE AND CLEAN ENERGY	2022	1,606,250,824 €
	2021	930,394,552 €
	2020	623,854,030 €
	2019	504,305,152 €
	2018	482,853,904 €
	2017	281,168,595 €

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	2022	134,287,351 €
	2021	146,381,150 €
	2020	130,044,118 €
	2019	157,603,620 €
	2018	132,415,063 €
	2017	87,934,406 €

8 DECENT WORK AND ECONOMIC GROWTH	2022	2,345,593,478 €
	2021	2,748,036,910 €
	2020	2,725,578,705 €
	2019	1,777,932,762 €
	2018	-
	2017	-

15 LIFE ON LAND	2022	1,433,587 €
	2021	1,681,489 €
	2020	1,274,623 €
	2019	1,298,688 €
	2018	-
	2017	-

10 REDUCED INEQUALITIES	2022	51,678,727 €
	2021	50,905,439 €
	2020	56,650,785 €
	2019	50,888,474 €
	2018	-
	2017	-

TOTAL	2022	4,538,225,086 €
	2021	4,422,381,157 €
	2020	4,159,965,114 €
	2019	3,144,616,831 €
	2018	3,148,273,076 €
	2017	3,054,456,504 €

BREAKDOWN OF SUSTAINABILITY LINES¹⁴



SUSTAINABLE FARMING

12.2

“By 2030, achieve sustainable management and efficient use of natural resources”

This category includes loans intended to reduce greenhouse gas emissions by making farms more efficient, reusing waste products, maintaining the rural environment, etc.

It is important to stress that Caja Rural de Navarra retains a special commitment to farming, both because of its origins and because of the important role played by the rural world in sustainable development and the future of the regions and communities in which the Bank operates.

The Bank tested each loan included in this category for compliance with the above aims. Based on an analysis of information collected, we calculate that at 31 December 2022 the current sustainable farming line totals EUR 117 million, spread across 1,742 loans to 1,285 borrowers.

Lending history:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	117.3	126.1	108.4	134.7	103.3	69.9
Number of loans	1,742	2,001	1,653	1,688	1,22	808
Number of borrowers	1,285	1,435	1,265	1,284	963	671

The Bank's is committed to supporting the new generation that will sustain a vigorous primary sector and rural environment in the future. So 25.03% of loans to individual customers went to young farmers under 40. Another 22.92% of loans went to cooperatives, Sociedades Agrarias

de Transformación (SATs, agri-development partnerships) and other agricultural associations, maintaining the traditional support for collective initiatives and cooperatives.

Caja Rural de Navarra's customers in the agri-food sector are also committed to sustainability, a number of them having obtained European ecological certification for organic production.



The table below breaks down lending by purpose as a percentage of the category total:

PURPOSE OF LOANS	
Consolidation and strengthening of farms	32.7%
Improved agricultural transportation (energy efficiency)	13.9%
Irrigation and improved watering systems (energy efficiency and reduction of CO ₂ emissions)-irrigation associations.	5.6%
Construction of buildings and greenhouses	14.6%
Financial support for adverse weather conditions	0.6%
Investments under European rural development plans	4.7%
New farmer and stock-raiser start-ups	12.0%
Other	15.8%

¹⁴ Figures are derived from internal data following the generally accepted principles set out in Caja Rural de Navarra's Sustainability framework for the loan book and sustainable bond issues and European regulations and guidance. That said, it is not always possible to obtain detailed information on each loan exposure, which means the sustainable portfolio (understood as loans meeting the Framework criteria) could be substantially larger than indicated here, as the above figures exclude loans where full information was unavailable.

**7 AFFORDABLE AND
CLEAN ENERGY**

RENEWABLE ENERGO
7.2

“By 2030, achieve sustainable management and efficient use of natural resources”



This category includes loans to fund the generation of electricity from renewable sources – solar, wind, geothermal, hydro-electric, etc. – and the use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. – and the use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. Based on an analysis of information collected, we calculate that the total sustainable energy credit line amounted to EUR 22.3 million at 31 December 2022, spread across 45 loan transactions to 38 borrowers.

Lending history:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	22.3	20.7	30.4	40.5	39.7	29.4
Number of loans	45	57	68	87	80	71
Number of borrowers	38	44	49	53	57	52

The Bank analysed loans in this category individually, classifying them into the following types based on their purpose:

- **Renewable energy generators:** solar-PV and wind operators being the most important in this sector.
Loans outstanding: EUR 20.8 million
Number of loans: 35
- **Builders of renewable energy plants.**
Loans outstanding: EUR 1.6 million
Number of loans: 10



ENERGY EFFICIENCY

7.2

“By 2030, achieve sustainable management and efficient use of natural resources”

This category covers loans whose purpose is to develop products and technologies that reduce energy consumption or manufacture components that contribute to this aim.

Based on an analysis of information collected, we calculate that in 2022 the current loan book for these purposes totalled EUR 1,583.9 million, spread across 12,191 loans to 11,579 borrowers.

Lending history:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	1,583.9	909.7	593.4	463.7	443.0	251.6
Number of loans	12,191	6,194	4,575	3,968	3,711	2,132
Number of borrowers	11,579	6,018	3,892	3,086	3,024	1,537

The Bank analysed loans in this category individually, classifying them into the following types based on their purpose:

- **Modernization of industrial facilities** to reduce their environmental footprint, improving insulation and reducing CO₂ emissions).
Loans outstanding: EUR 57.8 million
No. of transactions: 88
- **Modernization of production processes** to reduce inputs and make more efficient use of raw materials and energy:
Loans outstanding: EUR 60 million
No. of transactions: 204
- **Renewing equipment** to use materials with a lower ecological impact and/or reduce consumption by the equipment produced.
Loans outstanding: EUR 11.0 million
No. of transactions: 116
- **Cogeneration or combined-heat-and-power** plants that improve overall energy efficiency:
Loans outstanding: EUR 1.3 million
No. of transactions: 3
- **Electric bikes for urban mobility schemes:**
Loans outstanding: EUR 42,960
No. of transactions: 1
- **Engineering, consultancy and manufacture of energy efficiency equipment:**
Loans outstanding: EUR 389,494
No. of transactions: 2
- **Energy efficient homes:**
Loans outstanding: EUR 1,453.3 million
No. of transactions: 11,777

At 31 December 2022 there were a total of 11,777 loans outstanding to finance the acquisition or renovation of buildings.

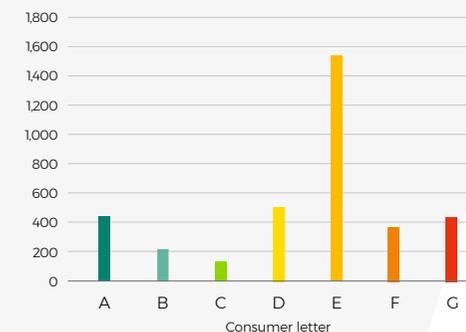
The buildings have energy ratings compliant with the EU Taxonomy (Activities 7.1, 7.2 and 7.7):

- 15% more efficient for acquisition and ownership
- 30% energy efficiency improvement for renovation

Based on these criteria, the Bank has included energy efficiency data into its system for all new mortgages since 2019. Also, Sociedad de Tasación conducted a general third-party review of the mortgage portfolio in 2021 to 2022 which obtained additional data, such that 70% of the mortgage portfolio is labelled with energy efficiency data in 2022.

Energy efficiency ratings of the mortgage portfolio at 31 December 2022:

Value of mortgages (millions of euros) by energy efficiency rating



Note: No information on energy efficiency ratings is available for 30% of mortgages.



SUSTAINABLE FORESTRY

15.2

“By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally”



This category covers loans whose purpose is forestation, reforestation and the development of forestry plantations. Based on an analysis of information collected, we calculate that the loan book for these purposes totalled EUR 1.4 million in 2022, spread across 6 loan transactions to 3 borrowers.

Lending history:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	1.4	1.7	1.2	1.2	3.2	2.1
Number of loans	6	5	4	4	8	6
Number of borrowers	3	2	3	3	5	4

All the loans in this category were for sustainably managed woodlands certified by the PEFC (Programme for the Endorsement of Forest Certification) which verifies that forests around the world are being sustainably and responsibly managed and that their many functions are being safeguarded for current and future generations or by the FSC (Forest Stewardship Council)¹⁵ which guarantees that products are sourced from well-managed woodland that provides environmental, social and economic benefits.

Links

¹⁵ www.pefc.org/

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



5. WASTE MANAGEMENT

12.2

“By 2030, achieve sustainable management and efficient use of natural resources”



This category includes loans to develop equipment and technology that make more efficient use of resources and/or reduce waste generation. Based on an analysis of information collected, we calculate that the current loan book for these purposes totalled EUR 17 million at 31 December 2022, spread across 56 loans to 34 borrowers as follows:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	17.0	20.3	21.6	22.8	25.8	15.8
Number of loans	56	65	67	70	74	46
Number of borrowers	34	39	33	42	51	32

The Bank analysed loans in this category individually, classifying them into the following types based on their purpose:

- ▶ **Recycling of industrial waste (metal, tyres, etc.).**
Loans outstanding: EUR 10.8 million
Number of loans: 27
- ▶ **Manufacture of commercial products from recycled materials.**
Loans outstanding: EUR 2.7 million
Number of loans: 15
- ▶ **Clean-up of waste.**
Loans outstanding: EUR 3.4 million
Number of loans: 14

11 SUSTAINABLE CITIES AND COMMUNITIES



SOCIAL HOUSING

11.1

“By 2030, ensure universal access to adequate, safe and affordable housing and basic services and upgrade slums”



Social housing falls into two types: VPO, officially protected housing, or VPT, regulated price housing – are price-capped homes intended as principal residence for their occupants. They are allocated by public tender on terms that include requirements such as income level, number of family members, etc. The objective of the VPO/VPT is to encourage citizens with lower incomes (among other criteria) to acquire or rent decent and adequate housing, at affordable prices within their possibilities. The aim of VPO/VPT projects is to allow citizens with lower incomes (or who meet other qualifying criteria) to buy or rent good quality and appropriate housing at accessible prices.

In our case, before lending to customers to buy such homes we must have prior authorization from

the local authority which guarantees to us that the borrower meets all necessary requirements.

In general, loans included of this type are to:

- **PEOPLE** taking out a mortgage to buy a VTO/VPT home.
- **DEVELOPERS AND OTHER LEGAL ENTITIES** who take out a mortgage to build a VTO/VTP building which will subsequently be sold on or let out at a social rent to people meeting the necessary requirements..

Key indicators report:

A. st, the basic figures are:

- Total investment of EUR 372.5 million.
- To 4,769 borrowers, of whom 32 are legal entities and the rest are individuals.

Lending history:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	372.5	519.9	595.8	628	644	723
Number of loans	4,769	6,41	7,047	7,165	7,127	8,178
Number of borrowers	4,615	6,224	6,827	6,93	6,882	7,742

B. Current state of loans, only 0.6% of these loans by value is more than 90 day past due, very close to the ratio for the Bank's other mortgages. This indicates that although the customers are normally on lower incomes they are just as likely to meet their payments as the Bank's other home mortgage borrowers and that their household finances can generally bear the cost of buying a home under these schemes.

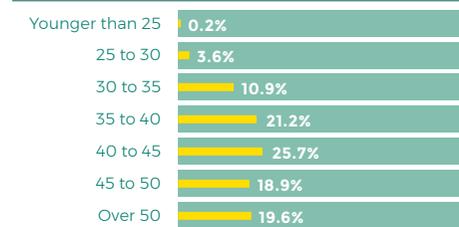
C. Regarding the distribution of these loans:

Distribution of loans:

- 89.60% were to individuals (of which 38.2% had two or more signatories and 61.8% had a single signatory).
- 10.40% were to legal entities.

D. The age distribution of amounts lent (at the time they take out the mortgage) is as follows:

Age

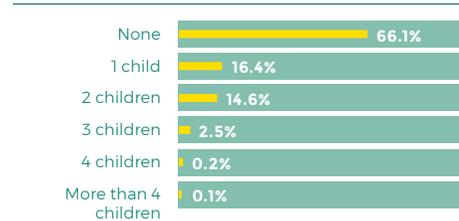


More than 14% of lending granted to individuals went to people aged under 35, suggesting that this type of financing is making it possible for young people to access their first home.

Likewise, just over 19% of loans were to people over 50 who, due to various life circumstances, need a home later on in their lives.

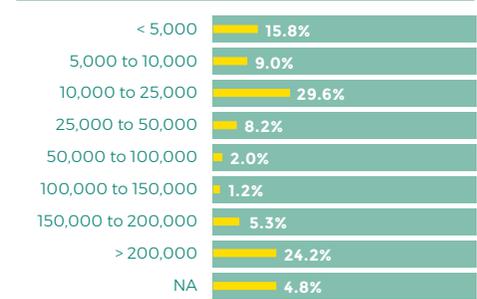
E. The conclusions of the first paragraph above are confirmed by analysis of the **number of children** of those taking out these loans. Nearly 70% have no children at the time they sign the mortgage.

Number of children



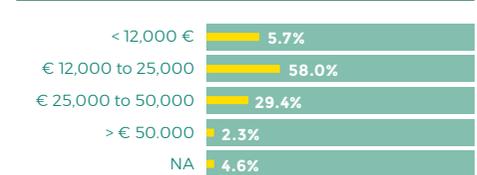
F. Also, data collected means we can show (see table below) that nearly 55% of loans granted were in towns with a population of less than 25,000 residents with just over 15% going to villages of less than 5,000 inhabitants, helping sustain small populations and counter the risk of rural depopulation.

Habitantes por población



G. The table below shows the average income per person in the family unit taking out the mortgage:

Average income per person



ADDITIONAL INFORMATION ON OFFICIAL REQUIREMENTS

For further details of the criteria and requirements for accessing social housing see the websites of the Navarre, La Rioja and Basque regional governments.





SOCIAL INCLUSION

10.2

“By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status”

Caja Rural de Navarra has a special relationship with bodies working for social and economic integration and social and economic development in the areas where it is active. Caja Rural's involvement with these bodies takes a variety of forms, not limited to financing their social projects, and in some cases involving the Bank meeting part of the costs of the activities it is promoting. Specifically, we can break down promotion of social and economic development into several categories:



DISABILITY: training, rehabilitation and employment. Caja Rural de Navarra has for many years supported organizations that bring together people with a disability. These organizations run training and rehabilitation centres as well as special employment centres to support people into work. Caja Rural de Navarra devotes EUR 4.6 million to this financing line, which allows 10 organizations to do their work managing Special Employment Centres, residential facilities and day centres. Altogether they offer training and rehabilitation to over 7,000 people and employ more than 6,000. In this way they support a substantial proportion of those with disabilities in Navarre, the Basque Country and La Rioja.

The Bank also developed the Soziala Digitala programme in 2022. This is a support programme for digitisation of institutions that bring together and work with people with disabilities in the Basque Country. The programme subsidises

10% of any investment in digitisation up to a maximum of EUR 3,000. EUR 30,102 was allocated to the programme, which helped fund 42 social organizations, comprising more than 1,000 persons with disabilities.



SPORTS: Caja Rural de Navarra has an important commitment to sport and the personal development and inclusion of people through sport. We fund infrastructure and sports equipment for the different sports clubs and federations that focus on regulating and facilitating controlled and directed sports activities that meet the criteria of equality, health and preventative care. Actions focus on grass-roots sport, which is where our financing has most impact. This financing line has lent a total of EUR 19.7 million to fund 46 bodies helping more than 100,000 people of all ages.



CULTURE: Rural de Navarra also provides EUR 9.6 million of funding for investments designed to foster social integration through culture. The money goes to 108 cultural bodies active in fields such as music, language, food, customs, folk traditions, literature, theatre, cinema and many others. Together, they generate social cohesion irrespective of the circumstances of those who take part.



SOCIAL AND HEALTH CARE: We live in an ageing population and Caja Rural de Navarra supports the building of infrastructure and equipment to provide healthcare and social and health inclusion of the elderly and young people with some degree of dependence. We currently support 4 residential homes that look after more than 160 elderly people. Total financing for this segment is EUR 2 million.



SOCIO-ECONOMIC: The social and economic background in which Caja Rural de Navarra operates is rich in charities, professional associations and research centres. Caja Rural de Navarra firmly supports this social fabric by financing the essential infrastructure such groups rely on. These associations help ensure that small businesses and the self-employed are kept permanently informed on tax, employment, legal and financial matters. They also have representative bodies speaking to the government and different private organizations. We have invested EUR 3.5 million to support a total of 31 professional associations whose membership includes more than 3,000 professionals and organizations from various sectors of the economy.



INCLUSIVENESS: Caja Rural de Navarra has a clear commitment to people of any age, origin and social class. For this reason we firmly support organizations working to include groups at risk of social exclusion: immigrants, the gypsy community, young people, drug users and the older unemployed. We provide EUR 12.3 million in financing to support 37 social organizations supporting the social inclusion of more than 3,000 people.

Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 51.7 million to 236 borrowers.

4 QUALITY
EDUCATION

EDUCATION
4.2

"By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship"



Caja Rural de Navarra is clearly committed to basic, intermediate and advanced training. It is in direct contact with public and private training providers. The Bank's involvement with these bodies takes a variety of forms, not limited to financing their education projects, and in some cases involving the Bank meeting part of the costs of their educational activities:

- **Financing investments:** new buildings, new equipment and other infrastructure (sports, cultural, etc.). Caja Rural de Navarra currently has EUR 26.5 million committed to financing investments by 67 training centres with more than 35,000 students between them.

- **International scholarships:** for university students and professional training. This provides financial support for students wanting to study for some time in educational institutions or companies abroad so that none is prevented from doing so through lack of money. The scheme has now returned to its normal levels of activity after Covid 19 and is helping 674 students (581 at UPNA, the Public University of Navarre, 49 on Erasmus Plus schemes and 44 on Global Scholarships by Caja Rural de Navarra).

**8 DECENT WORK AND
ECONOMIC GROWTH**

ECONOMIC INCLUSION
8.3

“Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services”

The Covid-19 pandemic took a heavy toll in recent years on the economic fabric of the regions where Caja Rural de Navarra operates. A key economic policy measure taken by regional governments and the Spanish national government was to work with lending institutions to offer companies, particularly SMEs, financing lines that would avoid a tightening of access to credit and consequent destruction of employment and the business fabric.

Caja Rural de Navarra was especially active in Covid financing lines, as well as loans to small and medium-sized enterprises, borrowers in remote districts and entrepreneurs.

The Bank's local roots and neighbourhood presence in the region's population centres, large and small, meant that companies, particularly small and mid-sized enterprises, were able to get agile access to these lines of finance.

Overall, the category comprises 41,676 loans totalling EUR 2,345 million spread across 35,715 borrowers.

Lending history:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	2,345.6	2,748.0	2,725.5	1,777.9	1,810.7	1,896.8
Number of loans	41,676	45,403	46,37	37,329	38,274	34,556
Number of borrowers	35,715	39,109	39,682	31,895	32,771	28,98

This category includes loans that meet the following requirements:

Small loan that support economic inclusion, whether because of their small amount or because

they provide access to finance for remote areas (where the Bank has a special presence). To qualify, a loan must meet one of the following criteria:

- It must be for less than EUR 25,000.
- It must be made through a Caja Rural branch in a village of less than 3,000 population with below average income for the Autonomous Region.

Loans to entrepreneurs (for details see section “8 – Our relationship with wider society”).

Loans to SMEs as defined by the European Union¹⁸

Covid-19 lines, under different government schemes to support and maintain economic activity and jobs in the face of the Covid-19 pandemic.

¹⁸ Commission Regulation (EU) 651/2014

Small loans and remote areas

Based on available data, we calculate that the current loan book for these purposes totals EUR 587 million, consisting of 30,309 loans to 26,988 borrowers.

Lending history for “Small loans and remote areas”:

	2022	2021	2020	2019	2018	2017
Loans outstanding (Millions of euros)	587.3	433.6	406.5	376.5	598.2	676.9
Number of loans	30,309	31,721	32,718	30,302	33,556	30,796
Number of borrowers	26,988	28,555	29,191	27,054	29,48	26,775

As a result this is a highly diversified line reaching a great many people, particularly in rural areas and small population clusters. Specifically, 35% of financing in the economic inclusion segment goes to populations at risk of financial exclusion.

Financing SMEs

Note that the data below include the SMEs not referred to in earlier sections. At 31 December 2022, SME financing totalled EUR 1,011 million consisting of 4,697 loans to 3,466 borrowers.

Lending history:

	2022	2021	2020	2019	2018	2017
Importe línea (millones de euros)	1.011,7	1.393,0	1.448,4	1.344,4	1.159,7	1.179,0
Número de préstamos	4.697	6.399	6.572	5.775	4.539	3.759
Número de acreditados	3.466	4.406	4.466	3.914	3.221	2.549

The following data, based on our analysis, show a significant number of positive social impacts:

1. Regarding the **current state** of these loans, 0.2% of the total amount is more than 90 days in arrears. This is an excellent figure given the average for the financial sector.

2. . Secondly, we present below the **number of transactions** in micro-enterprises, medium-sized companies and SMEs. These categories are classified under Commission Regulation (EU) 651/2014, which categorises firms by headcount and annual revenue or total assets:

	NUMBER OF EMPLOYEES	SALES	TOTAL ASSETS
Micro	Less than 10	< € 2 mill.	< € 2 mill.
Small	10 to 49	< € 10 mill.	< € 10 mill.
Medium-sized	50 to 249	< € 50 mill.	< € 43 mill.
Large	Over 250	> € 50 mill.	> € 43 mill.

The table below shows that more than 86% of financing in this category went to micro-enterprises (74.7%) and small companies (11.8%), underlining the penetration and the Bank’s concern to maintain the local business fabric.

COMPANY SIZE	
Micro	74.7%
Small	11.8%
Medium	13.5%

3. Caja Rural de Navarra has always supported SMEs, building up the essential business fabric for the regions to develop and remain competitive in their production. This is evidenced by the fact that over 28% of **companies have been loyal customers of the Bank for more than 10 years**. In addition, the Bank continues to support new companies. More than 6% of companies initiated their relationship with the Bank in the last year.

LENGTH OF RELATIONSHIP WITH CRN	
< 1 year	6.0%
1-5 years	38.2%
5-10 years	27.7%
10-20 years	19.7%
> 20 years	8.4%

Financing SMEs

4. The Bank's involvement in rural development is an important strand of its work. Nearly 22% of sums lent went to companies based in **populations** of less than 10,000 people, which means the scheme is not only developing the local economy but also reinforcing the social fabric in rural zones.

POP. PER TOWN/VILLAGE	
< 5,000	15.9%
5,000 to 10,000	6.1%
10,000 to 25,000	18.3%
25,000 to 50,000	5.8%
50,000 to 100,000	4.5%
100,000 to 150,000	1.2%
150,000 to 200,000	33.1%
>200,000	15.0%

5. Also, regarding **type of customer**, figures show that most are limited companies (consistent with the points made above) and more than 8% are cooperatives (mostly in the primary sector), figures in line with our origins as a cooperative credit institution and business philosophy.

TYPE OF COMPANY	
Public limited companies	11.4%
Limited companies	73.8%
Cooperatives	8.8%
Other	6.0%

6. For a deeper analysis of the real state of companies we have financed under this line, we attach two tables **showing sales and number of employees** in each:

SALES	
<1 million	72.2%
1 to 10 million	18.6%
10 to 20 million	3.2%
20 to 30 million	2.0%
30 to 45 million	3.4%
≥45 million	0.7%

NUMBER OF EMPLOYEES	
<10	79.5%
10 to 50	15.2%
50 to 100	3.4%
100 to 150	1.0%
150 to 200	1.0%
>200	0.0%

These two tables show the small scale of most companies financed by this line. More than 90% of funds went to firms with turnover of less than EUR 10 million and more than 94% to firms with less than 50 employees. Our financing, therefore, contributes to maintaining this important business fabric and the employment it generates.

7. It is also important to remember that despite the small size of these companies we are in one of Spain's most industrialised regions and this is reflected in the **heavy exporting activity** of these businesses.

EXPORT/IMPORT	
Importing	2.7%
Exporting	2.0%
Both	5.3%
Neither	90.0%

8. Finally, to illustrate the **diversification** of financing granted, we include below a table of the different sectors to which the companies we have financed belong, by financing granted.

SECTORS OF ACTIVITY	
Water supply, sanitation, waste management and depollution	0.5%
Agriculture, livestock, forestry and fisheries	2.2%
Manufacturing	8.9%
Construction	24.0%
Wholesale and retail commerce	6.7%
Transport and warehousing	2.9%
Hospitality	8.8%
Property	14.0%
Professionals, scientific and technical	10.7%
Administration and auxiliary services	1.5%
Other/NA	19.9%

Caja Rural de Navarra has channelled substantial funds to support SMEs in difficulty through its different financing lines, and in collaboration with the central government, helping keep in business many companies of all sizes, as well as self-employed workers, in sectors that have been impacted by the economic effects of the war in Ukraine, such as the increase in the prices of energy, raw materials and electricity.

In numbers, loans outstanding at 31 December 2022 totalled EUR 75 million, supporting 300 customers with 308 loans.

This financing is targeted mainly at SMEs and has successfully mitigated the rise in costs, giving customers the liquidity they need to keep their businesses going and sustain the associated jobs.

Covid-19 financing

Through its different financing lines, working in collaboration the central and regional governments, Caja Rural de Navarra has provided substantial funds, keeping many companies of all sizes in business and supporting self-employed workers, so helping maintain employment throughout the crisis brought on by the Covid-19 pandemic.

Specifically, its Covid-related loans outstanding at 31 December 2022 totalled EUR 914 million, supporting 5,594 companies with 6,866 transactions.

Some of these funds are incorporated into other sustainable lines and we have therefore only reported in this “Covid-19 financing” section the loans that are not mixed in with other lines, a residual amount of EUR 707.2 million, comprising 5,796 loans to 5,041 borrowers.

The supply of this finance had a massive positive impact of this action to mitigate the pandemic’s impact and sustain jobs in our regions, particularly in small and medium-sized enterprises.





**CAJA RURAL
DE NAVARRA**