Informe de Auditoría de Cuentas Anuales Consolidadas
emitido por un Auditor Independiente

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA
DE CRÉDITO Y SOCIEDADES DEPENDIENTES
Cuentas Anuales Consolidadas e Informe de Gestión Consolidado
correspondientes al ejercicio anual terminado
el 31 de diciembre de 2022

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INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS EMITIDO POR UN AUDITOR INDEPENDIENTE

A la Asamblea General de Caja Rural de Navarra, Sociedad Cooperativa de Crédito:

Informe sobre las cuentas anuales consolidadas

Opinión

Hemos auditado las cuentas anuales consolidadas de Caja Rural de Navarra, Sociedad Cooperativa de Crédito (la Sociedad dominante) y sus sociedades dependientes (el Grupo), que comprenden el balance a 31 de diciembre de 2022, la cuenta de resultados, el estado del resultado global, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria, todos ellos consolidados, correspondientes al ejercicio anual terminado en dicha fecha.

En nuestra opinión, las cuentas anuales consolidadas adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera del Grupo a 31 de diciembre de 2022, así como de sus resultados y flujos de efectivo, todos ellos consolidados, correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea (NIIF-UE), y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas* de nuestro informe.

Somos independientes del Grupo de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales consolidadas en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Cuestiones clave de la auditoría

Las cuestiones clave de la auditoría son aquellas cuestiones que, según nuestro juicio profesional, han sido de la mayor significatividad en nuestra auditoría de las cuentas anuales consolidadas del periodo actual. Estas cuestiones han sido tratadas en el contexto de nuestra auditoría de las cuentas anuales consolidadas en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esas cuestiones.

Estimación de las pérdidas por deterioro por riesgo de crédito de la cartera de préstamos y anticipos a la clientela a coste amortizado

Descripción

La cartera de préstamos y anticipos a la clientela a coste amortizado del Grupo al 31 de diciembre de 2022 presenta un valor, neto de ajustes por valoración, de 9.511.847 miles de euros, incluyendo dichos ajustes unas correcciones de valor por deterioro por importe de 209.604 miles de euros (ver nota 10 de la memoria consolidada adjunta). La estimación de las pérdidas por deterioro por riesgo de crédito de la cartera de préstamos y anticipos es una estimación significativa y compleja.

En la nota 2.g) de la memoria consolidada adjunta se detallan los principios y criterios aplicados por el Grupo para la estimación de las mencionadas pérdidas por deterioro, que se realiza de forma individual o colectiva.

Los métodos utilizados para la estimación de las pérdidas por deterioro tienen un elevado componente de juicio, que incorpora elementos tales como la clasificación de las operaciones en función de su riesgo, la identificación y clasificación de las exposiciones deterioradas o en las que se ha producido un incremento significativo del riesgo, el valor realizable de las garantías asociadas y, en el caso de las estimaciones realizadas de manera individualizada, la evaluación de la capacidad de pago de los acreditados en función de la evolución futura de sus negocios. En este contexto, el Grupo utiliza, para el análisis colectivo, el modelo de estimación de pérdidas por deterioro por riesgo de crédito establecido en la Circular 4/2017 del Banco de España, sobre la base de la experiencia y de la información que el Banco de España tiene del sector, y metodologías de cálculo específicas para la estimación de las pérdidas por deterioro individualizadas.

Adicionalmente, el Grupo está expuesto a riesgos derivados del entorno macroeconómico, geopolítico o asociados a pandemias como la del Covid-19, que se han visto acrecentados con el estallido del conflicto en Ucrania e incrementan la incertidumbre en torno a las variables consideradas por el Grupo en la cuantificación de las pérdidas por deterioro, tales como la evolución futura de los negocios de sus clientes, el valor realizable de las garantías asociadas a las operaciones concedidas o las variables macroeconómicas consideradas. En consecuencia, como se describe en la nota 10, el Grupo ha registrado los efectos adversos derivados de esta situación complementando las pérdidas por deterioro que resultan del modelo aplicado con los ajustes que se han considerado necesarios para recoger las características particulares de determinadas exposiciones.

Por todo ello, la estimación de las pérdidas por deterioro por riesgo de crédito de la cartera de préstamos y anticipos a coste amortizado ha sido considerada como una cuestión clave de nuestra auditoría.

Nuestra Respuesta

Nuestro enfoque de auditoría ha incluido el análisis y evaluación del entorno de control interno asociado a los procesos de estimación de pérdidas por deterioro por riesgo de crédito, así como la realización de procedimientos sustantivos, tanto para las estimadas individualmente, como de forma colectiva.

Nuestros procedimientos relativos al análisis y evaluación del entorno de control interno se han centrado en la realización, entre otros, de los siguientes procedimientos:

- La evaluación de la adecuación de las distintas políticas y procedimientos a los requerimientos normativos aplicables.
- La revisión de los procedimientos establecidos en el proceso de concesión de operaciones para evaluar la cobrabilidad de los préstamos y anticipos en base a la capacidad de pago e información financiera del deudor.
- La revisión de los procedimientos establecidos para el seguimiento periódico de los riesgos, principalmente aquellos relacionados con la actualización de información financiera y revisión periódica del expediente del deudor y con las alertas de seguimiento establecidas por el Grupo para la identificación de los activos en vigilancia especial o deteriorados.
- La evaluación del diseño de los controles relevantes establecidos para la gestión y valoración de las garantías asociadas a las operaciones crediticias.

Adicionalmente, hemos realizado, entre otros, los siguientes procedimientos sustantivos:

- En relación con la estimación de las pérdidas por deterioro determinadas de forma individual, hemos revisado una muestra de operaciones para evaluar su adecuada clasificación y las hipótesis utilizadas por la Dirección para identificar y cuantificar las pérdidas por deterioro, incluyendo la situación financiera del deudor, las previsiones sobre flujos de caja futuros y, en su caso, la valoración de las garantías.
- En relación con la estimación de las pérdidas por deterioro determinadas de forma colectiva, hemos revisado una muestra de operaciones para evaluar la segmentación y clasificación de dichas operaciones, mediante la comprobación con documentación soporte, de ciertos atributos incluidos en las bases de datos, como por ejemplo la antigüedad de los impagos, la existencia de refinanciaciones o el valor de las garantías, entre otros, considerando, para ello, los efectos que hayan podido derivarse del deterioro de la economía.
- Hemos recalculado la estimación de pérdidas por riesgo de crédito realizada de forma colectiva, replicando el modelo que considera los porcentajes de cobertura, de acuerdo con la segmentación y clasificación de las operaciones establecida por el Grupo, y, en su caso los descuentos a aplicar sobre el valor de las garantías asociadas.
- Adicionalmente, hemos realizado comprobaciones sobre los criterios e hipótesis utilizadas por el Grupo para estimar las pérdidas complementarias registradas como ajustes al modelo de estimación de pérdidas por deterioro por riesgo de crédito.

Además de lo anterior, hemos evaluado si la información detallada en la memoria de las cuentas anuales adjuntas resulta adecuada, de conformidad con los criterios establecidos en el marco normativo de información financiera aplicable al Grupo.

Sistemas automatizados de información financiera

Descripción	La continuidad de los procesos de negocio de la Sociedad dominante es altamente dependiente de su infraestructura tecnológica, que se encuentra externalizada en un proveedor de servicios. Los derechos de acceso a los distintos sistemas se conceden a los empleados de la Sociedad dominante con el propósito de permitir el desarrollo y el cumplimiento de sus responsabilidades. Estos derechos de acceso son relevantes, pues están diseñados para asegurar que los cambios en las aplicaciones son autorizados, monitorizados e implementados de forma adecuada, y constituyen controles clave para mitigar el riesgo potencial de fraude o error como resultado de cambios en las aplicaciones.
Nuestra Respuesta	En el contexto de nuestra auditoría, con la colaboración de nuestros especialistas informáticos, hemos evaluado los controles generales de los sistemas de información relevantes para la elaboración de la información financiera. A este respecto, nuestro trabajo ha consistido, fundamentalmente, en probar controles generales de acceso a los sistemas, gestión de cambios y desarrollos de las aplicaciones, y seguridad de las mismas, así como los controles de aplicación establecidos en los procesos clave para la información financiera. Entre otros procedimientos, hemos revisado el Informe de experto independiente de la descripción de los controles, diseño y efectividad operativa en el entorno tecnológico (ISAE 3402) correspondiente al ejercicio 2022, emitido por un experto independiente, del que hemos obtenido confirmación sobre su formación, capacidad técnica e independencia.

Otra información: Informe de gestión consolidado

La otra información comprende exclusivamente el informe de gestión consolidado del ejercicio 2022 cuya formulación es responsabilidad de los administradores de la Sociedad dominante, y no forma parte integrante de las cuentas anuales consolidadas.

Nuestra opinión de auditoría sobre las cuentas anuales consolidadas no cubre el informe de gestión consolidado. Nuestra responsabilidad sobre el informe de gestión consolidado, de conformidad con lo exigido por la normativa reguladora de la actividad de auditoría de cuentas, consiste en:

a. Comprobar únicamente que el estado de información no financiera consolidado se ha facilitado en la forma prevista en la normativa aplicable y, en caso contrario, informar sobre ello.

b. Evaluar e informar sobre la concordancia del resto de la información incluida en el informe de gestión consolidado con las cuentas anuales consolidadas, a partir del conocimiento del Grupo obtenido en la realización de la auditoría de las citadas cuentas, así como evaluar e informar de si el contenido y presentación de esta parte del informe de gestión consolidado son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito anteriormente, hemos comprobado que la información mencionada en el apartado a) anterior se facilita en la forma prevista en la normativa aplicable y que el resto de la información que contiene el informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2022 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores de la Sociedad dominante y del Comité de auditoría en relación con las cuentas anuales consolidadas

Los administradores de la Sociedad dominante son responsables de formular las cuentas anuales consolidadas adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados consolidados del Grupo, de conformidad con las NIIF-UE y demás disposiciones del marco normativo de información financiera aplicable al Grupo en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales consolidadas libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales consolidadas, los administradores de la Sociedad dominante son responsables de la valoración de la capacidad del Grupo para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con la empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los administradores tienen intención de liquidar el Grupo o de cesar sus operaciones, o bien no exista otra alternativa realista.

El Comité de auditoría de la Sociedad dominante es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales consolidadas.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales consolidadas en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales consolidadas.

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales consolidadas, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.

- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno del Grupo.

- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores de la Sociedad dominante.

- Concluimos sobre si es adecuada la utilización, por los administradores de la Sociedad dominante, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad del Grupo para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales consolidadas o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que el Grupo deje de ser una empresa en funcionamiento.

- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales consolidadas, incluida la información revelada, y si las cuentas anuales consolidadas representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

- Obtenemos evidencia suficiente y adecuada en relación con la información financiera de las entidades o actividades empresariales dentro del grupo para expresar una opinión sobre las cuentas anuales consolidadas. Somos responsables de la dirección, supervisión y realización de la auditoría del grupo. Somos los únicos responsables de nuestra opinión de auditoría.

Nos comunicamos con el Comité de auditoría de la Sociedad dominante en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos al Comité de auditoría de la Sociedad dominante una declaración de que hemos cumplido los requerimientos de ética aplicables, incluidos los de independencia, y nos hemos comunicado con la misma para informar de aquellas cuestiones que razonablemente puedan suponer una amenaza para nuestra independencia y, en su caso, de las correspondientes salvaguardas.

Entre las cuestiones que han sido objeto de comunicación el Comité de auditoría de la Sociedad dominante, determinamos las que han sido de la mayor significatividad en la auditoría de las cuentas anuales consolidadas del periodo actual y que son, en consecuencia, las cuestiones clave de la auditoría.

Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

Financial institution: 3008
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2022 CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT

NON BINDING ENGLISH TRANSLATION FROM THE ORIGINAL IN SPANISH. IN THE EVENT OF DISCREPANCY, THE SPANISH-LANGUAGE VERSION PREVAILS.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated financial statements prepared by the Governing Board of
CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO
at its meeting of 24 March 2023

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of financial position at 31 December 2022

(Thousands of euros)

ASSETS	Note	31.12.2022	31.12.2021
Cash, cash balances at central banks and other demand deposits (**)	**7**	**985,920**	**1,138,650**
Financial assets held for trading	**8**	**18,203**	**5,744**
Derivatives		3,882	2,067
Equity instruments		14,321	3,677
Debt securities		-	-
Memorandum items: lent or given in guarantee with right of sale or pledge		-	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**11**	**2,236**	**4,218**
Debt securities		399	472
Loans and advances		1,836	3,746
Memorandum items: lent or given in guarantee with right of sale or pledge		-	-
Financial assets at fair value through other comprehensive income	**9**	**878,885**	**1,410,809**
Equity instruments		260,374	290,745
Debt securities		618,511	1,120,064
Memorandum items: lent or given in guarantee with right of sale or pledge		-	-
Financial assets at amortized cost	**10**	**13,780,052**	**13,256,139**
Debt securities		4,030,408	3,668,431
Loans and advances		9,749,644	9,587,708
Credit institutions		237,797	145,291
Customers		9,511,847	9,442,417
Memorandum items: lent or given in guarantee with right of sale or pledge		*233,572*	*333,213*
Derivatives – hedge accounting	**12**	**454**	**7,810**
Investments in joint ventures and associates	**14**	**122,678**	**64,942**
Jointly-controlled entities		-	-
Associates		122,678	64,942
Tangible assets	**15**	**181,589**	**271,518**
Property and equipment		164,431	253,071
For own use		162,964	252,405
Assigned to social projects		1,468	666
Investment property		17,158	18,447
Of which: assigned under operating leases		*1,812*	*1,554*
Memorandum items: acquired under finance leases		*945*	*173*
Intangible assets	**15**	**-**	**10,297**
Goodwill		-	8,297
Other intangible assets		-	2,000
Tax assets	**22**	**34,146**	**31,042**
Current tax assets		1,227	2,129
Deferred tax assets		32,920	28,913
Other assets	**16**	**62,443**	**100,628**
Inventories		27,646	74,191
Other		34,797	26,437
Non-current assets and disposal groups held for sale	**13**	**30,500**	**31,321**
TOTAL ASSETS		**16,097,105**	**16,333,118**

(**) See consolidated cash flow statement for details.

Notes 1 to 45 form an integral part of the consolidated statement of financial position at 31 December 2022.

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of financial position at 31 December 2022
(Thousands of euros)

LIABILITIES AND EQUITY	Note	31.12.2022	31.12.2021
Financial liabilities held for trading	**8**	**3,889**	**1,362**
Derivatives		3,889	1,362
Financial liabilities at amortized cost	**17**	**14,220,639**	**14,606,820**
Deposits		12,488,526	12,687,580
Central banks		1,315,924	2,113,514
Credit institutions		233,364	312,986
Customers		10,939,238	10,261,080
Debt securities issued		1,642,057	1,764,655
Other financial liabilities		90,056	154,585
Memorandum items: subordinated liabilities		-	-
Derivatives – hedge accounting	**12**	**63,384**	**66,612**
Provisions	**18**	**51,476**	**51,195**
Pensions and other defined-benefit post-employment obligations	**2.t**	1,285	1,596
Commitments and guarantees given		14,684	13,178
Other provisions		35,507	36,421
Tax liabilities	**22**	**14,130**	**16,436**
Current tax liabilities		9,706	9,112
Deferred tax liabilities		4,424	7,324
Other liabilities	**16**	**183,851**	**132,225**
Of which: mandatory contributions to Social Welfare Fund		*47,764*	*41,339*
TOTAL LIABILITIES		**14,537,369**	**14,874,650**
EQUITY			
Shareholders' equity		**1,557,086**	**1,409,555**
Share capital	**20**	210,034	170,286
Called up paid capital		210,034	170,286
Memorandum items: uncalled capital		-	-
Retained earnings	**21**	1,173,852	1,087,278
Other reserves	**21**	62,731	60,605
Accumulated reserves or losses from joint ventures and associates		10,811	13,427
Other reserves		51,920	47,178
(Treasury shares)			-
Profit or (-) loss attributable to owners of the parent		110,469	91,386
(Interim dividends)		-	-
Accumulated other comprehensive income	**19**	**2,650**	**48,913**
Items that will not be reclassified to profit or loss		25,796	43,732
Changes in fair value of equity instruments at fair value through other comprehensive income		25,796	43,732
Items that may be reclassified to profit or loss		(23,146)	5,181
Hedging derivatives. Cash flow hedges [effective portion]		(2,163)	-
Changes in fair value of debt instruments at fair value through other comprehensive income		(20,983)	5,181
Non-controlling interests		**-**	**-**
Accumulated other comprehensive income		-	-
TOTAL EQUITY		**1,559,736**	**1,458,468**
TOTAL LIABILITIES AND EQUITY		**16,097,105**	**16,333,118**
Memorandum items: off-balance sheet exposures			
Contingent commitments given	**23**	**1,334,141**	**1,611,291**
Financial guarantees given	**23**	**84,256**	**68,216**
Other commitments given	**23**	**809,653**	**897,147**

Notes 1 to 45 form an integral part of the consolidated statement of financial position at 31 December 2021.

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated income statement for the year ended 31 December 2022

(Thousands of euros)

	Note	2022	2021
Interest income	**25**	**184,331**	**157,789**
Financial assets at fair value through other comprehensive income		3,251	4,139
Financial assets at amortized cost		163,697	134,791
Other interest income		17,383	18,859
(Interest expense)	**26**	**(24,266)**	**(16,865)**
(Expense on share capital redeemable on demand)			
NET INTEREST INCOME		**160,065**	**140,924**
Dividend income	**27**	**16,007**	**15,202**
Profit (loss) of companies accounted for using the equity method	**14**	**4,689**	**3,437**
Fee and commission income	**28**	**98,097**	**90,091**
(Fee and commission expense)	**29**	**(7,928)**	**(6,688)**
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**30**	**1,881**	**1,295**
Gains or (-) losses on financial assets and liabilities held for trading, net	**30**	**(2,542)**	**2,019**
Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net		**(1,836)**	**(1,990)**
Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net		**-**	**-**
Gains or (-) losses from hedge accounting, net	**12**	**(173)**	**154**
Gains or (-) losses from translation differences, net		**1,614**	**1,089**
Other operating income	**31**	**508,757**	**383,892**
(Other operating expenses)	**32**	**(434,517)**	**(322,715)**
Of which: mandatory contributions to Social Welfare Fund		*(12,603)*	*(9,619)*
GROSS INCOME		**344,114**	**306,710**
(Administrative expenses)		**(175,041)**	**(157,598)**
(Personnel expenses)	**33**	(88,065)	(82,146)
(Other operating expenses)	**34**	(86,976)	(75,452)
(Depreciation and amortization)	**13 and 15**	**(18,697)**	**(15,640)**
(Provisions or (-) reversals)	**35**	**(1,533)**	**(18,539)**
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	**36**	**(18,406)**	**(15,853)**
(Financial assets at fair value through other comprehensive income)		399	(1,606)
(Financial assets at amortized cost)		(18,805)	(14,247)
(Impairment or (-) reversal of impairment on investments in joint ventures and associates)		**(10)**	**-**
(Impairment or (-) reversal of impairment on financial assets)	**37**	**(98)**	**159**
(Tangible assets)		(31)	(3)
(Intangible assets)		-	-
(Other)		(67)	162
Gains or (-) losses on derecognition of non-financial assets and investments, net	**1.e**	**(9,379)**	**(128)**
Of which: investments in subsidiaries, joint ventures and associates		-	-
Negative goodwill recognized in profit or loss		**-**	**-**
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	**37**	**3,239**	**2,776**
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**124,189**	**101,887**
(Tax expense or (-) income on profit from continuing operations)	**22**	**(13,720)**	**(10,501)**
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**110,469**	**91,386**
Profit or (-) loss after tax from discontinued operations		**-**	**-**
PROFIT FOR THE YEAR		**110,469**	**91,386**
Attributable to owners of the parent	**38**	**110,469**	**91,386**
Attributable to non-controlling interests		**-**	**-**

Notes 1 to 45 form an integral part of the consolidated income statement for the year ended 31 December 2022.

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of recognized income and expense for the year ended 31 December 2022

(Thousands of euros)

	Note	2022	2021
PROFIT FOR THE YEAR		**110,469**	**91,386**
OTHER COMPREHENSIVE INCOME		**(47,743)**	**16,012**
Items that will not be reclassified to profit or loss		**(19,416)**	**23,579**
Actuarial gains or (-) losses on defined benefit pension plans		-	-
Changes in fair value of equity instruments at fair value through other comprehensive income, net	**19**	(20,890)	25,414
Gains or losses from hedge accounting for equity instruments at fair value through other comprehensive income, net		-	-
Non-current assets and disposal groups held for sale		-	-
Changes in fair value of financial liabilities at fair value with changes in income attributable to changes in credit risk		-	-
Other valuation adjustments		-	-
Income tax on items that will not be reclassified to profit or loss		1,474	(1,834)
Items that may be reclassified to profit or loss	**19**	**(28,327)**	**(7,567)**
Hedges of net investments in foreign operations (effective portion)		**-**	**-**
Valuation gains or (-) losses recognized in equity		-	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Currency translation		**-**	**28**
Gains or (-) losses on currency translation recognized in equity		-	28
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Cash flow hedges (effective portion)		**(2,163)**	**-**
Valuation gains or (-) losses recognized in equity		(2,163)	-
Reclassified to profit or loss		-	-
Reclassified to initial carrying amount of hedged items		-	-
Other reclassifications		-	-
Hedging instruments (undesignated)		**-**	**-**
Valuation gains or (-) losses recognized in equity		-	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Debt instruments at fair value through other comprehensive income		**(34,885)**	**10,126**
Valuation gains or (-) losses recognized in equity		(61,386)	(9,621)
Reclassified to profit or loss		3,716	(505)
Other reclassifications		22,785	-
Non-current assets and disposal groups held for sale		**-**	**-**
Valuation gains or (-) losses recognized in equity		-	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Income tax on items that may be reclassified to profit or loss	**19**	**8,721**	**2,532**
TOTAL RECOGNIZED INCOME AND EXPENSES FOR THE YEAR		**62,726**	**107,399**
Attributable to non-controlling interests		-	-
Attributable to owners of the parent		62,726	107,399

Notes 1 to 45 form an integral part of the consolidated statement of recognized income and expense for the year ended 31 December 2022.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated comprehensive statement of changes in equity for the year ended 31 December 2022
(Thousands of euros)

At 31 December 2022

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Non-controlling interests	Total
Balance at 1 January 2022	**170,286**	**1,087,278**	**60,605**	**-**	**91,386**	**-**	**48,913**	**-**	**1,458,468**
Adjustments due to error correction	-	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-
Balance at 1 January 2022	**170,286**	**1,087,278**	**60,605**	**-**	**91,386**	**-**	**48,913**	**-**	**1,458,468**
Total recognized income and expenses for the year	-	-	-	-	**110,469**	-	**(47,743)**	-	**62,726**
Other changes to equity	**39,748**	**86,574**	**2,126**	**-**	**(91,386)**	**-**	**1,480**	**-**	**38,542**
Ordinary shares issued (Note 20)	39,748	-	-	-	-	-	-	-	39,748
Preference shares issued	-	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-	-
Capital reduction (Note 20)	-	-	-	-	-	-	-	-	-
Dividends (or payments to members)	-	-	-	-	(1,687)	-	-	-	(1,688)
Buyback of treasury shares	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	86,574	3,124	-	(89,698)	-	-	-	-
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	(998)	-	-	-	1,480	-	482
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-	-
Balance at 31 December 2021	**210,034**	**1,173,852**	**62,731**	**-**	**110,469**	**-**	**2,650**	**-**	**1,559,736**

Notes 1 to 45 form an integral part of the consolidated comprehensive statement of changes in equity for the year ended 31 December 2022.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated comprehensive statement of changes in equity for the year ended 31 December 2021

(Thousands of euros)

At 31 December 2021

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Non-controlling interests	Total
Balance at 1 January 2021 (*)	**169,792**	**1,007,564**	**50,014**	**-**	**86,935**	**(417)**	**32,900**	**-**	**1,346,788**
Adjustments due to error correction	-	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-
Balance at 1 January 2021 (*)	**169,792**	**1,007,564**	**50,014**	**-**	**86,935**	**(417)**	**32,900**	**-**	**1,346,788**
Total recognized income and expenses for the year	-	-	-	**-**	**91,386**	**-**	**16,012**	**-**	**107,399**
Other changes to equity	**493**	**79,714**	**10,591**	**-**	**(86,935)**	**417**	**-**	**-**	**4,280**
Ordinary shares issued (Note 20)	4,391	-	-	-	-	-	-	-	4,391
Preference shares issued	-	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-	-
Capital reduction (Note 20)	(3,898)	-	-	-	-	-	-	-	(3,898)
Dividends (or payments to members)	-	-	-	-	-	-	-	-	-
Buyback of treasury shares	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	79,714	5,544	-	(86,935)	417	-	-	(1,262)
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	5,048	-	-	-	-	-	5,048
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-	-
Balance at 31 December 2021	**170,286**	**1,087,278**	**60,605**	**-**	**91,386**	**-**	**48,913**	**-**	**1,458,468**

(*) Presented for comparison purposes only.

Notes 1 to 45 form an integral part of the consolidated comprehensive statement of changes in equity for the year ended 31 December 2022.

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated cash flow statement
for the year ended 31 December 2022
(Thousands of euros)

	Note	2022	2021
A) CASH FLOW FROM OPERATING ACTIVITIES		**(158,137)**	**(109,738)**
Profit for the year		**110,469**	**91,386**
Adjustments to obtain cash flows from operating activities		**50,155**	**47,955**
Depreciation and amortization	**13 and 15**	18,697	15,640
Other adjustments		31,458	32,315
Net (increase) decrease in operating assets		**22,386**	**(597,634)**
Financial assets held for trading		(12,459)	258
Financial assets not held for trading mandatorily measured at fair value through profit or loss		1,983	3,352
Financial assets at fair value through other comprehensive income		532,323	(36,043)
Financial assets at amortized cost		(542,718)	(570,936)
Other operating expenses		43,257	5,735
Net (increase) decrease in operating liabilities		**(327,428)**	**354,919**
Financial liabilities held for trading		2,526	(370)
Financial liabilities at amortized cost		(387,869)	272,966
Other operating expenses		57,914	82,323
Company income tax receipts (payments)		**(13,719)**	**(6,364)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		**3,300**	**(35,330)**
Payments		**(11,134)**	**(44,459)**
Tangible assets	**15**	(5,088)	(39,977)
Investments in subsidiaries, joint ventures and associates	**14**	(1,784)	(4,482)
Non-current assets and liabilities held for sale		(4,262)	-
Other payments related to investing activities		-	-
Receipts		**14,434**	**9,129**
Tangible assets	**15**	6,040	5,012
Investments in subsidiaries, joint ventures and associates	**14**	-	-
Non-current assets and liabilities held for sale		8,394	4,117
Other receipts related to investing activities		-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		**493**	**493**
Payments		**(3,898)**	**(3,898)**
Dividends	**20**	-	-
Subordinated liabilities		-	-
Cancellation of own equity instruments	**20**	(3,898)	(3,898)
Acquisition of own equity instruments		-	-
Other payments related to financing activities		-	-
Receipts		**4,391**	**4,391**
Subordinated liabilities		-	-
Issue of own equity instruments	**20**	4,391	4,391
Disposal of own equity instruments		-	-
Other receipts relating to financing activities		-	-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS		**1,613**	**1,089**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(152,730)**	**(143,486)**
F) CASH AND CASH EQUIVALENTS AT START OF YEAR		**1,138,650**	**1,282,136**
G) CASH AND CASH EQUIVALENTS AT END OF YEAR		**985,920**	**1,138,650**
MEMORANDUM ITEMS			
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash		54,352	47,815
Cash equivalents in central banks		295,446	-
Other demand deposits		-	1,090,835
Other financial assets		636,121	-
Less: Bank overdrafts repayable on demand		-	-

NOTES TO THE FINANCIAL STATEMENTS

1. Introduction, basis of presentation, consolidation principles and other information

a) *Introduction*

Caja Rural de Navarra, Sociedad Cooperativa de Crédito (hereinafter the Bank or the Parent Company or the Company) is a cooperative credit institution whose principal activity, pursuant to its articles of association, is to collect funds from the general public through deposits, loans, financial assets sold under repurchase agreements, and other similar transactions involving a repayment obligation, and to use the funds thus obtained to offer, on its own account, loans, credit facilities and other similar transactions that meet the financial needs of both members and third parties.

Its articles of association were approved by the General Directorate for the Treasury and Financial Policy of the Ministry for the Economy and Finance on 24 January 1994.

The Bank began operating on 23 January 1946. Its activities are governed by Act 13/1989, of 26 May, on Cooperative Credit Institutions, the Cooperative Credit Institution Regulations set out in Royal Decree 84/1993, of 22 January, and Act 27/1999, of 16 July, on Cooperatives.

The Bank may engage in all kinds of lending, deposit and service activities in which other credit institutions are permitted to engage, prioritising the financial needs of its members in the exercise of such activities.

As established in its articles of association, the Bank operates on a nationwide basis. At 31 December 2022, it had a network of 255 branches (one more than at 31 December 2021), 140 of them located in Navarre and the rest in neighbouring regions. Through this network it is able to perform all types of operation typical of and/or specific to institutions of its kind.

As a cooperative credit institution, the Bank is subject to certain legal regulations that establish, inter alia, the following requirements:

- That a minimum percentage of capital is deposited with the Bank of Spain so as to ensure coverage of the minimum reserve requirement, which at 31 December 2022 and 2021 was 1% of eligible liabilities (Note 7).

- That appropriations to the Mandatory Reserve Fund and to the Social Welfare Fund are made when distributing the net surplus for the year (Notes 16 and 21).

- That a minimum level of capital and reserves must be maintained (Notes 1.i and 21).

- That annual contributions are made to the Deposit Guarantee Fund for Credit Institutions and the Spanish National Resolution Fund to provide creditors with a further guarantee in addition to that provided by the Bank’s equity (Note 1.j).

- That at least 50% of the Bank’s total capital and reserves is used to extend credit (loans, credit lines, discounts) to members of the Bank and/or members of associated cooperative credit institutions.

Caja Rural de Navarra is the Parent Company of a group of companies whose activities it controls either directly or indirectly and that are engaged in various different activities and, together with the Parent Company, make up the Caja Rural de Navarra Group (hereinafter the Group). Consequently, in addition to its own separate annual financial statements, Caja Rural de Navarra is required to prepare consolidated annual financial statements for the Group.

The standalone financial statements of the Group's Parent Company, Caja Rural de Navarra, Sociedad Cooperativa de Crédito, are prepared according to Spanish GAAP as defined in Bank of Spain Circular 4/2017 and other financial reporting regulations applicable to the Bank. The Parent Company recognizes its investments in subsidiaries, associates and joint ventures at cost as prescribed by Circular 4/2017 and permitted by IAS 27. The financial statements of Caja Rural de Navarra, Sociedad Cooperativa de Crédito at 31 December 2022 and 2021 are shown in Annex I.

At 31 December 2022, the assets, equity and profit for the year of the Parent Company made up 99%, 98% and 98%, respectively, of the equivalent Group items (compared to 98%, 96% and 97% at 31 December 2021).

b) Basis of presentation of the annual financial statements

Under Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002, all companies subject to the law of an EU member state with shares listed on a regulated market of any EU member state, must present consolidated financial statements for years beginning on or after 1 January 2005 in accordance with International Financial Reporting Standards (IFRS) as previously adopted by the EU (hereinafter, IFRS-EU). To adapt financial reporting by Spanish banks to the new standards, the Bank of Spain issued its Circular 4/2004, of 22 December, on Public and Reserved Financial Reporting Standards and Model Financial Statements, subsequently replaced on 1 January 2018 by Circular 4/2017, of 27 November 2018 as amended.

These Group consolidated financial statements are presented in accordance with IFRS-EU at 31 December 2022 taking into consideration Bank of Spain Circular 4/2017, of 27 November, as amended. The Circular develops and adapts IFRS-EU to the Spanish banking sector.

The consolidated financial statements have been prepared in accordance with all accounting standards, principles and mandatory valuation criteria with a material impact on these statements, so as to give a true and fair view of the Group's consolidated assets, liabilities and financial position at 31 December 2022 and of the consolidated profits from its operations, net change in equity and cash flows in the year then ended.

Note 2 summarises the accounting principles and policies and significant valuation criteria applied in preparing the Group's 2022 consolidated financial statements.

The information in these consolidated financial statements is the responsibility of the Members of the Board of the Group's Parent Company.

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The consolidated financial statements have been prepared on the basis of the accounting records maintained by the Parent Company and by the other companies making up the Group. However, since the accounting policies and measurement criteria applied in the preparation of the Group's consolidated annual financial statements for 2022 may differ from those used by certain entities included in the Group, the adjustments and reclassifications necessary to harmonize these principles and criteria across the Group and to bring them in line with IFRS-EU have been made in the process of consolidation.

The consolidated financial statements are presented in thousands of euros, except where otherwise stated.

These consolidated annual financial statements have been prepared by the Governing Board of Caja Rural de Navarra and are pending approval by its members, who have the power to make amendments hereto, at the forthcoming Annual General Meeting. However, the Bank's directors believes that the financial statements will be approved without material modification.

The consolidated annual financial statements for 2021 were approved at the Bank's Annual General Meeting held on 6 May 2022.

c) Accounting principles and measurement bases

These consolidated annual financial statements have been prepared in accordance with the generally accepted accounting principles described in Note 2 "Accounting principles, policies and measurement bases". All mandatory accounting principles and measurement bases with a material effect on the consolidated financial statements were applied.

d) Consolidation principles

The Group is defined in accordance with IFRS-EU. All subsidiaries, joint ventures and associates are investees.

I. <u>Subsidiaries</u>

Investees are considered to be "subsidiaries" when the Group exercises control over them, defined as when it has exposure, or rights, to variable returns from its involvement with the investee and can use its power over the investee to affect its returns.

Control is deemed to exist only when the following all apply:

- Power: An investor has power over an investee when it has existing rights that give it the ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns.

- Returns: An investor is exposed, or has rights to, variable returns from its involvement in the investee when the returns it derives from its involvement have the potential to vary as a result of the investee's performance. The returns can be positive, negative or both.

- Relationship between power and returns: To control an investee an investor must not only have power over the investee and exposure or rights to variable returns from its involvement with the investee but must also have the ability to use this power to affect its returns from its involvement with the investee.

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When assessing control, the Group also takes into consideration any relevant facts or circumstances, such as those described in the implementation guidance for the standards (e.g. whether the Group directly or indirectly owns more than 50% of the voting rights).

The financial statements of subsidiaries are fully consolidated with those of the Bank. Accordingly, all material balances deriving from transactions between fully consolidated companies have been eliminated on consolidation. Third-party interests in:

- The Group's capital are recognized as "Non-controlling interests" in the consolidated statement of financial position.

- Profit for the year are recognized under "Attributable to non-controlling interests" in the consolidated income statement.

The results of subsidiaries acquired by the Group in the course of the year are included in the consolidated income statement from the date of acquisition to the year-end only. Likewise, the results of subsidiaries disposed of by the Group in the course of the year are included in the consolidated income statement from the start of the year to the date of disposal only.

Inter-company transactions – the balances, income and expenses arising from transactions between Group entities – are eliminated on consolidation. Also eliminated are gains or losses generated by intragroup transactions which are recognized as assets. The accounting policies applied by subsidiaries have been amended where necessary to ensure uniform policies are applied Group-wide.

Business combinations are booked according to the acquisition method. The consideration transferred to acquire a subsidiary is measured as the fair value of the assets transferred, any liabilities assumed to the prior owners of the acquiree and any equity interests in the acquiree issued by the Group. Consideration also includes the fair value of any assets or liabilities resulting from any contingent consideration agreement. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. In each business combination, the Group can choose to measure any non-controlling interest in the acquiree either at fair value or at its proportionate share of the identifiable net assets of the acquiree.

Acquisition costs are recognized as expenses for the year they are incurred.

If the business combination takes place in stages, at the final acquisition date the Group remeasures any previously held interest in the acquiree's net assets at fair value through profit or loss.

Any contingent consideration to be transferred by the Group is measured at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration treated as an asset or liability are recognized in accordance with IFRS 9 through income for the period.

Goodwill is initially measured as the total consideration paid plus the fair value of the non-controlling interests less the net amount of identifiable assets acquired and liabilities assumed. If this consideration turns out to be less than the fair value of net assets of the subsidiary acquired, the difference is recognized in income.

The details of fully consolidated subsidiaries at 31 December 2022 and 2021 were as follows:

			Thousands of euros	
	% ownership interest		Acquisition cost	
Subsidiaries	2022	2021	2022	2021
Promoción Estable del Norte, S.A.	100.00%	100.00%	86,425	85,301
Harivenasa, S.A.	100.00%	100.00%	13,000	13,000
Solera Asistencial, S.L.	100.00%	100.00%	7,760	7,760
Bouquet Brands, S.A.	100.00%	100.00%	3,350	3,350
Tonnellerie de l'Adour, SAS	100.00%	100.00%	2,496	2,496
Informes y Gestiones Navarra, S.A.	100.00%	100.00%	1,860	1,860
Industrial Tonelera Navarra, S.A.	100.00%	100.00%	1,820	1,820
Preventia Sport, S.L.	100.00%	100.00%	443	443
Espiga I+D Alimentaria, S.L.	100.00%	100.00%	100	100
Harivasa 2000, S.A.	-	100.00%	-	2,366
Harinera de Tardienta, S.A.	-	100.00%	-	11,780
Harantico, S.L.	-	100.00%	-	6,763
Harinera del Mar Siglo XXI, S.L.	-	100.00%	-	24,989
Haribericas XXI, S.L.	-	100.00%	-	17,945
Harinas Selectas, S.L.	-	100.00%	-	764

The activities and registered offices of Group companies included in the scope of consolidation at 31 December 2022 are listed below:

Company	Head office	Line of business
Promoción Estable del Norte, S.A.	Pamplona	Real estate development
Harivenasa, S.A.	Noain (Navarre)	Manufacture and sale of flour
Solera Asistencial, S.L.	Pamplona	Development and operation of senior care centres
Bouquet Brands, S.A.	Pamplona	Distribution of agri-foodstuffs
Tonnellerie de l'Adour, SAS	France	Manufacture and sale of barrels and casks
Informes y Gestiones Navarra, S.A.	Pamplona	Document preparation and processing
Industrial Tonelera Navarra, S.A.	Monteagudo (Navarre)	Manufacture and sale of barrels and casks
Preventia Sport, S.L.	Pamplona	Medical sports services
Espiga I&D Alimentaria, S.L.	Pamplona	Research

II. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are treated as equity transactions, i.e. transactions between owners of the company acting as such. The difference between the fair value of consideration paid and the proportional amount acquired of the carrying amount of the subsidiary's net assets is recognized in equity. Gains or losses on disposal of non-controlling interests are also recognized in equity.

III. Disposal of subsidiaries

When the Group ceases to control a subsidiary any remaining equity interest is remeasured at fair value at the date that control was lost and any change is recognized as a change in the carrying amount through profit or loss. This fair value is the initial carrying amount used thereafter to recognize the remaining equity interest as an associate, joint venture or financial asset. In addition, any "Accumulated other comprehensive income" previously recognized in respect of the subsidiary's equity is treated as though the Group had directly sold the assets or liabilities concerned. This can mean that amounts previously recognized in equity are reclassified to consolidated profit or loss.

IV. Joint ventures (Jointly controlled entities)

A joint venture is a contractual arrangement whereby two or more entities ("venturers") undertake an economic activity that is subject to their joint control, joint control being defined as the contractually agreed sharing of the power to direct the financial or operating activities of an entity, or other economic activity, so as to obtain benefits from its operations, where decisions about the relevant activities require the unanimous consent of the venturers.

Also classified as "Joint ventures" are equity interests in entities that are not subsidiaries but are jointly controlled by two or more entities unrelated to each other, one of these being the Group.

At 31 December 2022 and 2021 there were no equity interests classified as "Joint ventures".

V. Associates

Associates are investee companies over which the Group has the capacity to exercise significant influence. Significant influence usually, but not always, takes the form of an equity interest, held either directly or indirectly through one or more other investees, which gives the Group 20% or more of the votes in the investee company.

In consolidating associates the Group followed the equity method as defined in IAS 28. Accordingly, investments in associates were measured at the proportional amount of the Group's interest in their capital adjusted for dividends paid and other eliminations. Profit or loss from transactions with an associate are eliminated in proportion to the Group's interest. If losses made by an associate result in it having negative equity it is carried in the Group's consolidated statement of financial position at zero value unless the Group has an obligation to support it financially.

For information on associates at 31 December 2022 and 2021 see Note 14.

The accounting principles and standards and measurement criteria used to prepare the Group's 2022 and 2021 financial statements may differ from those used by certain subsidiaries, jointly controlled entities and associates that fall within its scope. However, any such discrepancies have been eliminated by making the material adjustments and reclassifications required in the process of consolidation.

e) Changes in scope of consolidation

The main changes during 2022 to Caja Rural de Navarra Group's scope of consolidation were as follows:

Merger by absorption of Harivasa 2000, S.A.U., Harantico, S.A.U., Haribericas XXI, S.L.U., Harineras Selectas, S.A.U., Harinera de Tardienta, S.A.U. and other companies by Harinera del Mar Siglo XXI, S.L.

On 30 June 2022, the directors of the absorbing and absorbed companies signed common draft terms of the merger, which were filed in the relevant Trade Registers. The statements of financial position used in the merger were those for 31 December 2021.

On 27 September 2022, documents were notarised and filed formalising Harinera del Mar Siglo XXI, S.L.'s takeover of Harivasa 2000, S.A.U., Harantico, S.A.U., Haribericas XXI, S.L.U., Harineras Selectas, S.A.U., Harinera de Tardienta, S.A.U., Cerelia Index, S.L.U., Reyes Hermanos, S.L.U., Cerelia Centro de Investigación, S.L.U. and Transnoain, S.A.U..

Cerelia Centro de Investigación, S.L.U. and Transnoain, S.A.U. were also merged into Harivasa 2000, S.A.U., and Cerelia Index, S.L.U. and Reyes Hermanos, S.L.U. into Harantico, S.L.U. Subsequently, the remaining flour companies were merged into Harinera del Mar Siglo XXI, S.L. and dissolved without liquidation.

The transaction was recorded in the Castellón Trade Register on 22 November 2022.

The merger date for accounting purposes was set at 1 January 2022. All subsequent transactions by the absorbed companies are deemed to have been done by the absorbing company.

Also, on 9 December 2022, Caja Rural de Navarra, in its role of sole shareholder, made a member contribution of EUR 4,244 thousand, of which EUR 12 thousand was reimbursed on 12 December 2022.

As a result of these transactions, the acquisition cost of the equity interest in Harinera del Mar Siglo XXI, S.L. was established at EUR 68,837 thousand and the associated impairment adjustments were EUR 17,028 thousand.

Constitution of MHM Grupo Harinero, S.L.

On 13 December 2022, Caja Rural de Navarra, S.C.C. and Inversiones Fenec, S.L. constituted the new company MHM Grupo Harinero, S.L.

MHM's share capital was established at EUR 24,000 thousand via the issue of 24,000,000 shares with a nominal value of EUR 1 each. Shares were issued at a premium of EUR 4.00 each, giving a total share premium of EUR 96,000 thousand. The share issue was fully subscribed and paid for by Caja Rural de Navarra and Inversiones Fenec, S.L..

Caja Rural de Navarra took 11,997,600 shares as consideration for a contribution-in-kind of its full stake in Harinera del Mar Siglo XXI, S.L., which was valued at EUR 59,989 thousand, EUR 11,998 thousand as share capital and EUR 47,990 thousand as share premium.

Inversiones Fenec, S.L. took 12,002,400 shares as consideration for the contribution of its shareholding in Harinera La Meta, S.A.U., representing 100% of the share capital, which was valued at EUR 60,012 thousand, EUR 12,002 thousand as share capital and EUR 48,010 thousand as share premium.

Following the above transactions, the Bank has a 49.99% stake in the new company. Having analysed the above transactions, the composition of the management bodies of the new company and the existing agreements between the Bank and Inversiones Fenec, S.L., sole partners in MHM Grupo Harinero, S.L., the directors of the Bank have concluded they do not exercise control over the new company, although they do have significant influence. Accordingly, as from the transaction date, 13 December 2022, Caja Rural de Navarra considers that has lost control of its equity interest in Harinera del Mar Siglo XXI, S.L..

The Bank has therefore derecognised its equity interest in Harinera del Mar Siglo XXI, S.L., classified as "equity interests in subsidiaries" and instead recognised a EUR 59,989 thousand "equity interest in associates" (Note 14). As a result, it recognised a EUR 9,379 thousand net loss basically reflecting the derecognition of the associated intangible assets (Note 15).

Rural Energías Aragonesas, S.A.

On 31 March 2022, the general shareholders' meeting of Rural Energías Aragonesas, S.A. voted to dissolve the company. The proceeds of liquidation attributable to Caja Rural de Navarra amounted to EUR 475 thousand and this transaction therefore had no impact on its income statement. The agreement was notarised and registered on 28 April 2022.

The main changes during 2021 to Caja Rural de Navarra Group's scope of consolidation were as follows:

In 2021, Espiga I&D Alimentaria, S.L., wholly owned by the Parent Company, was consolidated for the first time. The cost recognised for founding Espiga I&D Alimentaria, S.L. was EUR 100 thousand.

Also, on 10 November 2021, Caja Rural de Navarra, as sole shareholder of Harivenasa, S.L. carried out a capital increase at a cost of EUR 2,000 thousand, EUR 1,350 thousand as share capital and EUR 650 thousand as share premium. This capital increase was fully subscribed and paid by the Bank.

f) Accounting estimates and assumptions used

In the preparation of the Group's 2022 consolidated financial statements, certain estimates were made by its senior executives, and subsequently ratified by its directors, in order to quantify certain of the assets, liabilities, revenues, expenses and commitments reported herein. These estimates related basically to the following:

- Impairment losses on certain financial instruments (Notes 2.g, 9, 10 and 17).
- The values and useful lives of tangible assets (Note 2.i).
- The fair value of certain financial assets not listed on official secondary markets (Note 6.d).
- The actuarial assumptions used in calculating liabilities and commitments for post-employment benefits (Note 2.t).
- The probability of events considered to be contingent exposures occurring and the provisions required to cover these events if they occur (Note 2.m).
- The assumptions used to calculate the fair value of "Loans and receivables" and "Financial liabilities at amortized cost" (Note 6.d).
- Estimation of Income Tax and recovery of deferred tax assets (Note 22).
- Measurement of goodwill and assignment of prices in business combinations (Note 15).

The above estimates were made using the best data available on the events analysed, allowing for the uncertainties prevalent at the time deriving from the impact of Covid-19 on the current economic environment. It is therefore possible that future events may require significant adjustments (upward or downward) to these estimates in coming years. Any such changes will be made prospectively and their impact recognised in the consolidated income statement for the years concerned.

g) Comparative information

Comparative figures for 2021 are presented alongside the accounting information for the year ended 31 December 2022 according to IFRS-EU criteria. Figures for 2020 are presented for comparative purposes only and do not form part of the Group's 2022 consolidated financial statements.

As a result of the creation of MHM Grupo Harinero described in Note 1.3 above, the Group deconsolidated all wheat flour companies, these having been merged into Harinera del Mar Siglo XXI, S.L., which was then transferred as a contribution-in-kind to MHM Grupo Harinero. So, when comparing the consolidated accounts for 2022 with those for 2021, users of these statements must allow for the elimination of the contributions of these deconsolidated companies to the consolidated balance sheet at 31 December 2021 and the consolidated income statement for 2021. These amounted to EUR 230,694 thousand of assets, EUR 223,807 of liabilities, EUR 2,920 thousand of reserves and -EUR 4,609 thousand of net losses.

h) Equity

The Basel Committee on Banking Supervision is leading the harmonization of international financial regulation. In December 2010, the Committee approved a third set of regulations (Basel III) which tightened capital adequacy requirements, requiring capital to be made up of better-quality instruments, and sought to impose a consistent standardized approach between firms and across countries. The new capital accord improves the transparency and comparability of capital ratios. It also incorporates new prudential tools to monitor liquidity and leverage.

The European Union transposed the Basel III accords into its legal framework, allowing a phased-in adoption process which must be completed by 1 January 2019. The relevant measures are: Directive 2013/36/EU (the Capital Requirements Directive or CRD-IV) of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms; and Regulation (EU) No 575/2013 (the Capital Requirements Regulation or CRR) of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms, effective from 1 January 2014.

Spanish law was adapted to incorporate the changes to international standards by Act 10/2014, of 26 June, for the management, supervision and solvency of credit institutions, continuing the transposition begun by Royal Decree 14/2013, of 29 November and Bank of Spain Circular 2/2014 which set out the regulatory options for capital requirements during the transition period. The minimum capital requirements laid down by the current regulations (Pillar I) are based on the Bank's exposure to credit, exchange rate, investment, market and operational risks. The Bank must also observe limits on concentration risks.

Royal Decree 84/2015, of 13 February, completed the regulatory implementation of Act 10/2014, of 26 June, for the management, supervision and solvency of credit institutions, combining in a single revised text all the regulations governing management and discipline of credit institutions issued to date at the time of publication.

Also, during 2015-2018 new standards were published to complement the CRR, regulating matters such as equity, liquidity, Pillar I risks and capital requirements.

On 2 February 2016, the Bank of Spain issued Circular 2/2016, which basically completes, for credit institutions, the transposition of EU Directive 2013/36 into Spanish law. It also picks up one of the options left up to competent national authorities under Regulation (EU) 575/2013, in addition to those already taken up by the Bank of Spain in Circular 2/2014.

This circular also transposed certain provisions of Directive 2011/89/EU of the European Parliament and Council, of 16 November 2011, amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC, as regards supplementary oversight of financial entities in a financial conglomerate. Major provisions of this directive had already been transposed in amendments made by Act 10/2014 and Royal Decree 84/2015 to Act 5/2005, of 22 April, on oversight of financial conglomerates and amending other financial sector laws, as implemented by Royal Decree 1332/2005.

The abovementioned circular came into force on the day following its publication in the Spanish State Bulletin. In 2017 the Bank of Spain published Circular 3/2017, of 24 October, amending Circular 2/2014, of 31 January. The fundamental aim of the Circular is to adapt some aspects of Circular 2/2014, regarding smaller banks, to the latest provisions approved by the European Central Bank for significant banks (mainly, ECB Guideline (EU) 2018/697, of 4 April 2017, on the exercise of options and discretions available in Union law by national competent authorities in relation to less significant institutions). It also eliminated the rules on transitional options in force until financial year 2017.

Finally, in 2019 the Bank of Spain published Circular 3/2019, of 22 October, to define the materiality threshold of overdue credit obligations, applicable from December 2020.

However, the economic changes brought on by the Covid-19 pandemic and the exceptional measures taken by the government significantly affected the main players in the economy.

In June 2020, Regulation EU 2020/873 of the European Parliament and Council came in to force, amending both the CRR and CRR II as regards some changes made in response to the pandemic.

The most important change was to put a two-year stop on the transitional provisions to IFRS 9, limiting the potential negative impact on bank capital of any rise in expected credit loss provisions. It also created a temporary prudential filter on exposures to sovereign debt, intended to mitigate the consequences of market volatility on banks' solvency.

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Other changes included bringing forward application of some measures to ease banks' capital requirements, relating to loans backed by pensions or salaries, loans to SMEs and loans to infrastructure entities.

In December 2020, Commission Delegated Regulation EU 2020/2176 was published, amending the capital deduction for intangible assets linked to the in-house development of IT programmes. This amendment, introduced as a further support measure for the transition to a more digital banking sector, means assets comprising IT applications that have been prudently valued and whose value will not be significantly affected by the bankruptcy, insolvency or liquidation of a bank need not be directly deducted from banks' capital.

Under the requirements of the CRR, credit institutions must at all times comply with a total capital ratio of 8%. However, regulators have powers under the new regulatory system to require firms to hold additional capital over and above this.

On this point, on 12 December 2022 the Parent Company received notification from the Bank of Spain on its minimum prudential requirements. This requires that Caja Rural de Navarra maintain, as from 1 January 2023, a Total Capital ratio of 11.634% and a Common Equity Tier 1 (CET1) ratio of 7.642%, measured on phased-in regulatory capital. The previous requirements from 1 January 2022 to 31 December 2022 were for 11.625% Total capital and 7.634% CET1 ratios. These requirements include both the Pillar 1 minimum, the Pillar 2 requirement and the combined buffer requirements.

Remember too that the Term Sheet came into force for the total loss-absorbing capacity (TLAC), defined at international level by the Financial Stability Board (FSB) for the European capital, requiring systemically important banks to additionally meet a Minimum requirement for own funds and eligible liabilities (MREL) in Pillar 1. The same package also changed the Resolution Regulation and Directive (SRMR and BRRD, respectively), which were replaced with SRMR II and BRRD II imposing MRELs for all resolution institutions, whether systemically important or not, to be set by the local resolution authority on a case-by-case basis.

On 2 June 2022, the Bank of Spain formally notified to the Parent Company the minimum requirement for own funds and eligible liabilities (MREL). Following this decision, as from 1 January 2024, the Parent Company must have own funds and eligible liabilities of at least 15.19% of its total risk exposure amount (TREA) and 4.38% of its exposure calculated for the leverage ratio (LRE). The same notification set a binding intermediate target to be met by 1 January 2022 of 15.17% of TREA and 4.36% of LRE. At 31 December 2022, the Parent Company had a MREL ratio of 20.36% of its TREA and 9.49% of its LRE.

The Parent Company's approach to capital management complies in its definitions of concepts with the solvency standards described above (Note 21).

i) National Resolution Fund and Deposit Guarantee Fund

Single Resolution Fund

Act 11/2015, of 18 June, and its implementing regulations in Royal Decree 1012/2015, of 6 November, transpose Directive 2014/59/EU, of 15 May, into Spanish law. The regulation establishes a new resolution framework for credit institutions and investment services companies and forms part of the new Single Resolution Mechanism created by EU Regulation No. 806/2014, of 15 July, which defines Europe-wide standards and procedures for the Single Resolution Mechanism and Fund.

As part of the implementation of these standards, on 1 January 2016 the Single Resolution Fund was born. It is a financing body that can be called in by the Single Resolution Board, the European authority responsible for all decisions on resolution, to apply whatever resolution measures are adopted. The Single Resolution Fund is financed from contributions by the credit institutions and investment services customers under its remit.

The Single Resolution Mechanism is backed by the Single Resolution Fund, which will be built up gradually from banks' contributions to a level of 1% of guaranteed deposits by 31 December 2024.

The contribution of each institution is determined by Regulation (EU) 2015/63 and based on its share of the total liabilities of member institutions net of its capital and the amount of the deposit guarantee which is then weighted to reflect the institution's risk profile.

In 2022, the cost of contributions to the fund was EUR 4,958 thousand (EUR 3,166 thousand in 2021, Note 32), including fees, and was accounted for in a similar way to the cost of the Deposit Guarantee Fund as set out in IFRIC 21.

Deposit Guarantee Fund

The Parent Company is a member of the Credit Institution Deposit Guarantee Fund.

Royal Decree 2606/1996, of 20 December, as amended by Royal Decree 1012/2015, of 6 November, empowers the management committee of the Deposit Guarantee Fund to determine the annual contributions of institutions belonging to the Credit Institution Deposit Guarantee Fund.

The management committee of the Deposit Guarantee Fund for credit institutions, acting under Article 6 of Royal Decree-Law 16/2011 and Article 3 of Royal Decree 2606/1996, set the contribution for all institutions belonging to the deposit guarantee sub-fund at 1.75 per thousand of guaranteed deposits at 31 December each year (EUR 1.7 thousand in 2021). Each institution's contribution is calculated based on their guaranteed deposits and risk profile, allowing for indicators such as capital adequacy, asset quality and liquidity, as defined in Bank of Spain Circular 5/2016 of 27 May, as amended by Circular 1/2018, of 31 January. Similarly, the contribution to the securities guarantee part of the fund was set at 2 per thousand of the guaranteed 5% of securities and other financial instruments at 31 December each year.

The expense for the ordinary contributions described above accrues, in accordance with IFRIC 21, as soon as the payment obligation is triggered, i.e. at 31 December each year.

On 30 July 2012, the management committee of the Deposit Guarantee Fund decided to levy a one-off supplementary contribution on fund members, to be paid by each institution in ten equal annual instalments. For the Parent Company, this amounted to EUR 12,276 thousand (ten annual instalments of EUR 1,228 thousand each). These instalments will be deducted from any ordinary annual contribution for which the Parent Company may be liable up to the total amount of the ordinary contribution. On 31 December 2021, the Parent Company recorded a commitment of EUR 1,228 thousand, under "Financial assets at amortized cost – Loans and receivables – Customers – Other financial assets" on the asset side of the consolidated statement of financial position (Note 10) and under "Financial liabilities at amortized cost – Other financial liabilities" (Note 17) on the liabilities side. The remainder of the one-off supplementary contribution outstanding at end-2021 was settled in 2022.

In 2022, total expenses in respect of Fund contributions were EUR 4,312 thousand (EUR 4,154 thousand in 2021, Note 32), recognized under "Other operating expenses" in the consolidated income statement.

j) Environmental impact

Because of the activities in which it is engaged, the Group has no liabilities, costs, assets, provisions or contingencies of an environmental nature that could be material relative to its equity, financial position and results. Accordingly, no breakdowns of specific environmental information have been included in these notes to the financial statements.

k) Framework Agreement with other institutions to establish and constitute a Cooperative Institutional Protection Mechanism.

On 29 December 2017 the Rural Credit Cooperatives belonging to the Spanish Association of Cajas Rurales (the " "), including Caja Rural de Navarra, signed, alongside the Association, Banco Cooperativo Español, S.A. (BCE) and Grucajrural Inversiones, S.L. ("Grucajrural"), a Framework Agreement to create within the Caja Rural Group a "Cooperative Institutional Protection Scheme" (IPS) and a number of ancillary agreements. These agreements mainly address the following points:

- To modernize and strengthen the Association's statutory and contractual framework to replace the current solidarity mechanisms by an institutional protection scheme in accordance with Article 113.7 of Regulation (EU) 575/2013 (CRR), as prescribed in the Spanish Credit Cooperative Institutions Act. The IPS will include the 29 Rural Credit Cooperatives in the Association at the signature date of the Framework Agreement, Grucajrural and Banco Cooperativo (the "IPS members").

  CRR Article 113.7 and Spanish regulations on contributions to the Deposit Guarantee Fund state that the IPM needs Bank of Spain recognition to qualify as an IPS.

- To create a fund to provide financial support that may be needed within the IPS financed by contributions from IPS members. The fund will be administered and controlled by the Association, either directly or indirectly via one or more vehicles.

On 29 December 2017, the Association notified member Cajas Rurales of their advance contributions to the fund. This initial contribution must reach 0.5% of the total risk-weighted assets (RWA) of the member Cajas Rurales by March 2018. It can be adjusted depending on the evolution of these total RWA.

- To pool the Cajas Rurales' shareholdings in BCE and Rural Servicios Generales (RGA) into the company Grucajrural, a vehicle constituted by the Association as founding partner at 1 December 2017. Before this happens, the Association's 29 member Cajas Rurales will buy out the Grucajrural stake held by the Association as founding partner and transfer their holdings in Banco Cooperativo and Rural Servicios Generales to Grucajrural as a contribution-in-kind in exchange for newly issued Grucajrural shares.

  At 29 December 2017 the General Meeting of Grucajrural Partners agreed the abovementioned capital increase via contribution-in-kind.

The participation of the Parent Company in the Framework Agreement was approved at the meeting of the Governing Board on 24 November 2017. On 1 March 2018, the Spanish Association of Cajas Rurales held its General Meeting. All member Cajas Rurales, including the Parent Company, approved the creation of an IPS and, to this end, approved new Articles of Association for the Association, Rules of Procedure for the IPS, a number of Technical Notes related to measuring solvency and liquidity of IPS members and the general risk policy and a new agreement regulating financial relationships within the Caja Rural Group.

On 23 March 2018 the Bank of Spain recognized the IPS as compliant with the abovementioned regulation. Also, in the first quarter of 2018 the European Central Bank, CNMV and DGSFP recorded no objection to the contribution-in-kind of BCE and Rural Servicios Generales shares to Grucajrural.

On 9 March 2018 the documents for Grucajrural's capital increase against a contribution-in-kind were officially notarized and registered with effect from 14 March 2018.

In 2022 the Parent Company made contributions in kind to the fund to cover any need for financial support in the IPS amounting to EUR 6,543 thousand, which were recognized under "Other operating expenses" in the 2022 income statement (2021: Parent Company contributed EUR 6,192 thousand to the fund, Note 32). At 31 December 2022, the Parent Company had paid this amount in full.

As a result, at 31 December 2022, the Parent Company formed part of a Cooperative Institutional Protection Scheme (IPS) and it also forms part of the regulatory Caja Rural Group of institutions who have come together in partnership and are linked by pacts of solidarity and mutual support.

l) Post-balance sheet events

There were no further events that significantly affect the Group and which should be included here between 31 December 2022 and the date of preparation these financial statements.

2. Accounting principles, policies and measurement bases

The accounting principles, policies and measurement bases applied in preparing these consolidated financial statements were as follows:

a) Going concern principle.

In the preparation of the consolidated financial statements, it has been assumed that the Group will remain in business for the foreseeable future. Accordingly, the accounting policies applied were not intended to establish the Group's net asset value for the purpose of transferring all or part of the resulting amount in the event of its liquidation.

b) Accruals principle

Except, as appropriate, with regard to the consolidated cash flow statement, the consolidated financial statements have been drawn up in the basis of the actual flow of goods and services, irrespective of the dates of payment or collection.

c) Other general principles

The consolidated financial statements have been drawn up using the historical cost method and by the fair value measurement of financial instruments held for trading, financial assets at fair value through profit or loss, available-for-sale financial assets and other financial assets and liabilities (including derivatives).

The preparation of the consolidated financial statements requires the making of some accounting estimates. The Management is also called on to exercise its judgement in the process of applying the Group's accounting policies. Such estimates may affect the amount of the assets and liabilities, the breakdown of contingent assets and liabilities at the date of the consolidated financial statements and the amount of income and expense over the period they cover. Although estimates are based on the Management's best information as to current and future circumstances, final outturns may differ from these estimates.

d) Nature and trading of Financial derivatives

Financial derivatives are instruments which, in addition to giving rise to a profit or loss, may, in certain conditions, allow for all or part of the credit and/or market risks associated with balances and transactions to be offset, using interest rates, certain indices, the prices of certain securities, the cross exchange rates of various currencies or other similar benchmarks as underlying elements. The Group uses financial derivatives traded on organized markets or traded bilaterally with the counterparty over the counter (OTC).

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Financial derivatives are used to trade with customers who request them, to manage risks on the Group's own positions (hedging derivatives) or to profit from changes in their prices. Financial derivatives that cannot be accounted for as hedging operations are considered to be derivatives held for trading. The conditions that must be satisfied for hedge accounting to be applied are as follows:

i) The financial derivative must hedge against the risk of changes in the value of assets and liabilities due to fluctuations in interest rates and/or exchange rates (fair value hedges), the risk of changes in the estimated cash flows generated by financial assets and liabilities, commitments and transactions deemed to be highly probable (cash-flow hedges) or the risk on the net investment in a foreign operation (hedge of net investments in foreign operations).

ii) The financial derivative should effectively eliminate some risk inherent to the hedged item or position for the entire scheduled term of the hedge. It must therefore be effective prospectively, effective at the time the hedge is contracted under normal conditions and effective retrospectively, and there must be sufficient evidence that the hedge will remain effective for the entire life of the hedged item or position.

To guarantee that hedges are effective prospectively and retrospectively, the Group uses the corresponding effectiveness tests, which demonstrate that the change in the fair value of the hedging instrument is closely correlated to the change in the fair value of the hedged item. Under current legislation, a hedge is assumed to be effective when the cumulative change in the fair value of the hedging instrument is between 80% and 125% of the cumulative change in the fair value of the hedged item. If a derivative that initially passed the effectiveness test subsequently ceased to satisfy the requirements, from this point onwards it would be classified for accounting purposes as a derivative held for trading and the rules for termination of hedges would be applied.

iii) Adequate documentary evidence must be kept to show that the financial derivative was contracted specifically to serve as a hedge for certain specific balances and transactions and to demonstrate the method by which the effectiveness of the hedge was intended to be achieved and measured, provided that this method is consistent with the manner in which the Group manages its own risks.

Hedges may be applied to individual items or balances or to portfolios of financial assets and liabilities. In the latter case, the set of financial assets or liabilities being hedged must share the same type of risk. This is deemed to be the case whenever the individual items hedged show a similar sensitivity to changes in the hedged risk.

The Bank implements its hedges using a variety of derivatives: interest rate, equity, currency, etc., based on the type of risk underlying the hedged asset. These take the form of interest rate swaps (IRS), call money swaps (CMS), forward rate agreements (FRA), interest rate futures, debt futures, equity index futures, equity futures, forward selling/buying of currencies, interest rate options, stock index options, stock options, currency options, options on interest rate structures, options on equity structures and equity swaps.

The Group's use of derivative hedging instruments, generally fair value hedges, is intended to hedge all or part of the risk of changes in the fair value of certain liabilities or deposits issued by the Bank against changes in interest rates or the fair value of certain equity and debt instruments in the "Financial assets at fair value through other comprehensive income" portfolio.

Financial derivatives embedded in other financial instruments or in host contracts are recognized separately as derivatives when their risks and other features are not closely related to those of the host contracts and when the host contracts are not classified as "Financial assets held for trading" or "Financial assets or liabilities designated at fair value through profit or loss".

e) Financial assets and financial liabilities – Financial instruments

Financial assets

Financial assets are included for measurement purposes in one of the following portfolios:

i) Financial assets at amortized cost.

ii) Financial assets at fair value through other comprehensive income.

iii) Financial assets mandatorily measured at fair value through profit or loss:

   a. Financial assets held for trading.

   b. Financial assets not held for trading mandatorily measured at fair value through profit or loss

iv) Financial assets designated at fair value through profit or loss

v) Derivatives – hedge accounting

Classification into the prior categories is based on two elements:

- the Group's business model for managing the financial assets, and
- the characteristics of the contractual cash flows from the financial assets.

<u>Business model</u>

The business model is the way financial assets are managed to generate cash flows. The business model is determined based on how a group of financial assets are managed to achieve a specific objective. It does not, therefore, depend on the group's intentions for an individual instrument but on a set of instruments.

The business models used by the Group are:

- Hold financial assets to collect their contractual cash flows (the "hold to collect" model): under this model, financial assets are managed with the aim of collecting their specific contractual cash flows and not to achieve an overall return by holding and selling assets. That said, such assets can still be sold before maturity under certain circumstances. Sales may be considered compatible with a hold-to-collect asset model when they are infrequent or immaterial, concern near-maturity assets, are motivated by a rise in credit risk or are used to manage concentration risk.

- Sale of financial assets.

- A combination of these two business models – holding financial assets to collect contractual cash flows and sale of financial assets (“hold to collect and sell” model): this model implies that asset sales will more frequent and higher value and that this is an essential part of the business model.

Characteristics of contractual cash flows from the financial assets

A financial asset must be initially recognized in one of two categories:

- Those whose contractual terms give rise, at specific dates, to cash flows that comprise solely payments of principal and interest on the outstanding principal.

- Other financial assets

For the purposes of this category, the principal of a financial asset is its fair value at initial recognition, which may change over the life of the asset, if parts of the principal are redeemed for instance. Interest is understood as the total consideration paid for the time value of money, for financing and structure costs and for credit risk associated to the amount of the principal outstanding during a specific period, plus a profit margin.

Classification of portfolios for measurement purposes

The Group classifies a financial asset, for measurement purposes:

- To the “Financial assets at amortized cost” portfolio, when the following conditions are met:

  a. it is managed using a “hold to collect” business model, and

  b. its contractual terms give rise at specific dates to cash flows that comprise solely payments of principal and interest on the outstanding principal.

- To the “Financial assets at fair value through other comprehensive income” portfolio, when the following conditions are met:

  a. it is managed using a “hold to collect and sell” business model, and

  b. its contractual terms give rise at specific dates, to cash flows that comprise solely payments of principal and interest on the outstanding principal.

- To the “Financial assets at fair value through profit and loss” portfolio: provided the Bank’s business model for the asset’s management or the characteristics of its contractual cash flows do not require it to be classified in any of the portfolios above.

- The "Financial assets mandatorily measured at fair value through profit or loss" portfolio includes all instruments that are:

    a. originated or acquired with the intention of their short-term sale.

    b. are part of a group of financial instruments identified and managed jointly for which there is evidence of recent actions to obtain short-term profits.

    c. derivative instruments that do not meet the definition of a hedging instrument and have not been designated as hedging instruments.

They represent an exception to the general measurement criteria described above for investments in equity instruments. In general, the Group opts to initially and irrevocably recognize as "Financial assets at fair value through other comprehensive income" any investments in equity instruments that are not classified as held for trading and which, if this option were not exercised, would be recognized as "Financial assets mandatorily measured at fair value through profit or loss".

The business model is not decided based on intentions for a single instrument but determined for a set of instruments in light of the frequency, volume and timing of sales in prior years, the reasons for these sales and expectations for future sales. Sales that are infrequent or immaterial, close to an asset's maturity, motivated by increases in the credit risk of the financial assets or used to manage concentration risk, among other reasons, can still be compatible with the hold-to-collect model.

If a financial asset includes a clause that can affect the timing or amount of contractual cash flows (such as early redemption or duration extension clauses), the Group determines whether the cash-flows to be generated over the lifetime of the instrument from the exercise of this clause are solely payments of outstanding principal and interest (the SPPI test). To do this, it looks at all contractual cash flows that may arise before and after the change in their timing or amount.

Also, where a financial asset allows for periodic adjustments to the interest rate but the timing of the adjustment does not coincide with the term of the benchmark interest rate (e.g. the interest rate is adjusted every three months based on an annual rate), the Group assesses the timing mismatch on initial recognition and decides whether the contractual cash flows represent solely payments of outstanding principal and interest.

Contractual terms that, on initial recognition, have minimal impact on cash flows or are conditional on exceptional and highly improbable events occurring (such as liquidation of the issuer) do not prevent the instrument being reported at amortized cost or fair value through other comprehensive income.

i) Derivatives – hedge accounting, which includes financial derivatives acquired or issued by the Group that qualify for hedge accounting.

ii) "Fair value changes to hedged items in a portfolio hedged for interest rate risk", which is the balancing entry to amounts credited to the consolidated income statement for changes in the value of portfolios of financial instruments whose interest rate risk is effectively hedged by fair value hedging derivatives.

iii) Investments in subsidiaries, joint ventures and associates which include equity instruments in Group companies, Jointly managed entities or Associates.

iv) Non-current assets and disposal groups held for sale which are of a financial nature, which correspond to the carrying amount of an item intended for sale (discontinued operations), either individually or as part of a disposal group or business unit, and whose sale is highly probable, in the current state of the assets, within one year of the reporting date of the consolidated financial statements. The carrying amount of these financial or non-financial items is expected to be recovered via their sale price. There are also other non-current assets held for sale which are non-financial in nature whose accounting treatment is explained in Note 2.n.

Recognition and measurement

All financial instruments are initially recognized at fair value. They are then remeasured at the end of each financial period according to the following criteria:

i) Financial assets are measured at fair value except for “Financial assets at amortized cost and investments in subsidiaries, joint ventures and associates and financial derivatives which have such instruments as their underlying and are extinguished via their delivery.

ii) The fair value of a financial assets at a particular date is understood as meaning the value for which it can be traded between fully informed parties in an arms’ length transaction. The best evidence of fair value is a trading price on an active market that provides an organized, transparent and deep market.

Where no market price is available for a particular financial assets, its fair value is estimated from recent transactions in similar instruments or, if this is not possible, from suitably tested valuation models. Also taken into account are the specifics of the asset being valued, particularly the various types of risk that it carries. Nonetheless, the inherent limitations of existing valuation techniques and any inaccuracies in the assumptions these techniques require may be such that the fair value resulting from such financial assets does not exactly coincide with the price at which it could be bought or sold on the measurement date.

iii) Financial assets at amortized cost are measured at amortized cost using the effective interest rate method. Amortized cost is understood as the acquisition cost of a financial asset adjusted for redemptions of principal and the portion taken to the consolidated income statement, via the effective interest rate method, of the difference between initial cost and redemption value at maturity less any impairment loss either recognized directly against its value or via an allowance account. For financial assets at amortized cost which are hedged by fair value hedges, changes in fair value arising from the risk or risks being hedged are recognized in the hedging transactions.

Nevertheless, changes in the carrying amount of instruments included in "Financial assets at fair value through other comprehensive income" are temporarily recognized under the "Accumulated other comprehensive income" equity item except where they arise from translation differences in the value of monetary financial assets. Amounts reported in "Accumulated other comprehensive income" continue to be reported as equity until the asset that gave rise to them is derecognized from the balance sheet, at which point they are cancelled against the consolidated income statement, being recognised under "Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net", in the case of debt instruments and "Other reserves", in the case of equity instruments.

In financial assets designated as hedged items and hedge accounting, measurement differences are recognized based on the following criteria:

i) In fair value hedges, differences in the hedges and in the hedged items, where these relate to the type of risk being hedged, are recognized directly in the consolidated income statement.

ii) Valuation differences relating to the inefficient portion of cash flow hedges and hedges of net investments in foreign operations are recognized directly in the consolidated income statement.

iii) In cash flow hedges, valuation differences arising from the effective portion of the hedges are temporarily recognized under equity in "Accumulated other comprehensive income".

iv) In hedges of net investments in foreign operations, valuation differences arising from the effective portion of the hedges are temporarily recognized under equity in "Accumulated other comprehensive income".

In the two latter cases, valuation differences are not recognized as income until losses or gains by the hedged item have been recognized in the consolidated income statement or the hedged item matures.

Financial liabilities

<u>Classification</u>

Financial liabilities are classified in the statement of financial position based on the following criteria:

i) "Financial liabilities held for trading" which include financial liabilities issued with a view to short-term reacquisition, are either part of a portfolio of jointly managed identified financial instruments where recent actions have been taken to realize short-term gains, or derivatives not designated as accounting hedges, or liabilities originating from a firm sale of temporarily purchased or borrowed financial instruments.

ii) “Financial liabilities designated at fair value through profit or loss” are financial liabilities that were designated as at fair value by the Group either on initial recognition or when it would more accurately reflect their real circumstances because:

- It eliminates or significantly reduces inconsistencies in the recognition or measurement that might arise from using different criteria to measure assets and liabilities or recognize their gains and losses.

- They constitute a group of financial liabilities or financial assets and liabilities managed, and whose returns are measured, based on their fair value using a documented strategy for risk management or investment and for which Key Managers can also see fair value information.

iii) “Financial liabilities at amortized cost” are those not included under any other heading of the consolidated statement of financial position and that arise in the course of banks’ ordinary deposit-taking activities, irrespective of the type of instrument and residual term to maturity.

iv) “Derivatives– hedge accounting” are financial derivatives acquired or issued by the Group that qualify for hedge accounting.

v) “Fair value changes to hedged items in portfolio hedges for interest rate risk”, which is the balancing entry to amounts credited to the consolidated income statement for changes in the value of portfolios of financial instruments whose interest rate risk is effectively hedged by fair value hedging derivatives.

vi) “Shares redeemable on demand” are financial instruments issued by the Group which, although legally capital, do not meet the requirements to be classed as equity. They are measured as “Financial liabilities at amortized cost” except those the Group has designated as “Financial liabilities designated at fair value through profit or loss” and which qualify for such treatment.

vii) “Liabilities included in disposal groups held for sale” are the credit balances originating from “Non-current assets and disposal groups held for sale”.

<u>Recognition and measurement</u>

Financial liabilities are recognized at amortized cost on the same basis as financial assets, except for:

i) Financial liabilities included in “Financial liabilities held for trading” and “Financial liabilities designated at fair value through profit or loss” which are carried at fair value on the same basis as financial assets. Financial liabilities hedged by fair value hedges are adjusted and the corresponding changes in fair value attributable to the risk being hedged are booked under “Micro hedging” account of the item to which the financial liabilities belong.

ii) Financial derivatives that have as their underlying a capital instrument whose fair value cannot be established with sufficient objectivity and which is settled by delivery of the instrument are measured at cost.

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Changes in the carrying amount of financial liabilities are generally recognized with a balancing entry in the consolidated income statement. Different treatment is applied to changes that originate from the payment of interest and similar items, which are recognized under “Interest expense”, and those originating from other causes, which are recognized at net value under “Gains or (-) losses on financial assets and liabilities held for trading, net”, “Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net” or “Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net” in the consolidated income statement.

Income and expense from financial assets and liabilities

Income and expense from financial instruments at amortized cost are recognized in accordance with the following criteria:

a) Accrued interest is recorded on the consolidated income statement, applying the transaction’s effective interest rate to its gross carrying amount (except doubtful assets, where interest is charged on net carrying amount).

b) Other changes in value are recognized as income or expense when the financial instrument is derecognized from the statement of financial position, reclassified or when financial assets generate impairment losses or gains for reversals of such losses.

Income and expense from financial instruments at fair value through profit or loss are recognized in accordance with the following criteria:

a) Changes in fair value are recognized directly in the consolidated income statement, distinguishing, in the case of instruments that are not derivatives, between the portion attributable to income accrued on the instrument, which will be recognized as interest or dividends as applicable, and the rest of the change in fair value, which will be recognized in “Gains (losses) on financial assets and liabilities” for the applicable item.

b) Accrued interest on debt instruments is calculated using the effective interest method.

Exceptionally, where applicable, the Group must recognize changes in the value of a financial liability designated at fair value through profit or loss as follows:

a) the portion of the change in the financial liability’s fair value attributable to changes in its own credit risk are recognized in other comprehensive income, and then taken directly to reserves if the financial liability is derecognized, and

b) the rest of the fair value change is taken to “Profit for the year”.

Income and expense from financial assets at fair value through other comprehensive income are recognized in accordance with the following criteria:

a) Accrued interest and, if applicable, accrued dividends are recognized in the consolidated income statement. Interest is treated in the same way as for assets at amortized cost.

b) Translation differences are recognized in the consolidated income statement in the case of monetary financial assets and in other comprehensive income for non-monetary assets.

c) In the case of debt instruments, impairment losses or reversals are recognized in the consolidated income statement.

d) Other value changes are recognized in other comprehensive income.

As a result, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in profit for the year will be the same as for instruments measured at amortized cost.

When a debt instrument at fair value through other comprehensive income is derecognized, the gain or loss accumulated in equity is reclassified to profit for the period. In contrast, when an equity instrument at fair value through other comprehensive income is derecognized, the gain or loss in accumulated other comprehensive income is not recycled to the income statement but to reserves.

For each of the above portfolios, recognition would change if the instruments formed part of a hedging relationship.

Reclassification of financial instruments between portfolios

Only in the circumstances that the Group changes its business model for managing financial assets, all affected assets are reclassified as follows. This reclassification is done prospectively from the date of the reclassification, with no need to review previously recognized gains, losses or interest. Changes in business model are generally very rare, but the following circumstances may arise:

i) If the Group reclassifies a debt instrument from amortized cost to fair value through profit or loss, the Group must estimate its fair value at the reclassification date. Any resulting gain or loss, due to a difference between the previous amortized cost and fair value, is recognized in the consolidated income statement.

ii) If the Group reclassifies a debt instrument from fair value through profit or loss to amortized cost, the fair value of the asset at the reclassification date becomes the new gross carrying amount.

iii) If the Group reclassifies a debt instrument from amortized cost to fair value through other comprehensive income, the Bank must estimate its fair value at the reclassification date. Any resulting gain or loss, due to differences between the previous amortized cost and fair value, is recognized in other comprehensive income. The effective interest rate and estimated expected credit loss are not adjusted as a result of this reclassification.

iv) If a debt instrument is reclassified from fair value through other comprehensive income to amortized cost, the asset is booked at its fair value at the reclassification date. Any accumulated gain or loss recorded in equity under “Accumulated other comprehensive income” is cancelled against the carrying amount of the asset at the reclassification date. The debt instrument is valued at the reclassification date as though it had always been carried at amortized cost. The effective interest rate and estimated expected credit loss are not adjusted as a result of this reclassification.

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v) If the Group reclassifies a debt instrument from fair value through profit or loss to fair value through other comprehensive income, the financial asset continues to be carried at fair value and previously recognized value changes are unchanged.

vi) If the Group reclassifies a debt instrument from fair value through other comprehensive income to fair value through profit or loss, the financial asset continues to be carried at fair value. Any accumulated gain or loss recorded in equity under "Accumulated other comprehensive income" is transferred to the income statement at the reclassification date.

vii) When an investment in a subsidiary, joint venture or associate ceases to be reported as such any remaining investment is measured at fair value at the reclassification date. Any resulting gain or loss due to differences between the previous carrying amount and fair value is booked to profit or loss or other comprehensive income based on how the investment is to be subsequently measured.

In 2022, a number of financial assets were also reclassified between portfolios. For details see Note 9 on "Financial assets at fair value through other comprehensive income". In 2021 there was no reclassification of financial instruments between portfolios and no sales of financial assets at amortized cost/held to maturity.

f) Transfers and derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets depends on the degree to which the associated risks and rewards are transferred to third parties. The following cases can be distinguished:

I. If substantially all the risks and rewards are transferred, the transferred financial asset is derecognized and any right or obligation retained or created in the transfer recognized separately.

II. If substantially all the risks and rewards associated with the transferred financial asset are retained, the transferred financial asset is not derecognized and continues to be measured by the same criteria used before the transfer. Nonetheless, in these cases the following items are recognized:

- An associated financial liability for an amount equal to the payment received, which is subsequently measured at amortized cost.

- Both the income generated by the transferred (but not derecognized) financial asset and the expense generated by the new financial liability.

III. If substantially all the risks and rewards associated with the financial asset transferred are neither transferred nor retained, the following distinction is made:

- If the Bank does not retain control, the transferred financial asset is written off and any right or obligation retained or created in the transfer is recognized.

- If the Bank retains control of the transferred financial asset, the asset continues to be recognized on the reporting date at an amount equivalent to its exposure to potential changes in value and a financial liability associated with the transferred asset is recognized. The net amount of the transferred asset and associated liability will be the amortized cost of the rights and obligations retained, if the transferred asset is measured at amortized cost, or the fair value of the rights and obligation retained, if the transferred asset is measured at fair value.

As a result, financial assets are only derecognized from the consolidated statement of financial position when the cash flows they generate have been extinguished or the implied risks and benefits have been substantially transferred to third parties. Likewise, financial liabilities are only derecognized once the obligations they generate have been extinguished or they have been acquired with a view to their cancellation or reissue.

At 31 December 2022 and 2021, the Group had no assets transferred prior to 1 January 2004, which, in accordance with previous regulations were derecognized from the consolidated balance sheet.

g) Impairment of financial assets and other credit exposures

The Group applies impairment requirements to debt instruments at amortized cost or fair value through other comprehensive income and other exposures that carry credit risk, such as loans and advances, financial guarantees given and other commitments given.

The IFRS 9 approach to impairment is to recognize expected credit loss on transactions, measured collectively or individually, considering all reasonable and supportable information available, including forward-looking information.

Impairment losses over the period in debt instruments are recognized as an expense in “Impairment of value or (-) reversal of impairment of financial assets not measured at fair value through profit or loss and net modification gains or losses” in the consolidated income statement. Impairment losses are recognized against an allowance account that reduces the carrying amount of the assets.

Hedges of impairment losses on credit risk exposures other than debt instruments are recognized as a provision in “Provisions – Commitments and guarantees given” on the liability side of the balance sheet. Write-downs and reversals of these hedges are recognized under “Provisions or (-) reversals” on the consolidated income statement.

The criteria for impairment by type of instrument and accounting portfolio are as follows:

Debt instruments measured at amortized cost

The Group determines its impairment losses by monitoring debtors individually, including all debtors of material amounts, and collectively, for groups of financial assets with similar credit risk characteristics indicative of the debtors’ capacity to pay the amounts outstanding. When a specific instrument cannot be classified in a group of assets with similar risk characteristics it is assessed only individually to determine if it has been impaired and, if so, to estimate the impairment loss.

The Group has policies, methods and procedures to estimate potential losses from its credit risk as a result of counterparty insolvency or country risk. These policies, methods and procedures cover the concession, amendment, measurement, monitoring and control of debt instrument transactions and off-balance sheet exposures, the identification of any impairment and, where applicable, the calculation of amounts needed to cover estimated losses.

Accounting classification in light of insolvency credit risk

The Group has defined criteria to identify creditors presenting weaknesses or objective signs of impairment and rank them according to their credit risk.

The following sections set out the principles of and methodology used by the Group for its classification.

Classification categories

Debt instruments not included as "Financial assets held for trading" and off-balance sheet exposures are classified, based on their insolvency credit risk, as either:

i. Standard risk (Phase 1):

   a) Transactions that do not meet the criteria for any other classification.

ii. Standard risk on special watch (Phase 2): transactions that do not meet the criteria to be classed as individually doubtful or written off, but whose solvency shows weaknesses that may lead to greater losses than similar risks classified as standard.

iii. Doubtful risk (Phase 3):

   a) On grounds of arrears: transactions where a contractual payment of principle, interest or expenses is, in general, more than 90 days overdue but not classed as written off. This category also includes guarantees given when the recipient of the guarantee is in arrears on the guaranteed transaction. Also, all sums owed by a particular borrower when they are, in general, more than 90 days overdue on loans representing more than 20% of the total amounts pending payment.

   b) For reasons other than arrears: transactions that, while not qualifying as doubtful or written off on grounds of arrears, present reasonable doubt as to the recovery of the whole of the contractual amounts, or off-balance sheet exposures that are not classed as doubtful on grounds of arrears but whose payment by the Group is probable and whose recovery doubtful.

iv. Write-offs:

This category includes all debt instruments, whether overdue or not, where the probability of recovery, individually assessed, is considered to be remote due to a clear or irrecoverable impairment of the solvency of either the transaction or the borrower. Assets classified as written off are automatically derecognized and provisioned for the full gross carrying amount of the transaction.

Transaction classification criteria

The Group uses a range of criteria to classify borrowers and transactions into various credit risk categories. These include:

i. Automatic criteria,

ii. Specific criteria for refinancing, and

iii. Criteria based on monitoring models, supported by monitoring specific parameters.

The automatic factors and specific classification criteria for refinancing constitute a classification and clean-up process that is applied to the whole portfolio. In addition, to help early identification of weakness and impairment, the Group has a monitoring model that prescribes appropriate management procedures for debts according to their different levels of default risk.

Transactions classed as doubtful are reclassified as standard risk when, as a result of having collected all or part of the amounts owed, in the case of doubtful loans on grounds of arrears, or having successfully completed the clean-up period, in the case of doubtful loans for other reasons, the original motivation for their classification as doubtful has disappeared, unless there are other reasons to retain this classification, such as the borrower being more than 90 days overdue on other outstanding credit transactions.

Using these procedures, the Group classifies its borrowers as standard on special watch or doubtful on grounds of arrears or maintains them as standard risk.

The Group has set an exposure threshold of EUR 3,000 thousand, beyond which borrowers are deemed to be material. This classification includes risks which have been manually classified – i.e. not because of automatic classification criteria – as doubtful risks for reasons other than arrears, such as transactions that no longer have substantial amounts more than 90 days overdue but have not been reclassified as standard risks because of the borrower's arrears on other debts – and transactions identified as at "no appreciable risk" or guaranteed by third parties posing "no appreciable risk" but classified as doubtful on grounds of arrears or for other reasons.

Refinancing and restructuring transactions

The Group's credit risk management policies and procedures ensure careful monitoring of borrowers and provisions are taken on any indication that their solvency may be impaired. The Group recognizes insolvency provisions on any restructuring/refinancing transaction where the position of their borrower so requires, when the transactions are arranged. Restructuring/refinancing transactions are defined as follows:

- Refinancing transaction: transactions undertaken for economic or legal reasons related to existing or expected financial difficulties of the borrower. They involve the Bank or other Group entities cancelling one or more credit arrangements to the borrower or another company or company in its economic group, or recognising them as fully or partly paid, to make it easier for the borrowers to pay their debt (principal and interest) where they are unable, or expect to be unable, to meet their repayment terms on time.

- Restructuring transaction: the financial terms of a transaction are amended for economic or legal reasons related to existing or expected financial difficulties of the borrower to make it easier for them to pay their debt (principal and interest) where they are unable, or expect to be unable, to meet their repayment terms on time, even when such an amendment is allowed for in the original agreement. A transaction is always considered to be a restructuring if its terms are amended to extend the maturity, the repayment schedule is amended to reduce the size of repayments in the short term or reduce their frequency or extend the grace period for payment of principal, interest or both, except where the terms and conditions are amended for reasons other than the borrower's financial difficulties and are similar to the market terms that other lenders would offer to similar risks.

If a transaction is classified to a particular risk category, refinancing cannot improve its risk profile. Refinanced transactions are initially classified by their characteristics, mainly related to the financial difficulties of the borrower, and include a number of clauses such as extended grace periods.

In general, the Group classifies refinancings and restructurings as standard risk on special watch, unless they meet the criteria for doubtful loans. Exceptionally, the Group may class some refinanced or restructured transactions as standard risk (if they have cash guarantees, are underwritten by a mutual guarantee society or public sector company guarantor or if the guarantees have been increased). Also, the Group assumes there is a restructuring or refinancing in the following circumstances:

- When all or some payments were more than 60 days overdue (without being classed as doubtful risk) at least once in the three months before the transaction was amended or would have been more than 60 days in arrears without such amendment.

- When, on or around the time the additional financing is granted, the borrower has paid principal or interest on another transaction all or some of which were more than 60 days overdue during the three months before the refinancing.

- When the Bank has approved the application of implied restructuring or refinancing clauses on debtors with payments more than 60 days overdue or which would have been 60 days in arrears without the application of these clauses.

These types of transaction are specifically flagged in the IT system so that they can be appropriately accounted for and monitored.

Once initially classified, any transaction can only be reclassified to a lower risk category where this is justified by significant evidence of an improvement in the outlook for the transaction's recovery, whether because the borrower has been meeting its payment obligations on schedule for a long time, because a significant percentage of the initial debt has been repaid, because more than 2 years have passed since the approval date of the transaction or because the borrower has no other transaction more than 30 days overdue at the end of the trial period.

Calculation of coverage

The Group applies the criteria set out below to calculate the coverage provided for credit risk losses.

Transactions identified as having no appreciable risk (fundamentally, with central banks, financial institutions, mutual guarantee societies and government transactions, all in the EU or certain countries considered to be risk-free) are assigned 0% coverage, unless classed as doubtful in which case an individual estimate of impairment loss is made.

Individual estimates of coverage

The following exposures are individually estimated:

i. Coverage of doubtful loans of individually material borrowers (risks above EUR 3,000 thousand).

ii. Any transactions or borrowers whose characteristics make a collective impairment calculation impossible.

iii. Coverage of transactions identified as having no appreciable risk which are classified as doubtful, either on grounds of arrears or for reasons other than arrears.

The Group has developed a methodology for estimating such coverage, calculating the difference between the gross carrying amount of the transaction and the present value of estimated cash flows that it expects to collect, discounted at the effective interest rate. In such cases any effective guarantees received are taken into consideration.

Two methods are used to calculate the recoverable amount of individually valued assets:

i. Estimated cash flows: debtors whose estimated capacity to generate future cash flows through the development of their own business makes it possible, by the development of the borrower's business and their financial structure, to repay part or all of the contracted debt. This involves estimating the cash flows that the borrower will earn from the conduct of their business. Additionally, such cash flows may be supplemented by sales of assets that are not essential to generating cash flows from the business.

ii. Execution of guarantees: debtors who cannot generate cash flows from their own business, who will have to liquidate assets to meet their debt payments. This involves estimating cash flows based on the execution of guarantees.

Collective estimates of coverage

The following exposures are collectively estimated:

i. Exposures classified as standard risk (including those classified as on special watch).

ii. Exposures classified as doubtful that are not measured by individual estimates of coverage.

The impairment assessment takes into account all credit exposures, debt instruments and off-balance sheet exposures. The Group has applied Bank of Spain parameters and methodology, based on data and statistical models that aggregate average behaviour across the whole Spanish banking sector and provide full compatibility with IFRS, to define the classification and assessment of impairment in the Group's on- and off-balance sheet exposures to its customers. The methodology considers, among other points, the credit risk segment of the transaction, real and effective personal guarantees received, the debtor's financial position and, where applicable, the age of amounts overdue.

In estimating coverage for credit risk losses, the recoverable amount of property collateral is calculated by adjusting the benchmark value for any uncertainty in the estimate and potential falls in value before foreclosure and sale, as well as foreclosure, maintenance and selling costs.

The Group determines the recoverable amount of real effective guarantees at their benchmark value less haircuts, based on experience and information available to the Spanish banking sector, in accordance with the methodology required by IFRS and other regulations in force.

Classification and coverage for credit risk derived from country risk

Country risk is the risk affecting counterparties living in a certain country due to circumstances other than the normal run of business: sovereign risk, transfer risk or risks derived from international financial activity. The Bank groups transactions with third parties based on countries' economic performance, political situation, regulatory and institutional structure, payment capacity and experience, assigning each group the percentage insolvency provisions prescribed by regulations in force.

Transactions are classed as doubtful assets due to materialisation of country risk where the final debtors are resident in countries facing prolonged difficulty in servicing their debt and the possibility of repayment is considered doubtful and where the chances of recovering off-balance sheet exposures are considered remote due to circumstances attributable to the country.

Provisions for this risk are immaterial compared to coverage for impairment constituted by the Group.

Guarantees

Real and personal guarantees are deemed to be effective when the Group can show that they validly mitigate credit risk. Analysis of the effectiveness of guarantees takes into account, among other matters, the time it would take to execute the guarantees and the Group's capacity and experience in doing so.

In no case are guarantees considered effective if their effectiveness depends substantially on the creditworthiness of the debtor or any group to which it may belong.

Subject to these conditions, the following types of guarantee can be considered effective:

i. Property guarantees structured as first charge mortgages:

   a) Finished buildings and parts of buildings:

      - Residential properties.
      - Offices, commercial premises and multi-use units.
      - Other buildings, such as non-multi-use units and hotels.

   b) Urban and licensed urbanisable land.

   c) Other real property (buildings, parts of buildings and other land plots).

ii. Pledges of financial instruments:

   - Cash deposits.
   - Debt or equity securities issued by issuers of recognized creditworthiness.

iii. Other real guarantees:

   - Movable goods deposited in guarantee.
   - Second and lower-ranking mortgages on buildings.

iv. Personal guarantees which engage the direct and joint liability of the new guarantors to the customer. Guarantors must be people or entities of demonstrable solvency for the purpose of guaranteeing the full repayment of the transaction on the terms agreed.

The Group applies measurement criteria for real collateral against assets in Spain compliant with regulations in force. In particular, the Group applies criteria to the selection and contracting of suppliers of appraisers designed to guarantee their independence and the quality of their valuations. All appraisers are appraisal companies and agencies registered in the Bank of Spain's Special Register of Appraisal Companies and valuations are carried out using criteria set by Ministerial Order ECO/805/2003 on measurement standards for property and certain rights for financial purposes.

Property posted as collateral for loans and buildings are appraised at the time the loan is granted or recognized, in the case of buildings either on purchase, foreclosure or grant in payment and when the asset suffers a significant fall in value. The discounting criteria prescribed in Bank of Spain Circular 4/2017 are applied.

Debt instruments at fair value

Impairment losses on debt securities classed as “Financial assets at fair value through other comprehensive income” are equal to the positive difference between acquisition cost (net of any principal repayments) and fair value less any impairment loss previously recognized in the consolidated income statement.

Where there is objective evidence that the decline in fair value is due to impairment, the unrealized losses recognized in “Accumulated other comprehensive income” in equity are taken directly to income. If all or part of the impairment loss is subsequently recovered, the corresponding amount is recognized in the income statement for the period when it is recovered.

In the case of debt securities recognized as “Available-for-sale financial assets” and/or “Financial assets held for trading”, the Group deems them to be impaired if any payment of principal or interest is more than 90 days in arrears or if they have lost more than 40% of their cost value and credit rating.

In the case of debt instruments transferred to “Non-current assets and disposal groups held for sale” losses previously recorded in equity are considered to be realised and recognized in the consolidated income statement on their transfer.

Equity instruments

Impairment losses on equity instruments classed as “Financial assets at fair value through other comprehensive income” are equal to the positive difference between acquisition cost (net of any principal repayments) and fair value less any impairment loss previously recognized in the consolidated income statement.

Where there is objective evidence that the decline in fair value is due to impairment, the unrealized losses recognized in “Accumulated other comprehensive income” in consolidated equity are taken directly to “Other consolidated reserves”. If all or part of the impairment loss is subsequently recovered, the corresponding amount is recognized under “Accumulated other comprehensive income” in consolidated equity.

In the case of equity instruments transferred to “Non-current assets and disposal groups held for sale” losses previously recorded in equity are considered to be realised and recognized in the consolidated income statement on their transfer.

In the case of investments in associates, the Group estimates the amount of impairment losses by comparing their recoverable amount to their carrying amount. Impairment losses are recognized in consolidated income as they occur and subsequent recoveries are recognized in income in the period in which the recovery takes place.

The depreciation periods and methods used for each tangible asset item are reviewed by the Group as a minimum at the end of each reporting period. Upkeep and maintenance expenses that do not improve the productivity or extend the useful life of the respective assets are charged directly to the consolidated income statement when incurred.

At each closing date, the Group reviews whether there are internal or external indications that the net value of its tangible asset items exceed their recoverable amount. If so, it writes down the carrying amount accordingly and reduces future depreciation charges to match the new carrying amount and the remaining useful life, where this has been re-estimated. Any such reduction to the carrying amount of property and equipment for own use is charged to “Net impairment/(reversal) of non-financial assets – Tangible assets” in the consolidated income statement.

Similarly, where there are indications that property or equipment has recovered previously impaired value, the Group reverses the prior period impairment loss, through a credit to “(Impairment or (-) reversal of impairment on financial assets) – Tangible assets” in the consolidated income statement and adjusts future depreciation charges accordingly. Reversals can never increase the carrying amount of an asset above its initial pre-impairment value.

Tangible assets are derecognized from the consolidated statement of financial position when they are disposed of, including if assigned under finance leases, or when they are permanently withdrawn from use and no future economic benefits are expected to be obtained from their disposal, assignment or abandonment. The difference between the sale price and carrying amount is recognized in the consolidated income statement for the period in which the asset is derecognized.

j) Leasing

I. Finance leases

Finance leases are those that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Factors that the Group considers when deciding whether a lease is a finance lease include the following:

- Whether the lease covers most of the asset’s useful life.

- Whether the exercise price of the purchase option is less than the residual fair value of the asset when the lease ends.

- Whether at the inception of the lease the present value of the minimum lease payments amounts to substantially all of the fair value of the asset.

- Whether the use of the asset is confined to the lessee.

When the Group acts as lessor of an asset in a finance lease, the summed present values of the amounts the lessee will receive plus guaranteed residual value, usually taken to be the exercise price of the lessee's call option at the end of the contract, are recognized as third-party finance, and are therefore included in "Loans and receivables" on the consolidated statement of financial position, based on the nature of the lessee.

When the Group acts as lessee in a finance lease, the cost of the leased assets is presented in the statement of financial position according to the type of asset leased and a liability for the same amount simultaneously recognized. This amount is determined as the lower of the fair value of the leased asset and the present value of all amounts payable to the lessor plus, where relevant, the exercise price of the call option. These assets are depreciated on the same basis as property and equipment for the Group's own use (Note 2.i.).

In both cases, the finance income and finance expense generated by the lease contracts are credited or debited to "interest income" or "interest expense", respectively, discounted to present at the effective interest rate of the transactions as prescribed in Bank of Spain Circular 4/2017.

II. Operating leases

Lease accounting differentiates between leases where the Group acts as lessee and those there it acts as lessor:

i. The Group acts as lessee

At the start of any contract the Group assesses whether it is or contains a lease. Where it is found to be or contain a lease, the Group books an asset on its statement of financial position, representing its right to control the use of the leased asset for a set period. At the same time, it recognizes a lease liability representing the Group's obligation to make the outstanding payments for use of the underlying asset.

Exceptions to this treatment apply to short-term leases (with terms of 12 months or less) or those where the underlying assets are of low value. For these two types of lease, the Group recognizes the lease payments as expenses on a straight-line basis over the lease period under "Administrative expenses – Other general administrative expenses" on the consolidated income statement.

At the start date of the lease, the Group recognizes a lease liability on the underlying asset at the present value of the outstanding lease payments at that date, discounted at the lease's implied interest rate, if this can be easily determined. If not, the rate the Group pays on the financing it used to acquire the asset is used. The lease liability is recognized under "Financial liabilities at amortised cost – Other financial liabilities" on the statement of financial position. Meanwhile, the finance expense associated with the lease liability is recognized under "Interest expense – Financial liabilities at amortised cost" on the consolidated income statement. The lease liability is measured initially as the carrying amount plus the present value of the interest payments discounted at the effective interest rate, which then reduces as lease payments are made.

The right-of-use asset is initially recognized under “Tangible assets – Property and equipment” on the statement of financial position, at the value of the lease liability adjusted for any payments made at or before the start date, initial direct expenses or the cost of dismantling or eliminating the underlying asset or returning it to the condition specified in the contract.

Thereafter, the right-of-use asset is adjusted to reflect:

- Accumulated depreciation. The right-of-use asset is depreciated over the shorter of the useful life of the underlying asset and the lease term. Annual depreciation writedowns are recognized with a balancing entry under “Depreciation and amortization” on the consolidated income statement.

- Any impairment losses recognized under “Impairment or (-) reversal of impairment on financial assets” on the consolidated income statement.

- Any change in valuation of the lease liability.

The criteria used for depreciation, estimating useful lives and recognizing any impairment losses are the same as those applied to tangible assets for own use, described in Note 2.i.).

Variable lease payments that are not benchmarked to an index or interest rate are not included when measuring the lease liability or corresponding right-of-use asset. They are instead recognized as an expense for the period under “Administrative expenses – Other general administrative expenses” on the consolidated income statement.

ii. The Group acts as lessor

Leases where the Group acts as lessor are classified as finance or operating leases. Where analysis of the lease conditions indicates that substantially all the risks and benefits of the leased asset are transferred to the lessee, the contract is classified as a finance lease. All other cases are classified as operating leases.

k) Intangible assets

Intangible assets are non-monetary assets that are without physical substance. They are deemed to be identifiable when they are separable from other assets – i.e. they can be individually disposed of, let or transferred – or when they arise from contractual or other legal rights. An intangible asset is recognized when, besides satisfying the above definition, the Group considers it probable that the economic benefits arising from the asset will be realized and its cost can be measured reliably.

Intangible assets are initially recognized at cost of acquisition or production and subsequently measured at cost less any accrued amortization or impairment loss.

Goodwill

Goodwill corresponds to payments made by the Group in anticipation of future economic benefits deriving from assets of an acquired entity that cannot be individually and separately identified and recognized. It is recognized only when acquired for consideration in a business combination.

Positive differences between the acquisition cost of interests in the capital and the corresponding carrying amounts of the assets acquired, adjusted on the date of first consolidation, are recognized as follows:

i) If the excess can be assigned to specific assets or liabilities of the companies acquired, it is added to the value of assets whose market value is higher than the carrying amount stated in the consolidated statement of financial positions of the companies acquired, or subtracted from the value of liabilities whose market value is lower than the carrying amount. The accounting treatment is similar to that of the corresponding Group assets or liabilities, respectively.

ii) Where differences can be assigned to specific intangible assets, they are explicitly recognized in the consolidated statement of financial position provided their fair value at the acquisition date can be measured reliably.

iii) The remaining amount is recognized as goodwill, which is allocated to one or more specific cash-generating units.

Negative differences between the acquisition cost of interests in the capital of associates and the corresponding carrying amounts of the assets acquired, adjusted on the date of first consolidation, are recognized as follows:

i) If the difference can be assigned to specific assets or liabilities of the companies acquired, it is added to the value of liabilities whose market value is higher than the carrying amount stated in the consolidated statement of financial position of the companies acquired, or subtracted from the value of assets whose market value is lower than the carrying amount, where the accounting treatment is similar to that of the Group’s equivalent liabilities or assets, respectively.

ii) Unassignable amounts are recognized in the consolidated income statement for the year when the acquisition took place.

The remaining intangible assets are divided into two groups: those with an indefinite useful life when, based on analysis of all relevant factors, there is no foreseeable limit to the period when they are expected to generate net cash flows to the Group, and those with a finite useful life. Intangible assets with an indefinite useful life are not amortized. At each reporting date, the Group reviews their remaining useful life to determine whether it can still be considered indefinite and, if not, makes the corresponding accounting changes. Intangible assets with a finite useful life are amortized over that life using similar criteria to the depreciation of property and equipment.

The Group also recognizes any impairment loss to the carrying amount of these assets, with a balancing entry in the consolidated income statement. The criteria for recognising impairment losses in these assets and any recoveries of previously recognized impairment are similar to those used for tangible assets.

l) Inventories

Inventories include, inter alia, land and other property held by the Group for sale as part of its real estate development activities and any other assets, other than financial instruments, that are held for sale in the ordinary course of its business and are in the process of production, construction or development.

Inventories are carried at the lower of cost, including all costs of acquisition or transformation and other direct and indirect costs incurred to create their current condition and location, and net realisable value. Net realisable value is defined as the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs of sale.

The cost of inventory items that are not tradable in the normal course of business and the cost of goods and services produced and reserved for specific projects are determined individually for each case. The cost of other inventories is determined using the first-in, first-out method (FIFO).

Both reductions and subsequent recoveries in the net realisable value of inventories are recognized in income for the year in which they occur.

In the event of their sale, the carrying amount of inventories is derecognized from the consolidated statement of financial position and recycled to the consolidated income statement as an expense under “Other operating expenses” for the same period in which the revenue from their sale is recognized under “Other operating income”.

m) Provisions and contingent exposures

The Group makes a distinction between provisions and contingent liabilities. Provisions are defined as present obligations of the Group arising as a result of past events, which are specific in nature at the reporting date but uncertain as to their amount or timing of cancellation, which the Group expects to cancel on maturity through an outflow of resources embodying economic benefits.

Such obligations may arise for the following reasons:

i) A legal or contractual requirement.

ii) An implicit or tacit obligation, arising from a valid expectation created by the Group in respect of third parties that it will assume certain kinds of responsibilities. Such expectations arise when the Group publicly accepts responsibilities, and derive from past performance or business policies in the public domain.

iii) Near certain changes in the regulations on certain issues.

In particular, draft legislation with which the Group will be required to comply.

Contingent exposures are possible obligations of the Group that arise out of past events which are contingent upon the occurrence or non-occurrence of one or more future events over which the Group does not have control.

Contingent exposures include present obligations of the Group where an outflow of funds including economic benefits is unlikely to be required to settle them or, in extremely rare cases, where the amount of the obligation cannot be measured reliably.

Provisions and contingent exposures are classified as probable when they are more likely to occur than not, possible when they are less likely to occur than not, and remote when their occurrence is extremely rare. The Group includes in the consolidated financial statements all significant provisions and contingent exposures in respect of which the probability of the obligation having to be met is greater than the probability of its not having to be met.

Contingent exposures classified as possible are not recognized in the consolidated financial statements, but are reported, unless the likelihood of an outflow of funds including economic benefits being required is considered remote. Provisions are quantified on the basis of the best available information on the consequences of the event at their origin and are estimated at the close of each accounting period.

They are used to cover the specific obligations for which they were recognized and are reversed in full or in part when such obligations cease to exist or are reduced. Provisions for commitments and guarantees given include the amount of the provisions established to cover contingent commitments given – defined as transactions where the Group guarantees the obligations of a third party as a result of financial guarantees granted or contracts of another kind – and contingent commitments – defined as irrevocable commitments that could give rise to the recognition of a financial asset – and the amount of other provisions established by the Group.

<u>Ongoing lawsuits and/or claims</u>

At 31 December 2022 and 2021 a number of lawsuits and claims had been filed against the Group as a result of the normal conduct of its business. Both the Bank's legal advisors and its directors are of the view that the outcome of these proceedings and claims will have no significant effect beyond that provisioned in the accompanying consolidated financial statements, totalling EUR 35,507 thousand at 31 December 2022 (EUR 36,421 thousand at 31 December 2021), recorded under "Provisions – Other provisions" (Note 18) on the consolidated balance sheet.

n) Non-current assets and liabilities and disposal groups held for sale

“Non-current assets and disposal groups held for sale” on the consolidated statement of financial position include the carrying amount of items intended for sale (discontinued operations), either individually or as part of a disposal group or business unit, and whose sale is highly probable, in the current state of the assets, within one year of the reporting date of the consolidated financial statements. Also classed as “Non-current assets and disposal groups held for sale” are investments in associates that meet the same criteria.

The carrying amount of these items, which may be financial or non-financial assets, is expected to be recovered via their sale price rather than through their continued use.

And so, real estate or other non-current assets received by the group as full or part payment of its debtors’ obligations are reported under “Non-current assets and disposal groups held for sale” unless the Group has decided to make continuing use of these assets.

Also, “Liabilities included in disposal groups held for sale” include credit balances of the Group’s disposal groups and discontinued operations.

Non-current assets and disposal groups held for sale are generally measured at the lower of carrying amount at the time they are classified as such and their estimated fair value net of costs to sell, except those of a financial nature. For as long as they remain classified as “Non-current assets and disposal groups held for sale” tangible and intangible assets that would normally be depreciated or amortized are not.

Foreclosed assets or assets received in settlement of debt, whatever the legal procedures that led to this outcome, are initially recognized at the lower of the carrying amount of the associated financial asset, i.e. amortized cost less any estimated impairment, and fair value at the time of foreclosure or receipt less estimated costs to sell.

Fair value is taken to be the market value measured by full appraisal of each asset less costs to sell. All costs of the foreclosure process are recognized immediately in the consolidated income statement for the year the foreclosure took place. Registration fees and taxes paid may be added to the value initially recognized provided that their addition does not raise this amount above the appraisal value less estimated costs to sell referred to in the previous paragraph.

All costs to maintain and protect the asset incurred between foreclosure and sale, such as insurance or security, are taken to consolidated income as accrued. Subsequently, this appraisal value is updated in line with a benchmark valuation used to estimate fair value. When measuring fair value less costs to sell, the Group takes into account appraisals by different appraisal companies all of whom are registered in the Bank of Spain Special Register and the discounts to benchmark value estimated by the Bank of Spain on the basis of past experience and information held by the Spanish banking sector. Also, when a building has a fair value of EUR 250,000 or less it is updated using automated valuation models. Any buildings that have remained on the balance sheet for three years undergo a full reappraisal in any event. Also, the appraisal company that updates the valuation is different from the one that carried out the previous valuation.

Where the carrying amount exceeds the fair value of the assets less costs to sell, the Group adjusts the carrying amount of assets by the difference, with an offsetting entry in “Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations” on the income statement. In the event of any subsequent rise in the fair value of assets, the Group reverses previously taken losses, increasing the book value of the assets up to the pre-impairment amount, with an offsetting entry in “Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations” on the income statement.

Proceeds from the sale of non-current assets held for sale are reported under “Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations” on the consolidated income statement.

Discontinued operations

The Group classifies as a discontinued activity or operation any Group component that has been sold or otherwise disposed or classified as “Non-current assets or disposal groups held for sale” and also fulfils any of the following conditions:

- It represents a business line or geographical area of operations which is material and independent of the rest.
- It forms part of an individual and coordinated plan to sell, or otherwise dispose of, a business line or geographical area of operations which is material and independent of the rest.
- It is a subsidiary acquired for the sole purpose of selling it.

Results generated during the year by Group components classified as discontinued operations are recognized under “Profit or (-) loss after tax from discontinued operations” on the consolidated income statement whether or not the component still remains on the balance sheet at the end of the year. If activities previously presented as discontinued operations are reclassified as continuing operations, their income and expenses are reported by nature on the consolidated income statements for the current and prior years.

o) Foreign currency transactions

I. Functional currency

The Group's functional currency is the euro. Consequently, all non-euro balances and transactions are considered foreign currency balances and transactions.

II. Translation criteria for foreign currency balances

Balances receivable and payable in foreign currency are translated to euros at the spot rate on initial recognition. The following translation criteria are subsequently applied:

- Cash items denominated in foreign currency are translated to their functional currencies using the official average Spanish spot rate at the close of the year.

- Non-cash items measured at historical cost are translated at the exchange rate applying on the date of acquisition.

- Non-cash items recognized at fair value are translated at the exchange rate applying on the date of fair value measurement.

- Income and expenses are translated at the exchange rate applying on the transaction date or using the average exchange rate for the period for all transactions performed in that period.

- Equity items are translated at historical exchange rates.

III. Recognition of translation differences

Translation differences arising on the translation of foreign currency balances are generally recognized in income, except for differences arising on non-cash items.

At 31 December 2022, the value of assets and liabilities denominated in foreign currencies was EUR 74,546 thousand and EUR 73,198 thousand, respectively (compared with EUR 58,471 thousand and EUR 58,004 thousand at 31 December 2021).

p) Recognition of income and expense

As a general rule, income is recognized at the fair value of the consideration received or to be received, less trade and other discounts. Where the cash inflows are deferred, fair value is determined by discounting the future cash flows.

The recognition of any revenue item in consolidated income or consolidated equity is subject to fulfilment of the following prerequisites:

• The amount can be reliably estimated.

• It is probable that the Bank will receive the economic benefits of the transaction.

• The information must be verifiable.

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The main criteria applied by the Group for the recognition of income and expense are described below.

I. Interest and similar income and expense

As a general rule, interest and similar income and expense items are recognized according to their accrual periods, using the effective interest rate method. Dividends received from other companies are recognized in income at the time the Group becomes entitled to receive them.

II. Fees, commissions and similar items

Income and expense arising from fees, commissions and similar charges are recognized in income according to various criteria, depending on their type. The main fee and commission items are:

- Fees related to financial assets and liabilities designated at fair value through profit and loss, which are recognized when paid.

- Fees originating from transactions or services that continue over an extended period, which are recognized over the life of the transaction or service.

- Fees relating to a service rendered in a single act, which are recognized when the single act is carried out.

The Group classifies fees and commissions received or paid as follows:

Finance fees and commissions

Fees of this type, which form an integral part of the effective return or cost of a finance transaction, are collected or paid in advance and generally recognized in income over the expected term of the finance, net of direct costs, as an adjustment to the cost incurred or effective revenue generated on the transaction.

Non-finance fees and commissions

Fees of this type arise when services are rendered by the Group and are recognized in income over the period in which the service is rendered or, if relating to a service rendered in a single act, when the single act is carried out.

III. Non-finance income and expense

These are recognized for accounting purposes on an accrual basis.

q) Swaps of tangible and intangible assets

When tangible and intangible assets are the subject of swaps, the Group measures the assets received at their fair value plus, if applicable, any cash considerations delivered in exchange, unless clearer evidence of the fair value of the asset received exists. When it is not possible to measure fair value reliably, the assets received are recognized at the carrying amount of the assets delivered plus, if applicable, any cash considerations delivered in exchange.

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Losses on asset swaps are recognized directly in the consolidated income statement, while gains are only recognized if the swap is of a commercial nature and the fair values of the swapped assets can be reliably measured.

r) Social Welfare Fund

The Group recognizes mandatory allocations to the Education and Development Fund under liabilities and as an expense for the year.

Voluntary contributions are recognized as a distribution of earnings. Applications of this fund are normally credited to cash and banks, unless the amount of the related welfare project corresponds to the Group's own activities, in which case the Education and Development Fund is reduced and a revenue item is simultaneously recognized in the consolidated income statement.

s) Off-balance sheet customer funds

The Group recognizes funds deposited by third parties for investment in investment funds, pension funds and endowment policies at their fair value in memorandum accounts, making a distinction between funds managed by Group companies and funds marketed by the Group, managed by non-Group third parties.

The memorandum accounts also include the fair value or, if no reliable fair value estimate is available, cost value of assets acquired by the Group on behalf of third parties as well as debt securities, equity instruments, derivatives and other financial instruments held in custody, under guarantee or on commission at the Group on behalf of those responsible for the same.

The fees charged for these services are recognized in the consolidated income statement as "Fee and commission income".

t) Personnel expenses and post-employment benefits

Short-term benefits

Short-term employee benefits are measured, without discounting, at the amount payable for services received and generally recognized as personnel expenses for the year plus an accrued liability of an amount equal to the difference between the total expense and the amount already settled.

Pension commitments

The only Group company that has significant pension commitments to its employees is the Parent Company.

In accordance with the current collective wage agreement, Caja Rural de Navarra is obliged to supplement the state social security system benefits accruing to widows and orphans of employees who die while employed by the Group. It must also pay a seniority bonus to employees who leave the Parent Company due to retirement or serious full and permanent disability after twenty or more years' service. The amount of this bonus is established in the collective agreement.

Caja Rural de Navarra has covered all the aforementioned commitments through various policies contracted with the insurance company Vidacaixa Seguros y Reaseguros, S.A..

Liabilities recognized under the defined benefit plans are measured as the current value of the obligation at the reporting date less the fair value of plan assets. Obligations under defined benefit plans are calculated annually by independent actuaries using the projected unit credit method assuming the earliest possible retirement age.

"Plan assets" are those assets associated with a specific defined benefit obligation which will be used directly to settle these commitments and which meet the following conditions:

- They are owned by a legally separate third party that is not related to the Group.
- They can be used only to pay or finance commitments to employees and are unavailable to creditors of the Parent Company even in the event of insolvency.
- They can be returned to the Parent Company only if all employee benefit commitments have been settled or if they are to be used to reimburse the Parent Company for employee benefits already paid.
- They are not non-transferable securities issued by the Parent Company.

At 31 December 2022, the defined benefit obligation was in deficit as the fair value of plan assets was less than the present actuarial value of the contracted obligations.

This deficit was recognized as a provision for defined benefit pension plans under "Provisions – Pensions and other defined-benefit post-employment obligations" on the consolidated statement of financial position at 31 December 2022.

Post-employment benefits are defined as any remuneration to employees paid after they have ceased to be employed by the Group. Post-employment benefits, including those covered by internal or external pension funds, are divided into defined contribution or defined benefit plans based on the terms and conditions of the associated obligations, taking into consideration all commitments undertaken both within and outside the terms and conditions formally agreed with employees.

Post-employment benefits are reported as follows:

i) On the income statement: employee current service costs and past service costs that were not recognized in the year accrued, net interest on provisions (assets), and the gain or loss on settlement.

ii) On the statement of changes in equity: revaluations of provisions (assets), impact of actuarial gains and losses, any returns on plan assets that were not included in net interest on provisions (assets), and changes in the present value of plan assets as a result of changes in the present value of cash-flows available to the entity which are not included in net interest on provisions (assets). Amounts recognized in the statement of changes in equity will not be reclassified to the income statement in future years.

Defined benefit plans are therefore reported in the income statement as follows:

a) Current service cost as "Personnel expenses".

b) Net interest on provisions as "Interest expense".

c) Net interest on assets as "Interest income".

d) Past service cost as "(Provisions) reversals".

The most significant actuarial assumptions applied are as follows:

Actuarial assumption	**2022**	**2021**
Interest rate	3.25%	0.90%
Expected return on plan assets	3.25%	0.90%
Mortality tables	PER2020 Col 1st order	PER2020 Col 1st order
Incapacity tables	N/A	N/A
Annual cumulative salary increase	3.00%	2.50%

The discount rate applied to plan commitments is based on the duration of the commitment, 17.2 years for post-employment obligations at a rate of 3.25%, and the benchmark curve is based on the yield paid by high-rated (AA) corporate bonds denominated in euros (Source: Iboxx AA at 30 November 2022). The percentage sensitivity of the defined benefit obligation to changes in the main assumptions for 2022 is as follows:

	Change in assumption	**Increase**	**Decrease**
Discount rate	0.50%	-6.80%	7.52%
Annual salary growth rate	0.50%	7.37%	-6.89%

The sensitivity analysis above assumes a change in the assumptions shown while all other factors remain constant.

The amounts recognized in the Bank's financial statements for pensions and similar obligations are as follows:

	Thousands of euros	
	2022	2021
Assets/liabilities on statement of financial position		
Post-employment obligations	(3,124)	(3,900)
Fair value of plan assets	1,839	2,304
Other	-	-
Net asset (provision) recognized on statement of financial position (Note 18)	**(1,285)**	**(1,596)**

Expenses charged to the income statement for defined benefit obligations to employees are as follows:

	Thousands of euros	
	2022	2021
Charged (credited) directly to income		
Personnel expenses:		
- Current service cost	241	236
- Allocation to provisions	-	-
Net income and interest expense	15	16
Total expenses charged	**256**	**252**

The table below reconciles the amounts reported as present value of defined benefit obligations at the start and end of 2022 and 2021:

	Thousands of euros
Balance at 31 December 2020	**3,792**
Current service cost	236
Interest expense	16
Remeasurements	(36)
Benefits paid	(108)
Effect of curtailments/settlements	-
Balance at 31 December 2021	**3,900**
Current service cost	241
Interest expense	37
Remeasurements	(982)
Benefits paid	(72)
Effect of curtailments/settlements	-
Balance at 31 December 2022	**3,124**

The table below reconciles the amounts reported as fair value of defined benefit plan assets at the start and end of 2022 and 2021:

	Thousands of euros
Fair value at 31 December 2020	**2,390**
Expected return on plan assets	10
Remeasurements	(81)
Contributions by the Bank	93
Benefits paid	(108)
Effect of curtailments/settlements	-
Fair value at 31 December 2021	**2,304**
Expected return on plan assets	22
Remeasurements	(542)
Contributions by the Bank	127
Benefits paid	(72)
Effect of curtailments/settlements	-
Fair value at 31 December 2022	**1,839**

The breakdown of the main asset classes in the defined benefit plan (as % of total plan assets) is as follows:

	2022	2021
Treasury shares	-	-
Debt instruments	-	-
Property	-	-
Insurance policies	100%	100%
Other assets	-	-
Total	**100%**	**100%**

The Bank expects to contribute EUR 210 thousand to defined post-employment benefit plans in respect of 2022.

The estimate of the corresponding payments expected from defined post-employment benefit plans over the next 10 years is as follows (in thousands of euros):

	2023	2024	2025	2026	2027	2028-2032
Probable post-employment benefits	242	94	39	70	96	445

Termination benefits

Termination benefits are recognized as a provision for pensions and other defined-benefit post-employment obligations and as personnel expenses only when it can be demonstrated that the Group has committed to terminating the employment of an employee or group of employees before the normal retirement date or to paying termination benefits to employees as incentives in a voluntary redundancy offer.

u) Tax on profit from continuing operations

The income tax expense for the year is recognized in the consolidated income statement except when it results from a transaction recognized directly in equity, in which case the income tax effect is also recognized in equity.

"(Tax expense or (-) income on profit from continuing operations)" is tax payable on taxable profit for the year, adjusted for changes arising in the year due to temporary differences, tax relief, tax credits and tax loss carryforwards.

Deferred tax assets and liabilities include the aforesaid temporary differences, which are the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their related tax bases.

Deferred tax assets, tax relief, tax credits and tax loss carryforwards are only recognized if it is considered likely that the Group will have sufficient future taxable profits against which they can be offset.

Deferred tax liabilities are always recognized, except those arising upon the initial recognition of goodwill or the deferred tax liabilities associated with investments in subsidiaries, associates and jointly-controlled entities, provided that the investor is able to control the timing of the reversal of the temporary difference and, in addition, that it is probable that the difference will not reverse in the foreseeable future. Notwithstanding the above, deferred tax assets and liabilities are not recognized in connection with the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are reviewed on each reporting date to determine whether they remain valid and whether there is sufficient evidence on the probability of future taxable profits being made against which tax assets can be applied. Any corrections identified as necessary in the review are then made.

The reviews consider the following factors:

- Projected profits of the Parent Company and each subsidiary, based on budgets approved by the Group's directors, adjusted using constant growth rates estimated by the Parent Company's management;

- Estimates of reversals of temporary differences depending on their nature and

- Legal expiry periods or caps for the use of deferred tax assets in each country.

Income and expenses recognized directly in equity are accounted for as temporary differences.

On 28 December 2016, Navarre Regional Law 26/2016, on Company income tax, was published in the Navarre Official Bulletin, taking effect the next day and applying to all tax periods starting as from 1 January 2018. This amended Navarre Regional Law 24/1996, of 30 December, on Company income tax, used to determine company income tax until that date, although it did not actually change the tax rate payable by the Bank.

v) Consolidated statement of recognized income and expense and consolidated statement of changes in equity

These statements form part of the consolidated financial statements and show all changes in equity occurring in the reporting period. The main features of the information presented in each part of the statement are outlined below.

Consolidated statement of recognized income and expense

This statement shows the income and expense generated by the Group as a result of its activities in the reporting period, distinguishing between items of income and expense that are recognized in profit and loss for the year and items of income and expense that, as required under current regulations, are recognized directly in equity.

This financial statement therefore presents:

- Consolidated profit for the year
- The net income or expense recognized under "Other comprehensive income" that will not be reclassified to profit or loss.
- The net income or expense recognized under "Other comprehensive income" that may be reclassified to profit or loss.
- "Total recognized income and expenses for the year", calculated as the sum of the three items above.

Changes in income or expense recognized under "Other comprehensive income" as "Items that will not be reclassified to profit or loss" are composed of:

a) Actuarial gains or losses on defined benefit pension plans: this includes gains or losses over the period from changes in the valuation of obligations due to changes and differences in actuarial assumptions, certain returns on plan assets and changes in the limit of the asset.

b) Non-current assets and disposal groups held for sale: this includes gains and losses for the period that must be recognized in other comprehensive income as a result of the measurement of this asset class and which are not subsequently taken to income.

c) Share of other recognized income and expense of investments in joint ventures and associates: this item, which only appears in the consolidated statement of recognized income and expense, summarizes gains and losses for the period from companies accounted for using the equity method obligatorily recognized in OCI and not subsequently taken to income.

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d) Changes in fair value of equity instruments at fair value through other comprehensive income: this item includes gains or losses for the period from changes in the fair value of equity instruments, when an entity has irrevocably opted to report these in OCI.

e) Gains or losses from hedge accounting for equity instruments at fair value through other comprehensive income, net: this represents changes over the period in the ineffectiveness of fair value hedges where the hedged item is an equity instrument at fair value through OCI. It also includes the difference between changes in fair value of equity investments recognized as "Changes in fair value of equity instruments at fair value through other comprehensive income (hedged item)" and changes in fair value of hedging derivatives booked under "Changes in fair value of equity instruments at fair value through other comprehensive income (hedge)"

f) Changes in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in credit risk: this shows changes in the fair value for the period of financial liabilities designated at fair value through profit or loss attributable to changes in own credit risk.

Changes in income or expense recognized under "Other comprehensive income" as "Items that can be reclassified to profit or loss" are composed of:

a) Hedges of net investments in foreign operations (effective portion): this includes the change over the period in retained earnings due to the impact of exchange rate differences on the effective portion of hedges, continuing or discontinued, of net investments in foreign operations.

b) Currency translation: this recognizes changes over the period due to the translation of functional currency items into the reporting currency.

c) Cash flow hedges (effective portion): this recognizes the gain or loss over the period in the effective portion of the changes in fair value of hedging instruments in this type of hedging relationship.

d) Hedging instruments (undesignated): this includes changes over the period in accrued change in the fair value of the following items when they have not been designated as a hedge: time value of options, future elements of futures contracts, base differential of exchange differences on financial instruments.

e) Debt instruments at fair value through other comprehensive income: this includes gains or losses for the period on these instruments not due to impairment or exchange differences, recognized in, respectively, "impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)" and "Gains or (-) losses from translation differences, net", in the income statement.

f) Non-current assets and disposal groups held for sale: this includes gains and losses for the period that must be recognized in other comprehensive income as a result of the measurement of this asset class and which can subsequently be taken to income.

g) Share of other recognized income and expense recognized in investments in joint ventures and associates. This item, which only appears in the consolidated statement of recognized income and expense, summarizes gains and losses for the period from companies accounted for using the equity method obligatorily recognized in OCI which can be subsequently taken to income.

Each individual item is also broken down into the following sub-items:

a) Gains or losses recognized in equity: reflects the amount of income, net of expenses arising in the year, recognized directly in equity. Amounts recognized directly in equity during the year are held in this item, although they are recycled in the same year to income or transferred to the initial carrying amount of assets and liabilities, or reclassified to another item, in accordance with paragraphs b), c) and d) below, respectively. When this breakdown refers to paragraph b) of the previous item, it is called "Gains or (-) losses on currency translation recognized in equity".

b) Reclassified to profit or loss: measurement gains or losses previously recognized in equity, including in the same year, which are recognized in the income statement (sometimes this process is referred to as "recycling of income and expense" and the amount transferred as "Reclassification adjustments").

c) Reclassified to initial carrying amount of hedged items: this sub-item is only used for the items covered by c) in the previous section. It shows measurement gains or losses previously recognized in equity, even in the same year, which are recognized in the initial carrying amount of assets and liabilities as a result of cash flow hedges.

d) Other reclassifications: transfers between items during the year, in accordance with the criteria set out in the standards of this section.

The amounts of items in this account are carried gross. Income tax for each item, whether or not they are recyclable to income, is shown in a separate item at the end.

Consolidated statement of changes in equity

This statement shows all changes in equity, including those resulting from changes in accounting policies and the correction of errors. The statement therefore provides a reconciliation between the carrying amount of each item of consolidated equity at the beginning and end of the period, grouping movements by type under the following headings:

- Effects of changes in accounting policies and correction of errors: reflecting changes in equity resulting from retrospective adjustments to consolidated financial statement balances because of changes in accounting principles or to correct errors.

- Total recognized income and expenses for the year: representing the aggregate value of all the aforementioned items recognized in the statement of recognized income and expense.

- Other changes to equity: representing the remaining items recognized in equity, including capital increases or decreases, distribution of earnings, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in equity.

w) Consolidated cash flow statement

The consolidated cash flow statement uses a number of specific concepts, which are defined as follows:

i) Cash flows are inflows and outflows of cash and cash equivalents, that is, investments that are short-term, highly liquid and subject to a low risk of changes in value.

ii) Operating activities are the Group's typical activities and other activities that cannot be classified as investing or financing and interest paid by financing received, even if it relates to financial liabilities classified as financing activities.

iii) Investing activities are those relating to the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and equivalents, such as property and equipment, intangible assets, equity investments, joint ventures and associates, non-current assets and disposal groups classified as "Financial assets at fair value through other comprehensive income" and the associated liabilities.

Changes arising from the acquisition or disposal of a set of assets or liabilities making up a business or activity are reported under "Other business units" in the standalone financial statements or under "Subsidiaries and other business units" in the consolidated statements as positive or negative items as appropriate.

iv) Financing activities are activities that result in changes in the size and composition of the consolidated net assets and liabilities that are not part of operating activities.

The Group treats the balances included under “Cash, cash balances at central banks and other demand deposits” in the consolidated statement of financial position as cash and cash equivalents.

x) Business combinations

Business combinations are defined as transactions through which two or more entities or economic units are merged into a single entity or group of companies.

When the business combination results in the creation of a new entity that issues shares to the owners of two or more entities that have merged, one or other of the two original entities is deemed to be the acquirer and the transaction is treated in the same way as if one entity had acquired the other.

Business combinations are booked by the acquisition method. The consideration transferred to acquire another company is measured as the fair value of the assets transferred, any liabilities to the previous owners that the Group takes on and any equity interests in the acquiree issued by the Bank. Consideration also includes the fair value of any assets or liabilities resulting from any contingent consideration agreement. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. In each business combination, the Group can choose to measure any non-controlling interest in the acquiree either at fair value or at its proportionate share of the identifiable net assets of the acquiree.

Acquisition costs are recognized as expenses for the year they are incurred.

Any contingent consideration to be transferred by the Group is measured at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration treated as an asset or liability are recognized in accordance with IFRS 9 in the consolidated income statement.

Goodwill is initially measured as the total consideration paid plus the fair value of the non-controlling interests less the net amount of identifiable assets acquired and liabilities assumed. If this consideration turns out to be less than the fair value of net assets of the subsidiary acquired, the difference is recognized in profit or loss.

During a one-year “measurement period” from the date of the business combination the acquirer can adjust the provisional amounts recognized as it completes the estimates required to prepare the first consolidated financial statements following the combination.

y) *Goodwill*

Positive differences between the acquisition cost of business combinations and the percentage interest acquired in the net fair value of the assets and contingent liabilities of the acquirees are recognized as goodwill on the consolidated balance sheet. Goodwill therefore corresponds to payments made by the Group in anticipation of future economic benefits deriving from assets of an acquired entity that cannot be individually and separately identified and recognized. It is recognized only when acquired for consideration as a result of a business combination. This goodwill is never amortized but at each reporting date it is tested for any impairment that would reduce its fair value below its recognized net cost and, if so, it is written down with the resulting loss being recognized in the consolidated income statement.

Goodwill impairment tests are based on measurements that principally use the discounted distributed profits method, which takes account of the following parameters:

- Key business assumptions. These assumptions are the basis for forecasting future cash flows used in the valuation. For financial businesses the variables projected may include: lending volumes, non-performing loans, customer deposits and interest rates in a projected economic environment and capital requirement.

- Estimates of macro-economic and other financial variables.

- Forecast period. The forecast term/period is usually 5 years. Beyond this, profits and yields are assumed to run at a constant level. Economic projections at the time of the valuation are used to make forecasts over this period.

- Discount rate. The present value of future dividends, used to derive value in use, is calculated at a discount rate based on the entity's cost of equity (Ke) to a market participant. It is determined using the capital asset pricing model (CAPM) method: "$Ke = Rf + \beta * (Rm - Rf) + \alpha$; where Ke = rate of return demanded by the shareholder, β = the company's systemic risk factor, Rm = market rate of return, Rf = risk-free rate and α = an additional premium to take account of future contingencies".

- A growth rate used to extrapolate cash flows beyond the period covered by the most recent forecasts. This is based on long-term estimates of key economic and business variables, taking into account at all times the state of financial markets. The estimated perpetual growth rate is 1%.

Impairment losses recognized for goodwill are not reversed in subsequent periods.

3. Changes and errors in accounting principles and estimates

I. Changes in accounting principles

Changes in accounting principles, whether resulting from a change in an accounting standard affecting a particular transaction or event or a decision of the Governing Board of the Bank or the Board of Directors of a Group company, for duly disclosed reasons, are applied retrospectively, except where:

- It would be impractical to determine the effects of a given change on the comparative information for a prior year. In this case the new accounting principle is applied as from the earliest prior year for which retrospective application is practical. Sometimes it may be impractical to determine the cumulative impact at the start of the current financial year of the application of a new accounting principle to all prior years. In this case the new accounting principle is applied prospectively starting from the earliest practical date.

- The measure or accounting standard that amends or creates the principle sets a start date for its application.

Certain accounting standards applied to the Group in 2022 underwent changes from those applied in the prior year. The most significant of these changes are detailed below:

The mandatory standards, amendments and interpretations for all financial years beginning on or after 1 January 2022 are as follows:

Amendments to IAS 16 - Property, plant and equipment: Proceeds before intended use

These amendments, issued by the IASB in May 2020, prevent issuers from deducting from the cost of assets any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These amounts are instead recognized in the income statement.

The amendments must be applied retrospectively only to assets brought to the location and condition necessary for them to operate as intended by management after the start of the earliest period in the financial statements when they were first applied. This standard has had no impact on the Group.

Amendments to IAS 37 – Cost of fulfilling a contact

These amendments, issued by the IASB in May 2020, specify which costs companies must consider when assessing whether a contract is onerous. The amendments propose a “focus on costs that relate directly to the contract”. Costs that directly relate to a contract to deliver goods or services include both incremental costs and allocation of costs directly related to the contract. Administrative and general costs cannot be allocated to a contract and therefore are not counted unless they are explicitly chargeable to the counterparty under the contract. This standard has had no impact on the Group.

Amendments to IFRS 3 – Business combinations: Reference to the framework

These amendments issued by the IASB in May 2020 replace references to the 1989 Conceptual Framework with a reference to the 2018 version, without any material impact on reporting requirements.

The IASB also added an exemption to IFRS 3 requirements to avoid "day 2" gains or losses arising for liabilities and contingent liabilities (within the scope of IAS 37 or IFRIC 21) if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for the recognition of contingent assets that would not be affected by the references to the Framework. This standard has had no impact on the Group.

Minor amendments to several IFRSs and the Annual Improvements to the IFRS Standards 2018-2020 Cycle (IFRS 1 - First application of IFRSs, IFRS 9 Financial instruments, IAS 41 Agriculture and amendments to illustrative examples of IFRS 16 - Leases)

The IASB has issued a number of small amendments and improvements to various IFRSs, clarify the wording or correcting minor implications, oversights or conflicts in the requirements of the standards. Those affected are: IFRS 3 - Business combinations, IAS 16 - Plant and equipment, IAS 37 - Provisions, IFRS 9 - Financial instruments, IFRS 16 - Leases, IFRS 1 - First-time adoption of IFRSs and IAS 41 - Agriculture. These changes have had no impact on the Group.

Standards and interpretations not yet in force at 31 December 2022

At the preparation date of these financial statements a number of new International Financial Reporting Standards and Interpretations had been published whose application was not mandatory at 31 December 2022. Although, in some cases, the International Accounting Standards Board ("IASB") allows early adoption of the amendments before their mandatory application date, the Group has not adopted them early.

IFRS 17 – Insurance contracts

IFRS 17 sets out the principles for recognition, measurement, presentation and disclosures of insurance contracts, making some radical changes compared to the preceding IFRS 4 in order to increase harmonisation and improve comparability between companies. The standard will apply to financial years starting on or after 1 January 2023 (plus at least one year's comparative information). This means the entry into force of this standard will require the Group to report the relevant items at 1 January 2022.

Unlike IFRS 4, the new standard establishes minimum requirements for grouping unit-linked insurance contracts applying a three-step approach: portfolios (contracts subject to similar risks and managed together), year of issue, and whether or not they are onerous.

Once IFRS 17 is in force, insurance contracts are measured using an assumption-based model updated at each reporting date. A range of calculation approaches are permitted. The General Model (building block approach) is the default approach for measuring insurance contracts, except where conditions are met to apply one of the two other permitted methods: the variable fee approach or the premium allocation approach.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

With these amendments the IASB has included guidance and examples for applying judgements on which accounting policies are material. The amendments replace the requirement to disclose “significant accounting policies” with one to disclose “material accounting policies” and offer guidance on how to decide which accounting policies are material.

These amendments are effective for periods starting on or after 1 January 2023. The Group does not expect these amendments to have any material impact.

Amendments to IAS 8 - Definition of accounting estimates

The IASB has introduced a new definition of “accounting estimates”, that clarifies the difference between changes in accounting estimates, changes in accounting policies and error corrections.

These amendments are effective for periods starting on or after 1 January 2023. The Group does not expect these amendments to have any material impact.

Amendments to IAS 12 - Taxes

The IASB has issued an amendment to IAS 12 to clarify accounting for deferred tax on leases and decommissioning obligations.

The amendments make clear that reporting entities are obliged to recognise deferred tax on leases and provisions for decommissioning. The amendments are intended to reduce the divergence in disclosures of deferred taxes on such transactions. They will come into force on 1 January 2023. Early adoption is permitted.

The Group is analysing the impact that these standards, amendments and interpretations may have on the consolidated financial statements. At the preparation date of these consolidated financial statements it is of the view that their application will have no significant impact.

When it is impractical to establish the effects of a prior year error on each specific year, initial balances are restated for the earliest years where it is practical to do so. Where it is impractical to determine the cumulative effect, at the start of the current year, of an error on all prior years, comparative information should correct the error prospectively starting at the earliest possible year that it is possible to do so.

Prior year errors that affect consolidated equity are corrected in the year they are discovered through the corresponding consolidated equity item. In no circumstances can errors from prior year periods be corrected through the consolidated income statement of the year in which they are discovered unless they are immaterial or it is impractical to determine the impact of the error as indicated in the paragraph above.

Changes in accounting estimates

A change in an accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, the corresponding assets and liabilities.

Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Changes are recognized prospectively in the consolidated income statement for the year or for the current and future years affected by the change.

There were no corrections of material prior-period errors in 2022 and 2021, nor were there any material changes in accounting estimates that had an effect in those years or are expected to have an effect in future periods.

4. Appropriation of earnings

The appropriation of the Parent Company's net profit for 2022 that the Parent Company's Governing Board will propose to members for approval at the Annual General Meeting, together with the appropriation for 2021 approved at the General Meeting held on 14 May 2021, is as follows:

	Thousands of euros	
	2022	2021
Profit or (-) loss for the year before mandatory allocation to the Education and Development Fund and after Income Tax	127,767	97,881
To dividends and remuneration (*)	(1,837)	(1,688)
Total retained earnings or surplus available	**125,930**	**96,193**
To the Mandatory Reserve Fund	113,327	86,574
To the Education and Development Fund	12,603	9,619
Total appropriated	**125,930**	**96,193**

(*) No interim dividend had been paid at 31 December 2022 and 2021.

The profits or losses of consolidated subsidiaries will be appropriated as agreed at their respective General Shareholders' Meetings.

5. Remuneration and other benefits paid to key management personnel

The Parent Company considers certain members of the Management Committee, as well as the members of its Governing Board, to be key management personnel.

Remuneration paid to members of the Governing Board

Members of the Parent Company's Governing Board receive no remuneration for the work they perform as board members, except per diem allowances and other expenses.

The table below sets out the gross remuneration received by members of the Parent Company's Governing Board in 2022 and 2021:

	Thousands of euros	
Board members	**2022**	**2021**
Ignacio Terés Los Arcos	21	21
Pedro Jesús Irisarri Valencia	7	5
Marcelino Etayo Andueza	6	5
Carlos Sánchez Diestro	7	5
Alberto Arrondo Lahera	3	2
Manuel García Díaz de Cerio	1	2
Ana María Eizaguirre Larrañaga	2	1
Ainhize Muratori Irurzun	2	1
Roberto Zabaleta Ciriza	-	1
Fernando Olleta Gayarre	2	2
Jesús María del Castillo Torres	2	2
Gabriel Urrutia Aicega	2	2
Pedro Jose Goñi Juamperez	3	2
Ignacio Zabaleta Jurio	6	5
Jose Joaquín Rodríguez Eguilaz	2	2
Fermín Esandi Santesteban	2	2
Total	**68**	**60**

The Parent Company has no pension commitments in respect of any current or former member of its Governing Board.

As regards professional indemnity insurance for damages caused in the discharge of their duties, the Parent Company has taken out insurance policies covering all directors. The premiums on these policies were EUR 46 thousand in both 2022 and 2021, and were recognized under "Other administrative expenses" in the 2022 income statement.

Loans

Any credit facilities extended to members of the Parent Company's Governing Board at 31 December 2022 and 2021 are detailed in Note 39.

Remuneration paid to senior executives

Ordinary remuneration accrued by the Parent Company's senior executives in 2022 totalled EUR 2,261 thousand. This amount was shared among 19 persons composing the "identified staff" – executives whose professional activities have a major incidence on the Parent Company's risk profile – including the Managing Director and other managers. Remuneration in 2021 was EUR 2,423 thousand to 19 people. The Bank has no additional commitments with any member of senior management beyond their entitlements as employees of the Parent Company (Note 2.t).

6. Risk management

a) Credit risk

Credit risk is the possibility of losses being incurred as a result of non-fulfilment of contractual obligations on the part of the Group's counterparties, the Bank being the Group company most exposed to this risk. In the case of repayable finance extended to third parties (in the form of credit facilities, loans, deposits, securities and other instruments), credit risk is a consequence of non-recovery of principal, interest and other items in the amount, within the deadlines and pursuant to the other terms and conditions set out in the credit agreements. Off-balance sheet risk arises when counterparties fail to fulfil their obligations in respect of third parties and the Group is required to assume these obligations itself by virtue of its contractual undertaking.

Credit risk is the most significant risk to which the Group is exposed in the execution of its banking activities and is defined as the risk of a counterparty being unable to repay the amounts it owes in full.

The Group's credit risk management policies are thus defined and structured based on objective, professional criteria while also being designed to allow maximum flexibility in final customer decisions.

Management of credit risk in the Bank is an integrated, streamlined process that is initiated as soon as a customer applies for a loan through the branch network and ends when the funds lent out have been repaid in full. In addition, there are different basic criteria for accepting any credit risk and minimum documentation required under regulations in force, all of which relate to the key issues of liquidity, security, profitability and collateral business.

With a view to establishing more flexible and specialized procedures for examining and analysing customer credit applications, the Bank has set up dedicated units for each segment or type of credit facility that, due to their specific characteristics, is or should be processed in a particular way. In this way, we are able to provide a highly professional but flexible service to customers while at the same time ensuring the precision in decision-making that allows us to build a credit portfolio of the highest quality.

Credit risk management encompasses three key areas:

Money markets

Credit risk on money market positions is limited as wherever possible the Bank uses the services of Banco Cooperativo Español, the bank providing centralized services to the cooperative credit institutions making up the Caja Rural Group.

Debt securities

The breakdown of these instruments by rating, in order of the highest rating awarded by any of the rating agencies shown below, at 31 December 2022 and 2021 is as follows:

Credit rating	2022	2021	S&P´s	Moody´s	Fitch	DBRS
1	11.26%	11.91%	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AAL
2	73.73%	71.86%	A+ a-	A1 to A3	A+ a-	AH to AL
3	12.19%	14.95%	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBBH to BBBL
4	2.55%	0.33%	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BBH to BBL
5	0.01%	0.01%	B+ to B-	B1 to B3	B+ to B-	BH to BL
6	0.02%	0.02%	Lower than B-	Lower than B3	Lower than B-	Lower than BL
Unrated	0.23%	0.92%				
	100.00%	**100.00%**				

Loans and receivables

Caja Rural de Navarra’s risk management procedure is initiated as soon as a customer applies for a loan and ends when the funds lent have been repaid in full.

When approving loans, one of the highest priorities for the Bank is case-by-case analyses, which take account of the type of applicant (individual, company, agricultural sector, etc.), type of facility (working capital, consumer credit, investment, trade discounting, etc.), the applicant’s repayment capacity and the guarantees provided (personal, mortgage, collateral, etc.).

Before the Bank can perform this analysis, certain information must be collected, essentially from three sources:

- Customers
- External sources (RAI, the Bank of Spain Register of Defaults, other registers, etc.)
- Internal records on existing Bank customers (average balances, payment history, etc.).

Once approved and arranged, all loans and credit facilities are subject to ongoing monitoring, which may take either of the following forms: in the case of high-risk customers (either individually or as part of an economic group), the Bank monitors financial position, any increases in system debt, payment history, etc.; for all other customers, all transactions that result in payment incidents are monitored.

In addition to monitoring individual customers and customer groups, the Group monitors its investment portfolio by product, by interest rate and by decision-making centre, with a view to identifying potential changes in portfolio returns and the manner in which credit facilities are being granted (amounts, rates, charges, etc.) such that decisions affecting the investment policy to be adopted at any given time can be taken as quickly as possible.

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The following table gives a breakdown of credit risk exposure at the close of 2022 and 2021:

	Thousands of euros	
	2022	2021
Loans and advances – Customers	9,511,847	9,446,163
Loans and advances – Credit institutions	237,797	145,291
Debt securities	4,649,318	4,788,966
Derivatives	4,336	9,877
Guarantees given	893,909	965,363
Total risk	**15,297,207**	**15,355,660**
Credit lines drawable by third parties	1,334,141	1,611,291
Total exposure	**16,631,348**	**16,966,951**

The breakdown of the amortized cost of credit risks benefiting from guarantees and credit enhancements in addition to the personal guarantee of the debtor at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Mortgages (guaranteed by real property)	5,217,088	5,149,575
Residential buildings	4,037,528	4,032,163
Commercial buildings	1,179,560	1,117,412
Other loans with real guarantees	197,726	191,708
Cash	22,897	41,247
Other	174,829	150,461
Financial guarantees received	1,713,017	1,734,107
Total	**7,127,831**	**7,075,390**

Information on the distribution of "Loans and advances – Customers" by sector, NPL ratio, provisions and risk concentration is provided below.

<u>Sector</u>

	2022	2021
Farming and stock-raising	3.50%	3.39%
Industry and construction	19.97%	21.54%
Services	24.69%	22.85%
Personal and other	51.84%	52.22%

<u>Impaired assets and impairment adjustments</u>

	2022	2021
Total impaired assets (Note 10)	175,796	179,511
Total loans and advances to customers, gross (before valuation adjustments)	9,690,258	9,628,551
NPL ratio (*)	1.83%	1.87%
Total valuation adjustments for impairment of financial assets	209,604	212,716
NPL coverage	119.23%	118.50%
Coverage of total loans and advances to customers	2.16%	2.21%

(*) The calculation of this ratio does not include balances with financial corporations in order to more accurately reflect the NPL ratio.

Concentration risk

The EU Capital Requirements Regulation, as amended, sets restrictions on large exposures, defined as those with a value of at least 10% of eligible capital. No exposure to a single client or group can exceed 25% of eligible capital, except exposures which are subject to an excess capital charge if they exceed the large exposure limits. The Parent Company applies these limits via its risk policy, which sets counterparty exposure limits that comply with the regulatory requirements and establishes excess control procedures.

At 31 December 2022, only three groups are considered to be a "large exposure", 10% or more of capital. Exposure to these groups totals EUR 446,061 thousand, equivalent to 29.12% of capital. At 31 December 2021, only three groups were considered to be a "large exposure", 10% or more of capital. Exposure to these groups totals EUR 606,248 thousand, equivalent to 42.54% of capital.

The table below gives a breakdown of "Loans and advances to customers" in "Financial assets at amortized cost – Loans and advances – Customers" by type of counterparty at 31 December 2022 and 2021, showing the amounts covered by each of the main types of guarantee and, for secured loans, the carrying amount of the loan as a percentage of latest appraised or measured value of the collateral (loan to value).

				Secured loans. Most recent LTV (c)				
31/12/2022 (a)	**Total**	**Of which: mortgages (b)**	**Of which: Other real collateral (b)**	**Up to 40%**	**Between 40% and 60%**	**Between 60% and 80%**	**Between 80% and 100%**	**Above 100%**
General governments	194,049	365	636	372	3	40	492	94
Other financial corporations and self-employed (financial businesses)	159,172	10,467	19	366	2,537	4,502	3,081	0
Non-financial corporations and self-employed (non-financial businesses) by purpose	4,272,202	1,066,471	182,055	393,554	329,374	296,457	122,556	106,586
- Construction and real-estate development (including land) (d)	486,004	414,748	9,555	106,906	106,129	114,975	35,638	60,656
- Civil engineering	22,985	2,538	6,204	2,712	486	5,544	0	0
- Other	3,763,212	649,185	166,295	283,935	222,759	175,938	86,918	45,929
Large corporates (e)	849,569	17,448	9,663	18,293	2,245	3,207	3,367	0
SMEs and self-employed	2,913,643	631,736	156,632	265,642	220,515	172,731	83,550	45,929
Other households (f) by purpose (g)	4,852,358	4,282,371	36,748	704,566	1,051,650	1,584,271	660,927	317,706
– Housing	4,298,394	4,116,151	20,056	637,359	1,003,643	1,547,134	648,774	299,298
– Consumption	83,682	9,656	2,817	5,554	3,766	1,900	804	449
– Other	470,282	156,564	13,874	61,653	44,241	35,237	11,349	17,959
TOTAL	9,477,781	5,359,674	219,457	1,098,858	1,383,564	1,885,270	787,055	424,385
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured loans	145,513	46,630	653	17,262	14,345	10,567	4,049	1,061

Financial institution: 3008
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Tel.: 948 168 100

31/12/2021 (a)	Total	Of which: mortgages (b)	Of which: Other real collateral (b)	Secured loans. Most recent LTV (c)				
				Up to 40%	Between 40% and 60%	Between 60% and 80%	Between 80% and 100%	Above 100%
General governments	221,890	393	26	404	10	4	-	-
Other financial corporations and self-employed (financial businesses)	75,294	9,215	25	562	4,083	4,124	471	-
Non-financial corporations and self-employed (non-financial businesses) by purpose	4,252,054	1,042,712	173,456	393,238	324,412	255,507	116,454	126,556
- Construction and real-estate development (including land) (d)	452,857	373,802	10,914	117,828	107,955	70,118	39,335	49,481
- Civil engineering	33,396	2,798	5,330	580	517	4,966	2,064	1
- Other	3,765,801	666,112	157,213	274,830	215,941	180,424	75,056	77,075
Large corporates (e)	784,163	30,727	8,612	24,584	3,988	8,073	2,694	-
SMEs and self-employed	2,981,638	635,385	148,600	250,246	211,952	172,351	72,362	77,075
Other households (f) by purpose (g)	4,875,425	4,344,264	33,871	623,580	997,206	1,577,747	739,698	439,903
– Housing	4,320,867	4,172,254	17,023	560,315	948,866	1,537,230	724,094	418,773
– Consumption	84,996	10,864	2,828	5,137	4,374	2,670	1,047	464
– Other	469,562	161,146	14,020	58,128	43,966	37,847	14,557	20,666
TOTAL	**9,424,662**	**5,396,583**	**207,378**	**1,017,785**	**1,325,711**	**1,837,382**	**856,624**	**566,459**
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured loans	77,144	47,993	1,217	17,458	13,483	10,927	3,837	3,505

(a) Loans to customers are defined in the same way as in preparing the statement of financial position. This statement includes all transactions of this type, irrespective of the item under which they are recognized in the statement of financial position. Amounts shown are the carrying amount of transactions, i.e. after deducting valuation adjustments for hedging of specific transactions.

(b) The carrying amount of all loans with mortgages or other real collateral of whatever loan to value and form (mortgage, finance lease, reverse repurchase loan, etc.).

(c) Loan to value is the ratio that comes from dividing the carrying amount of each loan at the reporting date by the last appraisal or other valuation of the corresponding real collateral.

(d) Includes all activities related to construction and real-estate development, including land bank financing, irrespective of the principal economic activity of the counterparty.

(e) Non-financial corporations are classified as “Large corporates” and “SMEs” based on the definitions set out in Recommendation 2003/361/EC, of 6 May 2003, concerning the definition of micro, small and medium-sized enterprises. Self-employment is the activity exercised by individuals in the course of their business activities.

(f) Households includes not-for-profit entities providing services to households but not the business activities of the self-employed.

(g) Loans are classified by purpose using the criteria in Circular 4/2017.

The table below gives the concentration of risk by geographical location, broken down by type of counterparty and showing the carrying amount (a) of each exposure at 31 December 2022 and 2021:

31/12/2022	Total	Spain	Rest of EU	Americas	Rest of World
Central banks and credit institutions	2,049,607	1,471,049	422,419	51,335	104,804
General governments	3,669,052	3,344,523	311,345	1	13,183
– Central government	3,137,456	2,851,284	283,163	1	3,008
– Other public sector	531,596	493,239	28,182	-	10,175
Other financial corporations and self-employed (financial businesses)	603,104	465,420	89,364	22,595	25,725
Non-financial corporations and self-employed (non-financial businesses)	5,417,687	5,176,434	173,886	46,221	21,146
– Construction and real-estate development (including land) (b)	729,193	729,193	-	-	-
– Civil engineering	45,796	45,796	-	-	-
– Other	4,642,698	4,401,445	173,886	46,221	21,146
Large corporates (c)	1,424,410	1,256,240	118,892	33,251	16,027
SMEs and self-employed (c)	3,218,288	3,145,205	54,994	12,970	5,119
Other households (d)	4,867,787	4,855,714	4,341	1,762	5,970
– Housing	4,298,395	4,292,610	4,124	857	804
– Consumption	83,681	83,622	39	3	17
– Other	485,711	479,482	178	902	5,149
TOTAL	**16,607,237**	**15,313,140**	**1,001,355**	**121,914**	**170,828**

31/12/2022 Spain	REGIONAL GOVERNMENTS					
	Total	Navarre	Madrid	Basque country	La Rioja	Other
Central banks and credit institutions	1,471,048	74,645	1,229,858	41,995	-	124,550
General governments	3,344,523	51,960	88,381	154,451	11,414	3,038,317
– Central government	2,851,284	-	-	-	-	2,851,284
– Other public sector	493,239	51,960	88,381	154,451	11,414	187,033
Other financial corporations and self-employed (financial businesses)	465,420	905	452,902	6,004	1,382	4,227
Non-financial corporations and self-employed (non-financial businesses)	5,176,435	1,874,047	409,710	2,020,145	498,035	374,498
– Construction and real-estate development (including land) (b)	729,193	210,312	28,037	412,018	75,611	3,215
– Civil engineering	45,796	23,669	5,648	14,874	1,432	173
– Other	4,401,446	1,640,066	376,025	1,593,253	420,992	371,110
Large corporates (c)	1,256,240	442,434	267,325	323,570	49,858	173,053
SMEs and self-	3,145,206	1,197,632	108,700	1,269,683	371,134	198,057

employed (c)						
Other households (d)	4,855,714	2,236,637	29,893	2,173,172	358,996	57,016
– Housing	4,292,610	1,928,217	23,342	2,005,057	286,348	49,646
– Consumption	83,622	48,996	161	25,610	7,756	1,099
– Other	479,482	259,424	6,390	142,505	64,892	6,271
TOTAL	**15,313,140**	**4,238,194**	**2,210,744**	**4,395,767**	**869,827**	**3,598,608**

31/12/2021	Total	Spain	Rest of EU	Americas	Rest of World
Central banks and credit institutions	2,276,859	1,675,345	431,993	55,726	113,794
General governments	3,646,086	3,342,079	288,945	-	15,062
– Central government	3,126,009	2,847,064	278,945	-	-
– Other public sector	520,077	495,014	10,000	-	15,062
Other financial corporations and self-employed (financial businesses)	611,699	440,345	106,345	24,739	40,269
Non-financial corporations and self-employed (non-financial businesses)	5,380,297	5,090,566	202,118	54,580	33,033
– Construction and real-estate development (including land) (b)	697,804	697,620	-	-	185
– Civil engineering	61,546	61,546	-	-	-
– Other	4,620,947	4,331,401	202,118	54,580	32,848
Large corporates (c)	1,351,974	1,130,990	160,953	36,421	23,609
SMEs and self-employed (c)	3,268,973	3,200,410	41,164	18,158	9,240
Other households (d)	4,890,919	4,879,391	4,283	1,516	5,729
– Housing	4,320,867	4,314,671	4,144	847	1,205
– Consumption	84,996	84,931	62	2	1
– Other	485,056	479,788	77	667	4,524
TOTAL	**16,805,860**	**15,427,726**	**1,033,684**	**136,562**	**207,888**

31/12/2021 Spain	REGIONAL GOVERNMENTS					
	Total	Navarre	Madrid	Basque country	La Rioja	Other
Central banks and credit institutions	1,675,345	149,938	1,336,521	63,633	-	125,253
General governments	3,342,079	69,077	87,755	152,077	13,165	3,020,005
– Central government	2,847,064	-	-	-	-	2,847,064
– Other public sector	495,014	69,077	87,755	152,077	13,165	172,940
Other financial corporations and self-employed (financial businesses)	440,345	1,983	387,954	8,516	1,358	40,534
Non-financial corporations and self-employed (non-financial businesses)	5,090,566	1,788,268	380,018	2,040,370	456,930	424,980
– Construction and real-estate development (including land) (b)	697,620	221,060	5,061	390,294	52,098	29,107
– Civil engineering	61,546	32,353	6,940	19,617	1,789	847
– Other	4,331,401	1,534,854	368,017	1,630,459	403,043	395,028
Large corporates (c)	1,130,990	294,448	273,374	347,316	42,957	172,895
SMEs and self-employed (c)	3,200,410	1,240,405	94,643	1,283,143	360,086	222,133
Other households	4,879,391	2,276,062	22,956	2,147,382	374,740	58,251

(d)						
– Housing	4,314,671	1,955,373	19,907	1,984,887	303,614	50,890
– Consumption	84,931	50,021	159	25,862	7,740	1,149
– Other	479,788	270,667	2,889	136,634	63,386	6,212
TOTAL	**15,427,726**	**4,285,328**	**2,215,203**	**4,411,979**	**846,194**	**3,669,022**

(a) Exposures shown in this statement include loans and advances, debt securities, equity instruments, derivatives (held-for-trading or hedging), investments in subsidiaries, joint ventures and associates, and guarantees given, irrespective of the item under which they are reported on the statement of financial position.

Assets are shown at the carrying amount of transactions, i.e. after deducting valuation adjustments for hedging of specific transactions. Guarantees are measured at their nominal value.

The geographical breakdown of risk is based on the country of residence of the borrowers, securities issuers or counterparties for the derivatives or guarantees given.

(b) Includes all activities related to construction and real-estate development, including land bank financing, irrespective of the principal economic activity of the counterparty.

(c) Non-financial corporations are classified as “Large corporates” and “SMEs” based on the definitions set out in Recommendation 2003/361/EC, of 6 May 2003, concerning the definition of micro, small and medium-sized enterprises. Self-employment is the activity exercised by individuals in the course of their business activities.

(d) Households includes not-for-profit entities providing services to households but not the business activities of the self-employed.

The geographical breakdown of risk is based on the country or autonomous region of residence of the borrowers, securities issued or counterparties for the derivatives or contingent exposure.

Refinancing

The aim of any refinancing process is to reach an agreement satisfactory to both parties, which allows the customer to cancel its debts with the Group, meet all its other commitments and, where applicable, remain in business. To achieve this may require more than a financial restructuring. It may involve a restructuring of business operations and strategy to ensure the firm’s viability.

The basic principles that will be followed when agreeing such transactions are as follows:

- Viability of the loan is fundamental. If there is no prospect of viability for the loan and/or customer then there can be no refinancing. If there is no viability the Bank must realize its collateral (foreclosure) or negotiate the taking of assets in lieu of payment to avoid a rise in costs.

- Collateral improvement. No refinancing should lead to a reduction in collateral. All arrangements should tend to increase the collateral already held by the Group.

- Try to reduce the size of the loan. As a rule, the Group’s risk to its customer should not increase unless the increase in collateral reduces the risk to below its previous level.

- Allow for possible problems in the event of insolvency. When dealing with companies, it is essential to be aware of the law on accepting guarantees and the circumstances in which they may be cancelled.

- Improve the Group’s position. The aim of these transactions must always be to improve the Group’s position relative to the debtor and other creditors.

- Medium/long-term vision. It is essential to seek comprehensive solutions for customers in the medium/long term.

- Approval by central services. These transactions must all be approved by central services.

The Group may consider a transaction is viable, i.e. the customer should be able to pay, if the following requirements are met:

- Individuals

  - For transactions with monthly repayments, these must be no more than 50% of recurrent monthly income.

  - A transaction based on the sale of assets can be considered viable provided there has been no prior refinancing based on the same grounds.

  - Inclusion of guarantors that could on their own either settle the debt or contribute to its repayment.

- Legal entities

  - A credible viability/repayment plan must be submitted. A plan based on the sale of assets can be considered viable provided there has been no prior refinancing based on the same grounds.

  - Inclusion of guarantors that could on their own either settle the debt or contribute to its repayment.

The Group carries out regular monitoring of those transactions classified as standard as well as those classified as doubtful or special watch. Transactions classified as doubtful or special watch may be reclassified into another category if the Group’s analysis shows that the borrower’s ability to pay has improved and it has been meeting its contractual obligations over a sufficiently long period (Note 2.g).

In accordance with the changes brought in by Circular 6/2012 of 28 September, which defined criteria for classifying transactions as refinancing, refinanced or restructured loans, and with the Group's own policies and the Bank of Spain's published recommendations, the table below gives a breakdown, at 31 December 2022 and 2021, of the refinancing, refinanced and restructured loans made by the Bank:

31 December 2022	TOTAL							Of which: in arrears/doubtful						
	Unsecured		Secured					Unsecured		Secured				
					Maximum applicable collateral							Maximum applicable collateral		
	No. transactions	ss carrying amoun	No. transactions	ss carrying amoun			Cumulative impairment	No. transactions	ss carrying am	No. transactions	ss carrying amoun			mulative impair
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations and self-employed (financial businesses)	1	45	1	124	88	-	(41)	-	-	1	124	88	-	(41)
Non-financial corporations and self-employed (non-financial businesses)	893	111,200	160	46,758	42,206	1,187	(31,988)	313	21,218	84	23,908	20,051	749	(28,141)
Of which: Loans for construction and real estate development (including land)	*1*	*326*	*25*	*11,985*	*11,052*	*-*	*(4,586)*	*-*	*-*	*9*	*5,519*	*4,803*	*-*	*(3,905)*
Other households	98	3,128	182	25,445	22,468	3	(9,160)	59	1,111	87	14,845	12,242	-	(8,206)
Total	**992**	**114,374**	**343**	**72,328**	**64,761**	**1,190**	**(41,188)**	**372**	**22,330**	**172**	**38,878**	**32,381**	**749**	**(36,388)**
NEW INFORMATION														
Loans classified as non-current assets and liabilities and disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 December 2021	TOTAL							Of which: in arrears/doubtful						
	Unsecured		Secured					Unsecured		Secured				
					Maximum applicable collateral							Maximum applicable collateral		
	No. transactions	ss carrying amoun	No. transactions	ss carrying amoun			Cumulative impairment	No. transactions	ss carrying am	No. transactions	ss carrying amoun			mulative impair
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations and self-employed (financial businesses)	-	-	1	129	92	-	(38)	-	-	1	129	92	-	(38)
Non-financial corporations and self-employed (non-financial businesses)	179	35,791	159	46,262	42,414	1,309	(26,093)	54	15,525	87	26,229	22,963	1,147	(24,528)
Of which: Loans for construction and real estate development (including land)	*1*	*326*	*26*	*12,329*	*10,467*	*-*	*(5,320)*	*-*	*-*	*9*	*6,791*	*5,344*	*-*	*(4,740)*
Other households	88	3,526	181	25,449	21,107	255	(7,883)	54	1,383	78	13,995	10,618	-	(7,018)
Total	**267**	**39,317**	**341**	**71,841**	**63,613**	**1,565**	**(34,014)**	**108**	**16,907**	**166**	**40,354**	**33,674**	**1,147**	**(31,584)**
NEW INFORMATION														
Loans classified as non-current assets and liabilities and disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Policies, methods and procedures regarding responsible consumer lending and transparency and protection of banking services customers

Caja Rural de Navarra has established risk policies compliant with Act 2/2011, of 4 March, on the sustainable economy, with Ministerial Order EHA/2899/2011, of 28 October, on transparency in banking services and with Bank of Spain Circular 5/2012, of 27 June, on transparency of banking services and responsible lending.

These policies are contained in the "Lending Policy Handbook" approved when first published by the Governing Board and whose latest version was approved by the Governing Board at their meeting on 21 October 2021. The Handbook includes the following policies:

- Rigorous analysis of the customer's ability to repay, i.e. an appropriate ratio of income to obligations.

- Documentary verification of the information provided by the customer and of his/her solvency.

- Appropriate independent appraisal of real collateral.

Caja Rural de Navarra has also taken the following measures to ensure transparency and protection of banking services customers:

- Posting its current charges in branches and websites (including interest rates, fees and expenses) for the different financial products.

- Each year, customers are sent a personal letter detailing the interest, fees and expenses charged in the previous year for the products they have contracted.

b) Market risk

The Group is exposed to market risk due to its banking activities. However, as the Parent Company engages in only a limited level of market trading, its main controls of market risk are various limits on market activity including limits on fixed income and equity exposures, monthly stop-losses and a global annual stop-loss. The Bank also applies concentration limits on exposures to securities and economic sectors, as well as on positions in foreign currency.

In addition, to measure the risks assumed on certain portfolios, the Bank also performs VaR (Value at Risk) analyses and analyses of portfolio sensitivity to interest rate fluctuations.

b.1.) Interest rate risk

Interest rate risk is managed by the Assets and Liabilities Committee (ALC), which meets regularly to systematically analyse exposure to this risk and to plan and manage the balance sheet. The ALC sets guideline risk policies to be applied on an ongoing basis, so that the Group can maximize its finance income and optimize its balance sheet financing.

Interest rate risk in the whole balance sheet is measured by calculating interest gaps and performing duration analyses and simulations. For these purposes, the Bank has the support and assistance of the Asset and Liabilities Department of Banco Cooperativo Español, which draws up regular reports on interest rate risk. The Bank's statement of financial position has a high level of immunity to interest rate fluctuations. At 31 December 2022, it was estimated that a 200 basis point decline in interest rates would reduce net interest income by 6.90% (at 31 December 2021 the impact of such a movement was estimated to be a 6.77% fall in net interest income).

The table below details the Group's exposure to interest rate risk, grouping the carrying amount of financial assets by the interest rate reset date or by the maturity date in the case of fixed-rate transactions. The table uses contractual interest rate review dates in the case of floating-rate transactions. For fixed-rate transactions, it uses contractual maturity dates. Traditional banking liabilities, such as current or savings accounts, are classified according to the balance and the remuneration of each account: balances of up to EUR 90,000 at interest rates of less than or equal to 0.5% are classified in the "Between 2 and 3 years" tranche; balances of up to EUR 90,000 with interest rates of over 0.5% are classified in other tranches up to 1 year, in line with the said interest rate; and lastly, balances of over EUR 90,000 are considered more sensitive and are classified in the shortest tranches based on the Bank's experience, with more than 50% in the "Less than 1 month" tranche.

	Thousands of euros								
2022	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Assets									
Loans and advances – Credit institutions	100,084	105,490	32,222	-	-	-	-	-	32,222
Loans and advances – Customers	932,269	1,522,391	3,581,369	934,110	456,972	364,150	240,699	1,481,724	9,513,683
Debt securities	97,430	112,233	840,758	1,317,645	331,227	368,441	513,104	1,068,479	4,649,318
Total	1,129,783	1,740,114	4,454,350	2,251,755	788,199	732,591	753,803	2,550,203	14,400,798
Liabilities									
Deposits – Central banks	-	-	1,120,852	195,072	-	-	-	-	1,315,924
Deposits – Credit institutions	72,633	9,166	37,732	9,002	7,786	50,489	40,231	6,342	233,364
Deposits– Customers	3,380,238	550,740	1,842,505	128,330	1,261	35,489	387,753	4,612,921	10,939,238
Debt securities issued	-	-	499,886	-	589,625	-	-	552,547	1,642,057
Total	3,452,872	559,906	3,500,974	332,405	598,654	85,979	427,984	5,171,809	14,130,583
Gap	(2,323,089)	1,180,208	953,376	1,919,350	189,545	646,612	325,818	(2,621,606)	270,215
Cumulative gap	(2,323,089)	(1,142,880)	(189,505)	1,729,845	1,919,390	2,566,002	2,891,821	270,215	270,215

	Thousands of euros								
2021	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Assets									
Loans and advances – Credit institutions	10,617	100,933	33,741	-	-	-	-	-	145,291
Loans and advances – Customers	978,016	1,534,265	3,571,160	842,999	525,788	408,645	247,312	1,337,978	9,446,163
Debt securities	304,483	212,254	410,305	704,776	1,338,985	329,947	377,340	1,110,876	4,788,966
Total	1,293,116	1,847,452	4,015,206	1,547,775	1,864,773	738,592	624,651	2,448,854	14,380,420
Liabilities									
Deposits – Central banks	-	2,113,514	-	-	-	-	-	-	2,113,514
Deposits – Credit institutions	243	144,306	28,143	12,464	10,048	8,611	57,090	52,081	312,986
Deposits– Customers	3,114,994	627,758	1,899,779	316,699	110,656	49,555	19,792	4,121,846	10,261,080
Debt securities issued	-	501,740	99,972	499,613	-	611,765	-	51,565	1,764,655
Total	3,115,237	3,387,318	2,027,895	828,776	120,704	669,932	76,882	4,225,492	14,452,235
Gap	(1,822,121)	(1,539,866)	1,987,311	719,000	1,744,069	68,661	547,769	(1,776,638)	(71,815)
Cumulative gap	(1,822,121)	(3,361,987)	(1,374,676)	(655,676)	1,088,393	1,157,053	1,704,823	(71,815)	(71,815)

b.2.) Price risk

This is defined as the risk arising as a result of changes in market prices caused either by factors specific to the instrument or by factors affecting all instruments traded on the market.

The Group uses the VaR method to manage its portfolios of “Equity instruments”, using data series of one year, calculated with a 99% confidence level, and a time horizon of one day. Using these assumptions, the “Equity instruments” portfolio would have a one-day VaR of EUR 1,379 thousand at 31 December 2022 (compared with EUR 1,318 thousand at 31 December 2021). Since most of the portfolio of listed equities is classified as “Available-for-sale financial assets”, the greatest impact would be on equity.

b.3.) Exchange rate risk

The Group had no significant exposure to exchange rate risk on the date of these consolidated annual financial statements.

c) Liquidity risk

This risk reflects the potential difficulties the Group could experience in raising or accessing liquid assets in sufficient quantity and value to cover its payment obligations at any given time.

At Caja Rural de Navarra, as a credit institution focused on retail banking, this risk derives mainly from the existence of a very significant volume of liabilities (customer deposits) payable on demand, but for which the timing of repayment is not certain. However, past experience demonstrates that the behaviour of this category of liabilities tends to be very stable over time.

Caja Rural de Navarra monitors the performance of those lines of the statement of financial position that affect its liquidity on an ongoing basis, keeping within certain limits and using dedicated tools to predict potential fluctuations that may require action to sustain short-, medium- and long-term liquidity. These controls are carried out by the ALC.

A breakdown of financial securities by residual term to maturity at 31 December 2022 and 2021 is given below. The maturity dates used are those in the contractual terms and conditions. The same criteria as in the section on interest rate risk were applied to group customer demand deposits, current accounts and savings by tranche. In its management of liquidity risk, the Group considers the collection/payment of cash flows, which include the principal of transactions and interest that mature in each tranche.

	Thousands of euros						
2022	Demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Assets							
Loans and advances – Credit institutions	-	133,634	105,773	33,905	8,378	-	281,689
Loans and advances – Customers	-	368,352	406,165	1,170,594	4,265,110	5,325,473	11,535,694
Debt securities	-	72,871	56,782	655,944	2,638,068	1,312,541	4,736,206
Total	**-**	**574,856**	**568,720**	**1,860,442**	**6,911,556**	**6,638,014**	**16,553,589**
Liabilities							
Deposits – Central banks	-	-	-	1,120,852	195,072	-	1,315,924
Deposits – Credit institutions	-	185	2,548	40,391	189,236	9,444	241,802
Deposits – Customers	-	3,345,800	521,592	1,790,976	640,866	4,623,367	10,922,602
Debt securities issued	-	-	5,968	512,061	642,633	561,952	1,722,614
Total	**-**	**3,345,985**	**530,108**	**3,464,280**	**1,667,807**	**5,194,763**	**14,202,942**
Gap	-	(2,771,128)	38,613	(1,603,837)	5,243,749	1,443,251	2,350,647
Cumulative gap	-	(2,771,128)	(2,732,516)	(4,336,353)	907,396	2,350,647	2,350,647

	Thousands of euros						
2021	Demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Assets							
Loans and advances – Credit institutions	-	1,159,497	100,885	33,574	58,381	-	1,352,337
Loans and advances – Customers	-	308,206	350,663	970,826	3,922,979	4,750,486	10,303,159
Debt securities	-	303,543	39,497	233,564	2,851,905	1,314,216	4,742,724
Total	-	1,771,246	491,045	1,237,964	6,833,265	6,064,701	16,398,221
Liabilities							
Deposits – Central banks	-	-	-	350,000	1,791,300	-	2,141,300
Deposits – Credit institutions	-	82	(3,758)	21,537	95,124	55,041	168,023
Deposits – Customers	-	3,099,445	608,050	1,884,098	529,885	4,131,484	10,252,962
Debt securities issued	-	-	504,993	105,287	1,119,758	55,511	1,785,549
Total	-	3,099,527	1,109,284	2,360,922	3,536,068	4,242,037	14,347,838
Gap	-	(1,328,281)	(618,239)	(1,122,958)	3,297,197	1,822,665	2,050,383
Cumulative gap	-	(1,328,281)	(1,946,520)	(3,069,479)	227,718	2,050,383	2,050,383

As the table shows, the Group has a short-term liquidity gap, as is normal in retail banking, although as mentioned above historical data reveal a high degree of stability in its deposits.

d) Fair value of financial instruments

This risk corresponds to changes occurring in the fair value of financial instruments, as defined in Note 2.e).

As described in Note 2.e.), except for financial instruments classified as “Financial assets at amortized cost” and equity instruments whose fair value cannot be reliably measured or derivative securities with such equity instruments as their underlying, the Group’s financial assets are recognized in the consolidated balance sheet at their fair value. Likewise, except for financial liabilities designated as “Financial liabilities at amortized cost”, all the Group’s financial liabilities are recognized in the consolidated statement of financial position at their fair value.

Also, some items recognized in “Financial assets at amortized cost” and “Financial liabilities at amortized cost” could be related to fair value hedges (Note 2.e), their value having been adjusted by an amount equivalent to the changes in fair value resulting from the hedged risk, mainly interest rate risk.

The table below shows the fair values, at the close of 2022 and 2021, of the financial assets and liabilities indicated below grouped according to the different measurement methods used by the Group to determine fair value:

2022	Thousands of euros				
			Fair value hierarchy		
	Total balance	Fair value	Level 1	Level 2	Level 3
Cash, cash balances at central banks and other demand deposits	985,920	985,920	985,920	-	-
Financial assets held for trading	18,203	18,203	14,321	-	3,882
Financial assets not held for trading mandatorily measured at fair value through profit or loss	2,235	2,235	399	-	1,836
Financial assets at fair value through other comprehensive income	878,885	878,885	645,840	1,810	231,235
Financial assets at amortized cost	13,780,052	13,553,431	3,728,827	9,629,788	194,816
Derivatives – hedge accounting	454	454	-	454	-
TOTAL FINANCIAL ASSETS	**15,665,749**	**15,439,128**	**5,375,307**	**9,632,052**	**431,769**
Financial liabilities held for trading	3,889	3,889	-	-	3,889
Financial liabilities at amortized cost	14,220,639	13,077,418	-	13,003,094	74,325
Derivatives – hedge accounting	63,383	63,383	-	59,163	4,220
TOTAL FINANCIAL LIABILITIES	**14,287,911**	**13,144,690**	**-**	**13,062,257**	**82,434**

2021	Thousands of euros				
			Fair value hierarchy		
	Total balance	Fair value	Level 1	Level 2	Level 3
Cash, cash balances at central banks and other demand deposits	1,138,650	1,138,650	1,138,650	-	-
Financial assets held for trading	5,744	5,744	3,677	-	2,067
Financial assets not held for trading mandatorily measured at fair value through profit or loss	4,218	4,218	11	461	3,746
Financial assets at fair value through other comprehensive income	1,410,809	1,410,809	1,135,231	35,373	240,205
Financial assets at amortized cost	13,256,139	14,181,454	3,748,896	10,199,365	233,194
Derivatives – hedge accounting	7,810	7,810	-	7,636	174
TOTAL FINANCIAL ASSETS	**15,823,370**	**16,748,685**	**6,026,465**	**10,242,835**	**479,386**
Financial liabilities held for trading	1,362	1,362	-	-	1,362
Financial liabilities at amortized cost	14,606,820	14,514,300	-	14,193,546	320,754
Derivatives – hedge accounting	66,612	66,612	-	66,612	-
TOTAL FINANCIAL LIABILITIES	**14,674,794**	**14,582,274**	**-**	**14,260,158**	**322,116**

The following criteria were used to determine fair values:

- Level 1: the prices quoted in active markets for these financial instruments.
- Level 2: the prices quoted in active markets for similar instruments or other valuation techniques in which all significant inputs are based on directly or indirectly observable market data.
- Level 3: valuation techniques in which some of the significant inputs are not based on observable market data.

The particular valuation techniques used and the assumptions made for determining fair values are as follows:

- Cash, cash balances at central banks and other demand deposits: The fair value of these assets is considered equal to their carrying amount since they are either redeemable on demand or payable in the near term.

- Debt securities: For government bonds and certain fixed-income securities issued by credit institutions, the price quoted on active markets is used (Level 1). For some fixed-income securities, measurement methods based on discounting cash flows have been applied, using the yield curves and market spreads of similar instruments (Level 2). For all other debt securities, prices calculated by accredited external appraisers are used (Level 3).

- Equity instruments: the price quoted on active markets has been used (Level 1). For some venture capital funds and investments in foreign financial institutions fair value has been calculated using valuation techniques in which all the significant inputs are based on market data (Level 2).

- Financial assets at amortized cost - Customers: Fair value has been estimated by discounting future cash flows based on the yield curve at the close of each year, using a discount factor corresponding to the residual term between the date of analysis and the date of revision or maturity. Likewise, the level of credit risk provisions for the credit risk portfolio has been quantified in accordance with the accounting standard applicable and is considered sufficient to cover the credit risk in question. However, in an economic and financial crisis of the kind we are currently experiencing, and given that there is no market for these financial assets, the amount at which such assets might be exchanged between interested parties could be lower than the net asset value recognized since the potential buyer may wish to discount not only losses incurred and already recognized in accordance with applicable accounting standards but also the losses that it is estimated might occur in future in the event of a prolongation of the current unusually lengthy and severe economic downturn.

- Financial liabilities at amortized cost: Fair value has been estimated by discounting future cash flows based on the yield curve at the close of each year, using a discount factor corresponding to the residual term between the date of analysis and the date of revision or maturity.

Differences between the fair value and carrying amount of financial instruments may exist for the following reasons:

- In the case of fixed-income instruments, fair value changes according to movements in market interest rates. The longer the instrument’s residual term to maturity, the greater the change in fair value.

- In the case of instruments bearing interest at a floating rate, fair value may differ from carrying amount if the spread on the benchmark interest rate has changed since the instrument was issued. Assuming spreads remain stable, fair value is equal to carrying amount only on reset dates. On all other dates, flows that are already certain are subject to interest rate risk.

No financial instruments were transferred between measurement levels in 2022 and 2021. Movements in Level 3 assets during both years were as follows:

	Assets	Liabilities
Balance at 31 December 2020	**408,748**	**263,108**
Valuation adjustments recognized in income	-	-
Valuation adjustments not recognized in income	25,414	-
Purchases, sales and settlements	45,224	59,008
Net inflows/(outflows) to Level 3	-	-
Translation and other differences	-	-
Balance at 31 December 2021	**479,386**	**322,116**
Valuation adjustments recognized in income	-	-
Valuation adjustments not recognized in income	(20,889)	-
Purchases, sales and settlements	(26,728)	(239,682)
Net inflows/(outflows) to Level 3	-	-
Translation and other differences	-	-
Balance at 31 December 2022	**431,769**	**82,434**

e) Transparency of information on loans for construction and real estate development, home loans, assets received in settlement of debts and finance requirements and strategies

In accordance with the Bank of Spain's transparency guidelines on loans for construction and real estate development, home loans and assets received in settlement of debt and assessment of market financing needs and with Bank of Spain Circular 5/2011, of 30 November, the Group reports as follows:

Information on loans for construction and real estate development

The value of loans for construction and real estate development and associated coverage at 31 December 2022 and 2021 was as follows:

	2022		
	Gross carrying amount	**Excess of gross exposure over recoverable amount of effective guarantees**	**Cumulative impairment**
Loans for construction and real estate development (including land) (Spanish business)	499,165	152,495	(11,306)
Of which: in arrears/doubtful	8,042	4,079	(5,407)
Memorandum items: Write-offs	52,269		
Memorandum items:			
- Loans and advances to customers, excluding public sector (Spanish businesses) (carrying amount)	9,283,732		
- Total assets (all businesses)	16,076,358		
- Impairment and provisions for exposures classified as standard (all business)	112,007		

	2021		
	Gross carrying amount	Excess of gross exposure over recoverable amount of effective guarantees	Cumulative impairment
Loans for construction and real estate development (including land) (Spanish business)	434,653	164,225	(10,802)
Of which: in arrears/doubtful	9,025	4,800	(5,433)
Memorandum items: Write-offs	52,276		
Memorandum items:			
- Loans and advances to customers, excluding public sector (Spanish businesses) (carrying amount)	9,203,994		
- Total assets (all businesses)	16,333,118		
- Impairment and provisions for exposures classified as standard (all business)	102,295		

The table below shows disclosures of finance for construction, real estate development and home loans at 31 December 2022 and 2021:

	Loans for construction and real estate development. Gross carrying amount	
	2022	2021
Unsecured by property	72,776	80,642
Secured by property	426,389	385,234
Buildings and other completed constructions	163,887	132,203
Homes	87,946	56,670
Other	75,941	75,533
Buildings and other constructions under construction	213,498	207,752
Homes	201,816	198,766
Other	11,682	8,986
Land	49,003	45,280
Consolidated urban land	28,586	24,946
Other land	20,417	20,334
Total	**499,165**	**465,876**

Information on home loans

The breakdown of home loans at 31 December 2022 and 2021, is as follows:

	2022		2021	
	Gross carrying amount	Of which: in arrears/doubtful	Gross carrying amount	Of which: in arrears/doubtful
Home loans	4,141,606	28,422	4,191,363	28,235
Unsecured by mortgages	120,903	149	116,685	317
Secured by mortgages	4,020,703	28,273	4,074,677	27,918

At 31 December 2022 and 2021 the breakdown of home loans secured by mortgages according to the percentage loan to latest available value is as follows:

	LTV					
	2022					
	LTV under 40%	LTV 40-60%	LTV 60-80%	LTV 80-100%	LTV over 100%	Total
Gross carrying amount	594,437	977,392	1,519,030	640,302	289,541	4,020,703
Of which: In arrears/doubtful	3,410	5,461	7,634	5,723	6,045	28,273

	LTV					
	2021					
	LTV under 40%	LTV 40-60%	LTV 60-80%	LTV 80-100%	LTV over 100%	Total
Gross carrying amount	517,606	921,381	1,509,886	717,448	408,356	4,074,677
Of which: In arrears/doubtful	2,936	4,854	7,895	6,028	6,205	27,918

Information on assets acquired in settlement of debt

The detail of assets acquired in settlement of debt at 31 December 2022 and 2021 is as follows:

	Thousands of euros			
	2022		2021	
	Gross carrying amount	Cumulative impairment	Gross carrying amount	Cumulative impairment
Real estate assets acquired from construction and real estate development loans	36,499	16,244	37,933	15,470
Buildings and other completed constructions	4,583	453	5,236	417
Homes	1,902	108	2,405	175
Other	2,681	345	2,831	242
Buildings and other constructions under construction	49	49	49	49
Homes	-	-	-	-
Other	49	49	49	49
Land	31,867	15,742	32,647	15,004
Consolidated urban land	12,498	6,525	13,070	6,578
Other land	19,369	9,217	19,578	8,426
Real estate assets originating from loans to individuals to fund home purchases	4,394	467	4,219	623
Other real estate assets foreclosed or received in settlement of debt	8,017	1,905	7,114	2,032
Equity instruments foreclosed or received in settlement of debt	945	765	945	765
Equity instruments of holding companies of real estate assets foreclosed or received in payment of debt	-	-	-	-
Loans to holding companies of real estate assets foreclosed or received in payment of debt	-	-	-	-
Total	**49,855**	**19,381**	**50,211**	**18,890**

Policies for managing problematic assets

As part of its general risk management policy, Caja Rural de Navarra has specific processes for dealing with assets from the construction and real estate development sector.

These processes aim to sustain, wherever possible and without impairing the recovery of contracted risks, the business continuity and viability of companies and other customers, mitigating the risks to which the Group is exposed. This means seeking alternatives that allow projects to be completed and sold, analysing where risks can be renegotiated if the customer's credit position improves, with a view to keeping the debtor in business. The process considers the Bank's track record with the debtor, their manifest ability to pay and potential improvements to the customer's expected loss, looking to increase loan collateral without increasing risk exposure to the customer.

The Group also supports developers once developments have been completed, working in partnership to manage and speed up sales.

If the above approach fails or is insufficient, other alternatives are analysed, such as taking assets in lieu of payment or buying assets and, as a last resort, legal proceedings to foreclose the buildings.

All assets taken onto the Group's balance sheet are managed with a view to their disposal or lease. For this purpose, the Group has operating companies that specialize in the sale or leasing of real estate assets. The Group has the resources to develop these strategies and coordinate the work of the subsidiaries and branch network.

In accordance with Act 8/2012, at 31 December 2022 and 2021 the Group held, among other assets, all the real estate assets acquired as a result of its financing of construction and real estate development operations in Promoción Estable del Norte, S.A.. The breakdown and percentage interest in each asset are given in Note 1.e).

The cumulative volume of assets transferred to Promoción Estable del Norte, S.A. at 31 December 2022 and 2021 was EUR 19,531 thousand and EUR 19,764 thousand, respectively, and the net carrying amount of the company at these two dates was EUR 9,763 thousand and EUR 10,327 thousand, respectively. At 31 December 2022 the balance of capital or member contributions transferred to the company was EUR 86,425 thousand (EUR 85,301 thousand at 31 December 2021), against a revaluation for impairment of EUR 76,407 thousand (EUR 76,024 thousand at 31 December 2021).

Assessment of market financing needs

Caja Rural de Navarra has historically adhered to a liquidity management policy that does not rely on wholesale financing that involves future repayment commitments. This means that the Group's liquidity assumptions do not include the issue of securities on wholesale markets that entail future repayment commitments as sources of funding to grow its core business (loans and advances).

Notwithstanding the foregoing, the Group has raised finance on the markets a number of times for the following purposes:

- To increase and diversify available liquidity.

- To maintain ample regulatory liquidity ratios

- To gain experience of different forms of financing in different markets and instruments, including those that can be used to meet the requirements of regulations or prudential supervision, subordinated or unsubordinated, and maintain an ongoing relationship with investors and other market participants such as investment banks and rating agencies.

- To strengthen its Sustainability strategy based on issues made within the existing sustainability framework.

- To generate collateral discountable at the European Central Bank and/or usable as security for secured financing transactions at clearing houses.

Overall, the Group foresees no need for wholesale financing given its repayment schedule and the current level of available liquidity.

In addition, Caja Rural de Navarra has various contingency plans for obtaining liquidity. These include a sizeable stock of assets discountable at the European Central Bank.

In the medium to long term the Group will maintain the same policy of not using market financing to grow its lending business, while at the same time maintaining the aforementioned contingency plans.

7. Cash, cash balances at central banks and other demand deposits

The detail of this line of the statement of financial position at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Cash	54,352	47,815
Cash balances at central banks	300,033	-
Other demand deposits	631,535	1,090,835
	985,920	**1,138,650**

At 31 December 2022, the Bank had a balance of EUR 300,033 thousand deposited with the Bank of Spain, remunerated at the marginal deposit facility rate. This was not the case at end-2021, which is why “Cash balances at central banks” shows no figure at that date.

The Bank complies with the minimum reserve requirement pursuant to the provisions of Article 10 of Regulation (EC) 1745/2003 of the European Central Bank, of 12 September 2003, regulating the maintenance of minimum reserves held indirectly through an intermediary (Note 10).

Banco Cooperativo Español, S.A. and the rural credit cooperatives that constitute its membership have concluded agreements whereby members assign funds to Banco Cooperativo Español, S.A. for exclusive investment in the interbank and money markets, with members assuming joint liability for any losses that may be incurred as a result of such investments. The liability assumed by the Group under these agreements amounted to EUR 41,181 thousand and EUR 141,806 thousand at 31 December 2022 and 2021, respectively, and is recognized in "Guarantees given – Other guarantees given" in the memorandum accounts (Note 23).

For purposes of preparation of the consolidated cash flow statement, the Group treated the balance of this line of the consolidated statement of financial position as "Cash and cash equivalents".

The average annual interest rate applied to "Other demand deposits" in 2022 was 0.06% (-0.18% in 2021). Interest accrued on the financial assets included in this portfolio in 2022 was a positive EUR 659 thousand compared with a negative EUR 2,248 thousand in 2021.

8. Financial assets and liabilities held for trading

The breakdown of this line of the statement of financial position at 31 December 2022 and 2021 by type of counterparty is as follows:

	Thousands of euros			
	Assets		Liabilities	
	2022	2021	2022	2021
By counterparty				
Credit institutions	2,718	2,301	1,581	553
Other resident sectors	3,648	3,443	2,308	809
Other non-resident sectors	-	-	-	-
Total	**6,366**	**5,744**	**3,889**	**1,362**

The fair value of items included in "Financial assets and liabilities held for trading" was calculated using valuation techniques based on market data.

Financial assets held for trading. Equity instruments

The breakdown of this line of the consolidated statement of financial position at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Shares in credit institutions	356	825
Shares in other resident companies	2,128	2,852
Shares in other non-resident companies	-	-
Total	**2,484**	**3,677**

All securities classified as "Equity instruments" at 31 December 2022 and 2021 were shares listed for trading on official markets.

Financial assets held for trading. Derivatives

This line includes, at 31 December 2022 and 2021:

- Swaps related to the Group's securitisation transactions.

- Transactions contracted to hedge the market risk associated with structured customer deposits incorporating an embedded derivative.

- Currency hedging transactions with customers (currency forward contracts).

Details of the notional and fair values of the financial derivatives recognized under "Derivatives", by type of market, counterparty, residual term to maturity and type of risk, are as follows:

	Thousands of euros					
	Notional value Memorandum accounts		Fair value Assets		Fair value Liabilities	
	2022	2021	2022	2021	2022	2021
By type of market						
Bilateral (OTC) markets	406,441	314,856	3,882	2,067	3,889	1,362
TOTAL	**406,441**	**314,856**	**3,882**	**2,067**	**3,889**	**1,362**
By type of product						
Swaps	95,239	109,460	15	657	184	-
Futures	125,325	107,661	2,520	1,294	2,357	1,246
Options	185,877	97,735	1,347	116	1,348	116
TOTAL	**406,441**	**314,856**	**3,882**	**2,067**	**3,889**	**1,362**
By counterparty						
Resident credit institutions	246,235	210,986	2,362	1,476	1,581	533
Other resident sectors	160,206	103,870	1,520	591	2,308	829
TOTAL	**406,441**	**314,856**	**3,882**	**2,067**	**3,889**	**1,362**
By residual term to maturity						
Less than 1 year	136,928	126,299	2,540	1,323	2,357	1,362
1 to 5 years	81,307	79,097	1,327	87	-	-
Over 5 years	188,206	109,460	15	657	1,532	-
TOTAL	**406,441**	**314,856**	**3,882**	**2,067**	**3,889**	**1,362**
By type of risk						
Interest rate risk	95,239	109,460	15	657	184	-
Equity risk	185,877	97,735	1,347	116	1,348	116
Currency risk	125,325	107,661	2,520	1,294	2,357	1,246
TOTAL	**406,441**	**314,856**	**3,882**	**2,067**	**3,889**	**1,362**

The notional and/or contractual value of the formal derivative contracts does not represent the real risk assumed by the Group as the net position is obtained by offsetting and/or grouping together these financial instruments.

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Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

9. Financial assets at fair value through other comprehensive income

The breakdown of this line in the consolidated statement of financial position by region, type of counterparty and type of instrument, is as follows:

	Thousands of euros	
	2022	**2021**
By counterparty		
Spanish public sector	60,826	142,935
Non-resident General governments	1,917	26,656
Credit institutions	329,636	574,104
Other resident sectors	274,545	338,534
Other non-resident sectors	223,798	328,580
Total	**890,722**	**1,410,809**
By type of instrument		
Debt securities	618,511	1,120,063
Spanish government debt	60,826	142,935
Non-resident General governments	1,916	26,656
Issued by credit institutions	322,480	565,762
Other Spanish fixed-income securities	31,301	94,731
Other non-resident fixed-income securities	201,988	289,979
Equity instruments	272,211	290,746
Shares in credit institutions	7,156	8,342
Shares in Spanish companies	242,111	242,690
Shares in foreign companies	13,080	27,782
Units and shares in investment funds	9,864	11,932
Total	**890,722**	**1,410,809**

When it approved the various business models for investing in debt securities, the Parent Company's management was inevitably unaware of the future corporate transactions (described in Note 1.e) and the subsequently notified MREL ratio requirement (Note 1.h). Responding to these events, to strengthen the Parent Company's solvency and enhance control over the volatility of its capital, on 27 May 2022, the Parent Company's Governing Board reviewed its current business models for investing in debt securities and imposed new and stricter requirements for holding securities under the business model for investments in the “Financial assets at fair value with changes in other comprehensive income” portfolio. The change in business model meant that some securities in the portfolio at the review date failed to meet the portfolio's new requirements.

Given market conditions at the date of the change in business model, however, the Bank felt that the best option to recover the value of these securities would not be to sell them immediately. Accordingly, some assets of this type currently in the portfolio will be managed under a different model that holds the assets for their contractual cash flows and they will therefore be transferred to the amortized cost portfolio, in line with current accounting rules.

As a result, the Parent Company has reclassified debt securities with a nominal value of EUR 347,409 thousand, from "Financial assets at fair value through other comprehensive income" to "Financial assets at amortized cost" (Note 10). The fair value of the reclassified assets at the date of the change in business model was EUR 328,109 thousand and the associated valuation adjustments resulted in a gross capital loss of EUR 22,785 thousand.

The average annual interest rate for debt securities included in "Financial assets at financial assets at fair value through other comprehensive income" in 2022 was 0.37% (0.38% in 2021), while interest accrued in 2022 on these financial assets was EUR 3,251 thousand (EUR 4,139 thousand in 2021) (Note 25).

A breakdown by residual term to maturity at 31 December 2022 and 2021 is given in Note 6.

At the close of 2022 and 2021, the breakdown of "Equity instruments" according to the listing status of the securities included in the entry and the percentage accounted for by each category was as follows:

	2022		2021	
	Thousands of euros	% of total	Thousands of euros	% of total
Listed for trading	40,892	15.03%	49,747	17.11%
Not listed for trading	231,319	84.97%	240,999	82.89%
	272,211	**100.00%**	**290,746**	**100.00%**

The Group has recognized the following investments measured at fair value under "Equity instruments – Not listed for trading":

	Thousands of euros	
	Fair value	
	2022	2021
Company		
Banco Cooperativo Español, S.A. (*)	5	5
Seguros Generales Rural, S.A. de Seguros y Reaseguros (*)	1	1
Grucajrural Inversiones, S.L. (**)	205,534	214,941
Espiga Equity Fund, Fondo de Capital Riesgo de Régimen Simplificado	315	344
Rural Servicios Informáticos, S.C. (*)	16,355	16,248
Docalia, S.L. (*)	2,536	2,307
Nessa Global Banking Solutions, S.A.	-	279
DZ Bank A.G.	1,322	1,285
Minicentrales Canal de las Bardenas A.I.E.	180	180
Start-Up Capital Navarra, S.A.	137	137
Caja Rural de Jaén, S.C.C.	648	648
Caja Rural de Burgos, Fuentepelayo, Segovia y Castelldans, S.C.C.	490	654
Other reserves	3,796	3,970
Total	**231,319**	**240,999**

(*) Due to agreements between existing shareholders, the Group considered that the best evidence to establish the fair value of these companies was its ownership interest in these companies on the basis of its share in their equity at 31 December 2022 and 2021.

(**) The Group derived the fair value of this investment at 31 de December 2022 and 2021 from the appraisal value of an independent third party.

On 27 May 2021, the Board of Directors of Grucajrural Inversiones, S.L. approved the scrip dividend, paid for by a capital increase charged against the share premium of Grucajrural Inversiones, S.L., and the payment of a EUR 51 million interim dividend.

The General Meeting of Partners de Grucajrural Inversiones, S.L. held on 26 May 2022 agreed to pay the scrip dividend as a EUR 57 million capital increase charged against the share premium of Grucajrural Inversiones, S.L. accompanied by an offer to acquire free allotment rights.

The scrip dividend was funded by a capital increase via the issue of 2,473,889,000 new shares at a ratio of 1,000 new shares for each 16,563 existing shares. Face value was EUR 0.01 per share, with no share premium. It took the form of a EUR 24,738,890 capital increase by Grucajrural Inversiones, S.L with a fair value per share of EUR 0.023212, equivalent to the fair value per share at 31 December 2021. Grucajrural Inversiones, S.L. also offered to buy back free allotment rights at EUR 0.0013212 per right.

Accordingly, Caja Rural de Navarra, as a partner in Grucajrural Inversiones, S.L., both in 2022 and 2021, opted to subscribe for its full allotment of shares pro rata its stake in the share capital and sell the surplus free rights.

Following these transactions, the Bank recognised EUR 12,151 thousand (2021: EUR 10,956 thousand under “Dividend income” in the income statement (Note 27).

The main differences in 2022 from previous years were as follows:

- On 8 July 2022, the Bank disposed of 361,388,090 shares in Grucajrural Inversiones, S.L. for EUR 8,513 thousand, generating a gain of EUR 140 thousand. Also, the value of the investment in Grucajrural Inversiones, S.L. fell by EUR 13,185 thousand as a result of carrying the company at fair value and the abovementioned scrip dividend.

- Regarding the investment in Rural Servicios Informáticos, S.C., on 26 May 2022, its General Meeting of Partners voted to hold a EUR 7,185 thousand capital increase, by issuing 487,133 new shares with nominal value of EUR 14.75 each, and associated share premium of EUR 1,407 thousand. The capital increase was structured as a conversion of debt. As a result, the Bank subscribed for 94,742 new shares charged to the conversion of an existing EUR 1,671 thousand debt. Finally, at the end of 2022, the Bank recognised EUR 1,010 thousand of negative valuation adjustments.

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The main differences in 2021 from previous years were as follows:

- The value of the investment in Grucajrural Inversiones, S.L. increased by EUR 31,259 thousand as a result of carrying the company at fair value and the abovementioned scrip dividend.

- Regarding the investment in Rural Servicios Informáticos, S.C., on 27 May 2021, its General Meeting of Partners voted to hold a EUR 11,958 thousand capital increase, by issuing 810,711 new shares with nominal value of EUR 14.75, and associated share premium of EUR 1,993 thousand. The capital increase was structured as a conversion of debt. As a result, the Bank subscribed for 154,426 new shares charged to the conversion of an existing EUR 2,657 thousand debt. On 16 July 2021, the Bank also acquired 14,447 new shares. The acquisition cost was EUR 258 thousand. Finally, at the end of 2021, the Bank recognised EUR 680 thousand of positive valuation adjustments.

The breakdown of "Accumulated other comprehensive income" shown under equity at 31 December 2022 and 2021 resulting from changes in the fair value of the assets in this portfolio is as follows:

	Thousands of euros	
	2022	**2021**
Debt securities	(23,146)	5,181
Equity instruments	24,317	43,732
	1,171	**48,913**

Movements recognized in "Accumulated other comprehensive income" corresponding to securities classified in "Financial assets at fair value through other comprehensive income" are detailed in Note 19.

Overdue and impaired assets

- <u>Debt securities</u>

Details of the valuation adjustments recognized by the Group at the 2022 and 2021 accounting close due to the impairment of debt securities included in "Financial assets at fair value through other comprehensive income" are as follows:

	Thousands of euros	
	2022	**2021**
Opening balance	2,073	1,940
Net additions charged/(credited) to income (Note 36)	(399)	133
Balances for the year	-	-
Other movements	-	-
Closing balance	**1,674**	**2,073**

10. Financial assets at amortized cost

The breakdown of this asset item in the consolidated statement of financial position by nature of the related financial instrument is as follows:

	Thousands of euros	
	2022	**2021**
Loans and advances		
Credit institutions	237,797	145,291
Customers	9,511,847	9,442,417
Debt securities	4,030,408	3,668,431
Total	**13,780,052**	**13,256,139**

Loans and advances – Credit institutions

The breakdown of this line of the consolidated statement of financial position by type of credit facility and by currency where the borrower is resident is as follows:

	Thousands of euros	
	2022	**2021**
By type		
Term deposits	237,775	145,276
Other assets	-	-
Total	**237,775**	**145,276**
Valuation adjustments	22	15
Total	**237,797**	**145,291**
By currency		
Euro	199,730	107,127
US dollar	34,821	36,222
Other	3,246	1,942
Total	**237,797**	**145,291**

In accordance with Article 10 of European Central Bank Regulation (EC) 1745/2003 of 12 September 2003, concerning the application of minimum reserves, the Parent Company uses the services of Banco Cooperativo Español, S.A. to indirectly maintain its minimum reserves through an intermediary. Accordingly, the Bank holds a deposit in the Banco Cooperativo Español, S.A. for the purpose of indirect compliance with the minimum reserves rate, registered under “Term accounts”, with a balance at 31 December 2022 of EUR 105,490 thousand, compared with EUR 100,933 thousand at 31 December 2021.

A breakdown by residual term to maturity in 2022 and 2021 is given in Note 6.

The average annual interest rate applied to deposits with credit institutions in 2022 was 2.97% (0.04% in 2021). Interest accrued on the financial assets included in this portfolio in 2022 totalled EUR 5,684 thousand compared with EUR 49 thousand in 2021 (Note 25).

Loans and advances – Customers

The breakdown of this item in the consolidated statement of financial position by type and status of facility, borrower sector, region in which the borrower is resident and type of interest rate applied is as follows:

	Thousands of euros	
	2022	**2021**
Gross risk	9,690,258	9,628,551
Of which doubtful assets (Note 6.a)	*175,796*	*179,511*
Valuation adjustments	(178,411)	(186,134)
Total	**9,511,847**	**9,442,417**
By product		
On demand and short notice	689	1,093
Credit cards	58,164	48,625
Trade debtors	602,372	503,975
Finance leases	166,903	171,973
Other term loans	8,640,588	8,699,852
Non-loan advances	16,351	16,899
Total	**9,511,847**	**9,442,417**
By borrower sector		
General governments	194,083	223,190
Other financial corporations	157,875	74,379
Non-financial corporations	3,971,771	3,923,336
Home loans	5,188,118	5,221,512
Total	**9,511,847**	**9,442,417**
By guarantee		
Mortgages (guaranteed by real property)	5,426,118	5,149,575
Other loans with real guarantees	223,081	191,671
Financial guarantees received	1,713,017	1,734,107
Unsecured loans	2,149,631	2,367,064
Total	**9,511,847**	**9,442,417**
By interest rate type		
Floating	6,586,058	7,045,720
Fixed	2,925,789	2,396,697
Total	**9,511,847**	**9,442,417**

The average annual interest rate applied to the financial instruments included in this item in 2022 was 1.37% (1.26% in 2021) and the interest accrued was EUR 131,979 thousand (EUR 113,054 thousand in 2021) (Note 25).

The carrying amount shown in the above table, ignoring the portion corresponding to "Accumulated other comprehensive income", represents the Group's maximum credit risk exposure from these financial instruments.

A breakdown by residual term to maturity is given in Note 6.

Bank of Spain Circular 4/2017 exempts from its derecognition requirements all financial assets and liabilities that were derecognized before 1 January 2004 (Note 2.f).

In respect of derecognitions that took place after 1 January 2004, as the conditions governing the asset transfers meant that the Bank retained material risks and benefits from the securitized assets (basically credit risk on the transactions transferred), these assets have not been derecognized from the statement of financial position. Also, in compliance with the standard, a financial liability has been initially recognized for an amount equal to the payment received and is carried at amortized cost. These transactions therefore remain on the consolidated statement of financial position, in amounts of EUR 96,712 thousand and EUR 112,525 thousand at 31 December 2022 and 2021, respectively.

In addition, liabilities of EUR 23,770 thousand and EUR 28,426 thousand were recognized in “Financial liabilities at amortized cost – Deposits – Customers” in the statements of financial position at 31 December 2022 and 2021, respectively, (Note 17). The difference between the liability balances and the carrying amounts of the assets transferred in the securitizations reflects securitization fund assets initially retained or subsequently recovered by the Bank which are presented in the aforementioned liability account after netting.

The Bank transferred assets to the following securitization funds: Rural Hipotecario VI, Rural Hipotecario VII, Rural Hipotecario VIII, Rural Hipotecario IX, Rural Hipotecario X, Rural Hipotecario XI, Rural Hipotecario XII and Rural Hipotecario XVII, all managed by Europea de Titulización S.A., S.G.F.T.

On 3 December 2021 the Parent Company signed with Europea de Titulización, S.G.F.T.A., manager of the Rural Hipotecario VII fund, and other transferrers, an agreement to liquidate the portfolio assets early and therefore to early redeem the securitisation bonds. This agreement had no significant impact on the Bank's financial statements.

In addition, the Group had subordinated loans in the amount of EUR 25,513 thousand outstanding with the aforementioned securitization funds at 31 December 2022 (EUR 25,899 thousand at 31 December 2021).

The detail of the valuation adjustments made in relation to transactions classified as “Loans and advances – Customers” is as follows:

	Thousands of euros	
Valuation adjustments	**2022**	**2021**
Valuation adjustments for impairment of financial assets	(209,604)	(212,716)
Accrued interest	10,646	7,740
Fees and commissions	(16,621)	(15,106)
Transaction costs	36,423	33,947
Premium/discount on acquisition	745	-
	(178,411)	**(186,134)**

Loans and advances – Customers. Valuation adjustments for impairment of financial assets

The table below shows financial assets at amortized cost, detailing the credit risk, gross value and associated impairment losses, at 31 December 2022 and 31 December 2021:

	Thousands of euros	
	31/12/2022	**31/12/2021**
Gross (*)		
Phase 1 – Normal risk	9,284,781	9,260,584
Phase 2 – Normal risk on special watch	229,681	188,456
Phase 3 – Doubtful risk	175,796	179,511
	9,690,258	9,628,551
Valuation adjustments for impairment		
Phase 1 – Normal risk	(84,850)	(85,454)
Phase 2 – Normal risk on special watch	(23,015)	(12,718)
Phase 3 – Doubtful risk	(101,739)	(114,544)
	(209,604)	(212,716)
Net carrying amount		
Phase 1 – Normal risk	9,199,931	9,175,130
Phase 2 – Normal risk on special watch	206,666	175,738
Phase 3 – Doubtful risk	74,057	64,967
	9,480,654	**9,415,836**

(*) Not including "Other valuation adjustments".

The summary of movements by phase in the Parent Company portfolio Loans and advances – Customers in 2022 and 2021, is as follows:

	Phase 2 from Phase 1	**Phase 1 from Phase 2**	**Phase 3 from Phase 2**	**Phase 2 from Phase 3**	**Phase 3 from Phase 1**	**Phase 1 from Phase 3**
2022	93,774	27,662	14,731	3,341	23,754	3,553
2021	81,054	14,237	11,399	2,777	16,998	2,692

The Parent Company estimates its impairment losses for credit risk on "Financial assets at amortized cost - Loans and advances" using the model described in Note 2.f, plus additional amounts at 31 December 2022 and 2021 which it was felt necessary to include to reflect the particular features of creditors or sectors that might not have been captured by the general process of estimating impairment but were nonetheless temporarily affected by the conflict in Ukraine and the Covid-19 pandemic. At 31 December 2022, for this reason the Parent Company recognised an additional impairment provision of EUR 52,500 thousand, mainly based on analysis of exposures to sectors hardest hit by the Ukraine war (31 December 2021: EUR 52,500, for exposures to sectors most affected by the Covid-19 pandemic).

Details of the movement in 2022 and 2021 in “Valuation adjustments for impairment of financial assets” forming part of the balance of the “Loans and receivables – Customers” line are as follows:

	Phase 1	Phase 2	Phase 3	Total
Opening balance 2022	**85,454**	**12,718**	**114,544**	**212,716**
Increases from origination/(Reductions from derecognition)	666	2,469	1,198	4,333
Changes in credit risk (net)	(526)	9,708	6,631	15,813
Changes without derecognition (net)	-	19	2	21
Decreases due to derecognized write-offs	-	-	(8,321)	(8,321)
Other movements	(744)	(1,899)	(12,315)	(14,958)
Closing balance at end-2022	**84,850**	**23,015**	**101,739**	**209,604**

	Phase 1	Phase 2	Phase 3	Total
Opening balance 2021	85,605	13,428	105,169	204,202
Increases from origination/(Reductions from derecognition)	2,243	(45)	13,873	16,071
Changes in credit risk (net)	(5,514)	3,417	9,273	7,176
Changes without derecognition (net)	-	24	(95)	(71)
Decreases due to derecognized write-offs	-	-	(6,573)	(6,573)
Other movements	(224)	(768)	935	(57)
Closing balance at end-2021	**85,454**	**12,718**	**114,544**	**212,716**

The detail of “(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss) – Loans and receivables – Customers” on the consolidated income statement at 31 December 2022 and 2021, is as follows:

	Thousands of euros	
	2022	**2021**
Net impairment in the period	34,401	16,536
Suspense items recovered	(2,009)	(3,695)
Assets directly derecognized	(399)	1,607
Other items	-	-
Total (Note 36)	**31,993**	**14,448**

The impairment losses recognized at 31 December 2022 and 2021 cover the minimum provisions required by the Bank of Spain, taking account of the status and circumstances of the transactions and borrowers.

Loans and receivables – Debt securities

The breakdown by counterparty of this line of the consolidated statement of financial position is as follows:

	Thousands of euros	
	2022	**2021**
Counterparty		
Spanish public sector	3,025,853	2,911,207
Non-resident General governments	322,629	270,351
Credit institutions	502,681	310,517
Other resident sectors	115,378	123,039
Other non-resident sectors	64,819	54,067
Total	**4,031,360**	**3,669,181**
Valuation adjustments for impairment of financial assets	(952)	(750)
Total	**4,030,408**	**3,668,431**

As explained in Note 10 above, the Parent Company has reclassified some debt securities, with a nominal value of EUR 347,409 thousand, from "Financial assets at fair value through other comprehensive income" to "Financial assets at amortized cost".

At 31 December 2022 and 2021, all debt securities in the "Financial assets at amortized cost" portfolio were classified as "standard risk".

The average annual interest rate for debt securities included in "Available-for-sale financial assets" in 2022 was 0.62% (0.63% in 2021), while interest accrued in 2022 on these financial assets was EUR 25,995 thousand (EUR 21,532 thousand in 2021) (Note 25).

At 31 December 2022 and 2021, securities lent to other credit institutions totalled EUR 233,572 thousand and EUR 333,213 thousand, respectively.

A breakdown by residual term to maturity at 31 December 2022 and 2021 is given in Note 6.

Details of the valuation adjustments for asset impairment recognized by the Group at the close of 2022 and 2021 for "Debt securities" included in "Financial assets at amortized cost" are as follows:

	2022	**2021**
Closing balance at end of the prior year	750	951
Net additions charged/(credited) to income (Note 36)	202	(201)
Balances for the year	-	-
Other movements	-	-
Closing balance	**952**	**750**

Impaired assets

Details of financial assets classified as “Financial assets at amortized cost” and considered impaired due to credit risk at 31 December 2022 and 2021:

- Impaired assets

	2022	2021
Up to 6 months overdue or not due	92,999	86,902
6 to 9 months overdue	8,896	7,092
9 to 12 months overdue	5,394	3,346
12 to 15 months overdue	2,559	6,084
15 to 18 months overdue	5,618	4,733
18 to 21 months overdue	3,636	3,689
More than 21 months overdue	56,694	67,666
	175,796	**179,511**

Accumulated finance income from impaired financial assets not recognized in income at 31 December 2022 and 2021 amounted to EUR 2,079 thousand and EUR 4,419 thousand, respectively.

Details of the movements in impaired financial assets derecognized because the likelihood of their recovery was considered remote but where the Group is still seeking to recover the amounts receivable are as follows:

	Thousands of euros	
	2022	2021
Opening balance	**258,117**	**250,110**
Additions	18,451	13,046
Charged to valuation adjustments for impairment of financial assets	6,664	6,527
Charged directly to income	137	698
Receivables past-due but not collected	11,650	5.81
Recoveries	(2,009)	(3,695)
Collected in cash	(2,009)	(3,695)
Definitively derecognized	(3,397)	(1,344)
Due to write-offs	(3,397)	(1,344)
Closing balance	**271,162**	**258,117**

11. <u>Financial assets not held for trading mandatorily measured at fair value through profit or loss</u>

The breakdown of this line of the statement of financial position at 31 December 2022 and 2021 is as follows:

	2022	2021
Debt securities	399	472
Loans and advances	1,836	3,746
	2,235	**4,218**

The breakdown of these instruments by rating, in order of the highest rating awarded by any of the rating agencies, at 31 December 2022 and 2021, is shown in Note 6.

12. Derivatives – hedge accounting for assets and liabilities

Derivatives designated as hedging instruments are recognized at fair value, as detailed in Note 2.d).

The breakdown of hedging derivatives by type of hedge at 31 December 2022 and 2021 was as follows:

	Thousands of euros			
	Assets		Liabilities	
	2022	2021	2022	2021
Micro-hedging				
Fair value hedges	-	7,810	52,062	66,460
Cash flow hedges	454	-	11,321	152
	454	**7,810**	**63,383**	**66,612**

The breakdown of the notional and fair values of the financial derivatives recognized as “Derivatives – Hedge accounting” for assets and liabilities by type of market, type of product, counterparty, residual term to maturity and type of risk is as follows:

	Thousands of euros					
	Notional value Memorandum accounts		Fair value Assets		Fair value Liabilities	
	2022	2021	2022	2021	2022	2021
By type of market						
Bilateral (OTC) markets	586,706	552,827	454	7,810	63,383	66,612
TOTAL	**586,706**	**552,827**	**454**	**7,810**	**63,383**	**66,612**
By type of product						
Swaps	586,706	552,827	454	7,810	63,383	66,612
TOTAL	**586,706**	**552,827**	**454**	**7,810**	**63,383**	**66,612**
By counterparty						
Resident credit institutions	586,706	552,827	454	7,810	63,383	66,612
Other resident sectors	-	-	-	-	-	-
TOTAL	**586,706**	**552,827**	**454**	**7,810**	**63,383**	**66,612**
By residual term to maturity						
Less than 1 year	11,603	18,638	-	34	344	-
1 to 5 years	344,103	38,215	407	234	19,264	71
Over 5 years	231,000	495,974	47	7,542	43,775	66,541
TOTAL	**586,706**	**552,827**	**454**	**7,810**	**63,383**	**66,612**
By type of risk						
Interest rate risk	586,706	552,827	454	7,810	63,383	66,612
Equity risk	-	-	-	-	-	-
TOTAL	**586,706**	**552,827**	**454**	**7,810**	**63,383**	**66,612**

The following financial swaps have been contracted (listed with their hedged items):

- Interest rate swap, to hedge customer deposits bearing interest at a fixed rate and fixed rate debt securities (Note 17) and inflation-linked debt securities.

- Equity swap, to hedge customer deposits bearing interest at a rate indexed to the price of securities or market indices.

At 31 December 2022, the Group recognized net losses of EUR 8,116 thousand as a result of changes in the fair value of hedging transactions (compared with a net gain of EUR 29,001 thousand in 2021). With regard to the hedged items, a net loss of EUR 7,943 thousand attributable to the hedged risk was recognized in 2022 (versus a net loss of EUR 29,156 thousand in 2021). The net amount of gains from hedges and losses on hedged items was recognized under "Net gain/(loss) from hedge accounting" in the consolidated income statement for 2022 and 2021.

The notional and/or contractual value of the hedging derivatives does not represent the real risk assumed by the Group as the net position is obtained by offsetting and/or grouping together these financial instruments.

13. Non-current assets and disposal groups held for sale

The breakdown of this line of the consolidated statement of financial position at 31 December 2022 and 2021 is as follows:

	2022	2021
Tangible assets	30,500	31,321
Investment property	250	256
Foreclosed property and equipment	49,107	49,462
Valuation adjustments for impairment of financial assets	(18,857)	(18,397)
	30,500	**31,321**

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Movements in “Investment property” and “Foreclosed tangible assets” included in “Non-current assets held for sale” in 2022 and 2021 were as follows:

	Thousands of euros	
	Investment property	Foreclosed tangible assets
Cost -		
Balance at 31 December 2020		
Additions	442	55,730
Retirements and writedowns	-	1,341
Transfers	-	(7,609)
Other movements	-	-
Balance at 31 December 2021	**442**	**49,462**
Additions	-	3,588
Retirements and writedowns	-	(3,943)
Transfers	-	-
Other movements	-	-
Balance at 31 December 2022	**442**	**49,107**
Accumulated depreciation-		
Balance at 31 December 2020	180	-
Provisions	6	-
Retirements and writedowns	-	-
Transfers	-	-
Balance at 31 December 2021	**186**	**-**
Provisions	6	-
Retirements and writedowns	-	-
Transfers	-	-
Balance at 31 December 2022	**192**	**-**
Property and equipment, net -		
Balance at 31 December 2021	**256**	**49,462**
Balance at 31 December 2022	**250**	**49,107**

The fair value of non-current assets in disposal groups held for sale located in Spain was estimated in light of their expected recoverable amounts, taking into account the parameters set out by Bank of Spain Circular 4/2017 for each type of foreclosed asset and, for real estate development assets existing at 31 December 2011, the criteria set out in Royal Decree-Law 2/2012 of 3 February. It also includes as an input the appraisals done by appraisal companies registered with the Bank of Spain and valuations carried out using criteria set by Ministerial Order ECO/805/2003 on valuation standards for property and certain rights for financial purposes. The main appraisal companies used by the Bank in 2021 and 2020 were Sociedad de Tasación, S.A., Krata, S.A., Zehazki, S.A., Técnicos en Tasación, S.A., Gestión de Valoraciones y Tasaciones, S.A., Tinsa Tasaciones Inmobiliarias, S.A.U., Instituto de Valoraciones, S.A., Katsa, S.A., Servicios Vascos de Tasaciones, S.A. and Agrupación Técnica de Valor, S.A.

Asset sales were done on an arm's length basis. In 2022, EUR 851 thousand of finance was granted for sales transactions equivalent to an average of 20.55% of the sale price. This compares to EUR 2,740 thousand and 29.06% in 2021.

The net impact of such sales in 2022 was to add EUR 98.76 thousand to net income (2021: +EUR 2,781 thousand).

Movements in "Valuation adjustments for impairment of financial assets" in "Non-current assets and disposal groups held for sale" in 2022 and 2021 were as follows:

	2022	2021
Opening balance	18,397	19,603
Net additions charged to income (Note 37)	1,285	1,604
Reversals or sales	-	-
Transfers	(825)	(2,810)
Closing balance	**18,857**	**18,397**

14. Investments in joint ventures and associates

The detail of the Bank's equity investments at 31 December 2022 and 2021, by company, was as follows:

	% ownership interest		Thousands of euros: Acquisition cost		Thousands of euros: Net carrying amount	
	2022	2021	2022	2021	2022	2021
Associates						
MHM Grupo Harinero, S.L.	49.99%	-	59,988	-	59,168	-
Bodegas Príncipe de Viana, S.L.	50.00%	50.00%	11,016	11,016	12,934	13,268
Renovables de la Ribera, S.L.	50.00%	50.00%	10,750	10,820	13,815	14,068
Errotabidea, S.L.	46.01%	46.01%	8,432	8,432	13,294	13,310
Iparlat, S.A.	21.54%	21.54%	4,836	4,836	9,556	11,233
Compañía Eólica de Tierras Altas, S.A.	23.75%	23.75%	3,184	3,184	4,639	4,865
Rioja Vega, S.A.	25.00%	25.00%	2,821	2,821	2,427	2,393
Iberjalón, S.A.	20.00%	20.00%	2,222	2,222	4,350	3,361
Bosqalia, S.L.	48.40%	48.40%	376	1,163	401	435
Omegageo, S.L.	50.00%	50.00%	1,091	1,091	1,682	1,439
Rural de Energía de Tierras Altas, S.A.	25.00%	25.00%	250	30	241	242
Servicios Empresariales Agroindustriales, S.A.	33.33%	33.33%	30	30	171	183
Rural de Energías Aragonesas, S.A.	-	50.00%	-	475	-	145
Total			**104,996**	**46,120**	**122,678**	**64,942**

At 31 December 2022, no implied goodwill was recognized in the carrying amount of associates (31 December 2021: EUR 149 thousand).

The activities, registered offices and key performance indicators of companies accounted for by the equity method at 31 December 2022 are as follows:

			Thousands of euros		
Company	Head office	Line of business	Total assets	Equity	Earnings
Bodegas Príncipe de Viana, S.L.	Pamplona	Production and sale of wine	38,921	26,260	(758)
Omegageo, S.L.	Pamplona	Civil engineering and building projects	6,392	3,364	331
Renovables de la Ribera, S.L.	Pamplona	Construction and operation of wind farms	124,547	(2,023)	4,851
Bosqalia, S.L.	Pamplona	Forestry	831	828	(60)
Errotabidea, S.L.	Pamplona	Development and management of rent-controlled housing	47,269	25,887	3,526
Servicios Empresariales Agroindustriales, S.A.	Pamplona	Management of cooperative services	1,159	513	34
Rioja Vega, S.A.	Viana (Navarre)	Production and sale of wine	13,489	9,719	136
Compañía Eólica de Tierras Altas, S.A.	Soria	Construction and operation of wind farms	23,268	19,533	8,271
Iparlat, S.A.	Urnieta (Guipúzcoa)	Production of dairy products	150,390	44,360	(10,046)
Iberjalón, S.A.	Zaragossa	Construction and operation of wind farms	34,330	(21,005)	(6,309)

The activities, registered offices and key performance indicators of companies accounted for by the equity method at 31 December 2021 were as follows:

			Thousands of euros		
Company	Head office	Line of business	Total assets	Equity	Earnings
Bodegas Príncipe de Viana, S.L.	Pamplona	Production and sale of wine	41,285	26,566	(641)
Omegageo, S.L.	Pamplona	Civil engineering and building projects	1,854	2,872	-
Renovables de la Ribera, S.L.	Pamplona	Construction and operation of wind farms	117,408	24,543	5,032
Bosqalia, S.L.	Pamplona	Forestry	3,786	753	(111)
Errotabidea, S.L.	Pamplona	Development and management of rent-controlled housing	42,324	7,758	6,684
Servicios Empresariales Agroindustriales, S.A.	Pamplona	Management of cooperative services	1,172	450	63
Rioja Vega, S.A.	Viana (Navarre)	Production and sale of wine	14,159	9,322	(18)
Rural de Energías Aragonesas, S.A.	Zaragossa	Generation and sale of renewable energy	579	579	(1,557)
Compañía Eólica de Tierras Altas, S.A.	Soria	Construction and operation of wind farms	23,125	20,063	(337)
Iparlat, S.A.	Urnieta (Guipúzcoa)	Production of dairy products	142,258	57,282	(901)
Iberjalón, S.A.	Zaragossa	Construction and operation of wind farms	28,771	11,658	2,074

The total assets, equity and earnings figures shown in the above table are those of the individual companies, prepared in accordance with the accounting principles applied by each one, before standardization and harmonization adjustments for the purposes of consolidation into the financial statements of Caja Rural de Navarra and subsidiaries.

At the close of 2022 and 2021, all balances included under “Investments in joint ventures and associates” corresponded to securities not listed for trading on official markets.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Movements in this line of the consolidated statement of financial position in 2022 and 2021 were as follows:

	Thousands of euros
Balance at 31 December 2020	**60,460**
Additions	1,045
Profit or (-) loss of companies accounted for using the equity method	3,437
Retirements	-
Transfers	-
Balance at 31 December 2021	**64,942**
Additions (Note 1.e)	59,989
Profit or (-) loss of companies accounted for using the equity method	4,689
Retirements	(6,942)
Transfers	-
Balance at 31 December 2022	**122,678**

In accordance with the criterion in Note 2.g, no impairment losses were recorded against investments in these companies at 31 December 2022 and 2021.

15. Tangible assets, intangible assets and business combinations

Tangible assets

Movements in “Tangible assets” on the consolidated statement of financial position in 2022 and 2021 were as follows:

	Thousands of euros			
	Property and equipment			
	For own use	Assigned to social projects	Investment property	Total
Cost -				
Balance at 31 December 2020	473,339	416	24,176	497,930
Additions	7,909	495	4	8,408
Retirements and writedowns	(3,412)	-	(1,441)	(4,853)
Additions/(retirements) in business combinations	26,013	-	5,556	31,569
Transfers	-	-	-	-
Balance at 31 December 2021	503,849	911	28,295	533,055
Additions	4,275	790	23	5,088
Retirements and writedowns	(4,164)	-	(1,847)	(6,011)
Additions/(retirements) in business combinations	(181,667)	-	167	(181,500)
Transfers	-	23	(23)	-
Balance at 31 December 2022	**322,293**	**1,724**	**26,615**	**350,632**
Accumulated depreciation-				
Balance at 31 December 2020	241,505	245	2,487	244,237
Provisions	6,375	-	46	6,421
Retirements and writedowns	(3,158)	-	-	(3,158)
Additions/(retirements) in business combinations	6,722	-	60	6,782
Transfers	-	-	-	-
Balance at 31 December 2021	251,444	245	2,593	254,282
Provisions	7,407	11	45	7,463
Retirements and writedowns	(3,409)	-	-	(3,409)
Additions/(retirements) in business combinations	(96,113)	-	92	(96,021)
Transfers	-	-	-	-
Balance at 31 December 2022	**159,329**	**256**	**2,730**	**162,315**
Valuation adjustments for impairment -				
Balance at 31 December 2020	-	-	4,769	4,769
Provisions (Note 36)	-	-	(639)	(639)
Additions/(retirements) in business combinations	-	-	3,125	3,125
Transfers	-	-	-	-
Balance at 31 December 2021	-	-	7,255	7,255
Provisions (Note 36)	-	-	-	-
Additions/(retirements) in business combinations	-	-	(527)	(527)
Transfers	-	-	-	-
Balance at 31 December 2022	**-**	**-**	**6,728**	**6,728**
Property and equipment, net -				
Balance at 31 December 2021	**252,405**	**666**	**18,447**	**271,518**
Balance at 31 December 2022	**162,964**	**1,468**	**17,158**	**181,589**

Payments in 2022 as a result of the application of IFRS 16 totalled EUR 1,067 thousand (2021: EUR 997 thousand).

At 31 December 2022 and 2021 the Group had no property and equipment that was temporarily out of service or had been withdrawn from active use.

At 31 December 2022 and 2021 the Group had no significant outright sale undertakings relating to tangible assets.

Fully depreciated tangible assets still in use within the Group were worth a total of EUR 98,196 thousand and EUR 125,836 thousand, respectively, at 31 December 2022 and 2021.

The Group carries out regular appraisals of its main buildings to identify potential impairment. Based on the latest available appraisals, the Directors consider that the fair values of the Bank's property and equipment do not differ significantly from their carrying amounts.

Intangible assets

Goodwill arising on consolidation

Goodwill arising on consolidation at 31 December 2021 was EUR 8,297 thousand., all related to the subsidiary Harantico, S.L.. As a result of the merging of Harantico, S.L. into Harinera del Mar Siglo XXI, S.L. and subsequent transfer to the MHM Grupo Harinero, S.L., explained in Note 1.e, this goodwill was derecognised in 2022.

Until 11 July 2014, the Parent Company directly owned 50% of the share capital in Harantico, S.L. At that date, the Parent Company acquired an additional 50% of the share capital of Harantico, S.L. securing control. The former subsidiary makes and sells flours. Based on the estimates and forecasts available to the Parent Company's Directors, the financial forecasts of the company at 31 December 2021 justified the goodwill acquired during the takeover.

The cash generating unit ("CGU") that was assigned the goodwill generated in the business combination leading to the acquisition of Harantico, S.L. assets (Note 2.y) was regularly tested for impairment, including the portion of goodwill in its carrying amount. This test was carried out at least annually or whenever there were indications of impairment.

The fair value of the CGU and the fair value assigned to its assets and liabilities were based on estimates and assumptions that the Group management considered most appropriate in the circumstances. However, changes in the valuation assumptions used could change the result of impairment tests.

Three key assumptions used in calculating the impairment test at 31 December 2021 sensitively affected the recoverable value:

- Estimates of cash flow projections by Group Management, based on the latest available budgets for the next 7 years. The key variables input to the financial forecasts were: the change in the contribution margin (affected by forecast business volumes and interest rates) and the development of other income statement items.

- The sustainable perpetual growth rate extrapolating cash flows beyond the seventh year (2029) to cover the period beyond budget positions or forecasts. The Group used a sustainable perpetual growth rate of 1.5% based on inflation projections.

- The discount rate for future cash flows, which was taken to be the CGU's assigned cost of capital and comprised a risk-free rate plus a premium reflecting the risk inherent to the business being valued (5.04% at 31 December 2021).

In determining its assumptions Group Management relied on its projections and past experience. The values arrived at were consistent with external sources of information. The present value of distributable cash flows used to derive value in use was based on Harantico, S.L.'s cost of equity (Ke) to a market participant. They were determined using the CAPM (Capital Asset Pricing Model) or discounted cash flow valuations.

In addition, a sensitivity analysis was carried out looking at the key variables in the valuation, which found no evidence of impairment at 31 December 2021. The two assumptions that carried greatest weight and whose volatility could weigh most in determining the present value of cash flows beyond the fifth year were the discount rate and the growth rate. If the discount rate applied to discounted cash flows were to be 5% higher than the management's estimates, the Group would still have had no need to reduce the carrying amount of its goodwill. Nor would it have had to reduce goodwill if the sustainable perpetual growth rate applied to discounted cash flows had been 5% lower than the management's estimates.

In making the assumptions used at 31 December 2021 to determine the CGU's EBITDA, the base for calculating free cash flow, and future growth the most conservative scenario was used so that negative distortions to this line were unlikely. Nevertheless, simulations using other growth rates and 5% increases or decreases in EBITDA, showed no risk of impairment.

Other intangible assets – Goodwill

Goodwill at 31 December 2021 was EUR 2,000 thousand, all related to the subsidiary Harinera del Mar Siglo XXI, S.L.. As a result of the transfer of Harinera del Mar Siglo XXI, S.L. to the MHM Grupo Harinero, S.L., explained in Note 1.e, this goodwill was derecognised in 2022.

Until 11 July 2014, the Parent Company directly owned 50% of the share capital in Harinera del Mar Siglo XXL, S.L.. At that date the Parent Company acquired the 50% additional stake through a business combination giving them 100% of the share capital. The subsidiary makes and sells flours.

In the course of this business combination the Group acquired EUR 5,000 thousand of intangible assets. These corresponded to the rights and commercial relationships in various parts of the country that had previously been contributed to Harinera del Mar Siglo XXI, S.L. in a 2008 capital increase by the shareholders from whom the Parent Company acquired the additional 50% in the takeover.

At end-2021 the Group carried out impairment tests on the intangible assets acquired in the Harinera del Mar Siglo XXI takeover and the company's business by estimating its recoverable amount.

The valuation methodology used to test for impairment at 31 December 2021 was the same as for the Harántico, S.L. goodwill, with a discount rate of 5.87% and a sustainable growth rate of 1.5%. The Group valued the whole recoverable amount of the company, including the rights and commercial relations that made up the EUR 5,000 thousand intangible assets, using the abovementioned method based on the best estimates and forecasts available to the Parent Company's Directors at the time.

A sensitivity analysis was also carried out looking at the key variables in the valuation, which found no evidence of impairment at 31 December 2021. The two assumptions that carried greatest weight and whose volatility could weigh most in determining the present value of cash flows beyond the fifth year were the discount rate and the growth rate. If the discount rate applied to discounted cash flows were to be 5% higher than the management's estimates, the Group would still have had no need to reduce the carrying amount of its goodwill. Nor would it have had to reduce goodwill if the sustainable perpetual growth rate applied to discounted cash flows had been 5% lower than the management's estimates.

In making the assumptions used at 31 December 2021 to determine the CGU's EBITDA, the base for calculating free cash flow, and future growth the most conservative scenario was used so that negative distortions to this line were unlikely. Nevertheless, simulations using other growth rates and 5% increases or decreases in EBITDA, showed no risk of impairment.

16. Other assets and liabilities

The breakdown of these asset and liability items in the accompanying consolidated statement of financial position at the close of 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Assets:		
Inventories relating to non-financial activities	27,646	74,191
Of which: Real estate business	2,016	2,256
Agricultural business	15,501	62,538
Other	10,129	9,397
Transactions in transit	19,816	16,205
Accruals	775	532
Other items	14,206	9,700
	62,443	**100,628**
Liabilities:		
Social Welfare Fund	47,865	41,440
Transactions in transit	91,896	50,045
Accruals	24,135	20,801
Other items	19,955	19,939
	183,851	**132,225**

Social Welfare Fund

In accordance with Act 13/1998 on Cooperative Credit Institutions, Act 27/1999 on Cooperatives and the Parent Company's articles of association, the Education and Development Fund must consist of at least 10% of free cash flow, to be used for activities that fulfil one of the following purposes:

a) Training and education of the members and employees of Caja Rural in the principles and values of the cooperative movement or in specific material relating to its corporate or labour-related activity and other cooperative activities.

b) Promoting the cooperative model and fostering relationships between cooperative entities.

c) Cultural, business and welfare initiatives serving the local area or community in general, initiatives that enhance quality of life, promote community development and/or protect the environment.

The basic guidelines for application of the Education and Development Fund are agreed by members at the General Meeting.

In pursuit of the Fund's objectives, the Group may work in conjunction with other companies and entities, in such cases providing either full or partial funding.

The Education and Development Fund can be neither encumbered nor garnished and allocations to the Fund must be recognized in the consolidated statement of financial position separately from all other items, pursuant to the provisions of the regulations governing the activities of credit institutions.

The definitive allocation to the Education and Development Fund is approved by the Parent Company's Governing Board. Once approved, the Fund is managed by the Marketing Department.

In 2022 and 2021, the Education and Development Fund was used, in accordance with the basic guidelines agreed by members at the General Meeting, for the following activities:

	Thousands of euros	
	2022	**2021**
Consultancy, training and promotion of the cooperative business model	2,060	1,924
Teaching and research	1,334	1,050
Sports aid	619	301
Charity work	429	147
Cultural, recreational and other activities	657	363
Economic and social development	638	579
Strategic projects	441	215
	6,178	**4,579**

Tangible assets assigned to the Education and Development Fund at 31 December 2022 totalled EUR 1,468 thousand (31 December 2021: EUR 666 thousand) (Note 15).

The breakdown by item of the balances assigned to the Parent Company's Education and Development Fund at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Application of Education and Development Fund		
Maintenance costs incurred in the year	(6,178)	(4,579)
Applied to property and equipment	1,039	171
Applied to other investments	29,836	24,284
TOTAL	**24,697**	**19,876**
Amount committed	8,474	9,518
Amount not committed (Note 32)	12,603	9,619
Amount committed for investments	2,091	2,427
TOTAL	**23,168**	**21,564**
Education and Development Fund (Social Welfare Fund)	**47,865**	**41,440**

The Governing Board of Caja Rural de Navarra at its meeting on 29 January 2022 approved the investment of EUR 2,753 thousand in Public Debt to cover existing investments committed by the Education and Development Fund at that date.

17. Financial liabilities at amortized cost

The breakdown of this balance sheet item at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Deposits	12,488,639	12,687,580
Central banks	1,315,924	2,113,514
Credit institutions	233,364	312,986
Customers	10,939,238	10,261,080
Debt securities issued	1,642,057	1,764,655
Other financial liabilities	90,056	154,585
Total	**14,220,639**	**14,606,820**

Deposits – Central banks

The breakdown of "Deposits – Central banks" in the consolidated statement of financial position at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Other central banks	1,341,300	2,141,300
Valuation adjustments	(25,376)	(27,786)
Total	**1,315,924**	**2,113,514**

On 23 November 2022 and 21 December 2022 the Bank repaid early EUR 350,000 thousand of funds provided at the TLTRO III.2 auction, due to mature on 21 December 2022, and EUR 450,000 thousand, of funds from the TLTRO III.4 auction, due on 28 June 2023.

At 31 December 2022 and 2021, the Bank had various deposits with the ECB totalling EUR 1,341 and EUR 2,141 million, respectively.

The average interest rate on these deposits in 2022 and 2021 was 0.73% and -0.80%, respectively, and the interest accrued on financial liabilities in this portfolio in 2022 and 2021 was, respectively, EUR 16,872 thousand and EUR 16,426 thousand (Note 25), recognized in "Interest income – Interest income on liabilities" on the consolidated income statement. Similarly interest expense of EUR 1,472 thousand was incurred in 2022 (Note 26), which was recognized under "Interest expense – Central Banks" in the consolidated income statement.

Deposits – Credit institutions

The breakdown of this consolidated statement of financial position item by type of deposit and currency of denomination is as follows:

	Thousands of euros	
	2022	**2021**
Type of deposit		
Term deposits	232,904	312,718
Other accounts	19	-
Valuation adjustments	441	268
Total	**233,364**	**312,986**
Currency		
Euro	205,113	297,605
US dollar	28,220	14,833
Other currencies	31	548
Total	**233,364**	**312,986**

A breakdown of this item by residual term to maturity is given in Note 6.

“Term deposits” also included EUR 65,110 thousand at 31 December 2022 corresponding to funds from the Instituto de Credito Oficial (ICO) relating to intermediation loans (EUR 65,987 thousand at 31 December 2021).

The average interest rate of these securities was 0.86% in 2022 (0.63% in 2021) and the accrued interest in 2022 on the financial liabilities included in this portfolio came to EUR 1,521 thousand (EUR 1,048 thousand in 2021) (Note 26).

Deposits – Customers

The breakdown of customer deposits by type of deposit, type of counterparty, type of interest rate and currency of denomination is as follows:

	Thousands of euros	
	2022	**2021**
Type of deposit		
Demand deposits	9,700,171	9,195,190
Term deposits	1,242,455	1,065,663
Valuation adjustments	(3,388)	227
Total	**10,939,238**	**10,261,080**
Type of counterparty		
General governments	540,730	528,861
Other financial corporations	61,160	78,152
Other non-financial corporations	2,894,224	2,601,519
Home loans	7,443,124	7,052,548
Total	**10,939,238**	**10,261,080**
Type of interest rate		
Floating	419,978	408,316
Fixed	10,519,260	9,852,764
Total	**10,939,238**	**10,261,080**
Currency		
Euro	10,895,036	10,218,734
US dollar	38,391	38,459
Other currencies	5,811	3,887
Total	**10,939,238**	**10,261,080**

The average interest rate of these securities was 0.007% in 2022 (0.0002% in 2021) and the accrued interest in 2022 on the financial liabilities included in this portfolio came to EUR 1,419 thousand (EUR 634 thousand in 2021) (Note 26).

Pursuant to prevailing legislation, term deposits include the liability corresponding to the securitisation transactions mentioned in Note 10, amounting to EUR 23,770 thousand at 31 December 2022 (versus EUR 28,426 thousand at 31 December 2021).

A breakdown of this item by residual term to maturity is given in Note 6.

Debt securities issued

In this line of the statement of financial position, the Group recognizes the value of bonds and other bearer debt securities and promissory notes that are not subordinated liabilities. This line also includes the portion of compound financial instruments that is treated as a financial liability.

The breakdown of this item in the consolidated statement of financial position, by type of financial liability, is as follows:

	Thousands of euros	
	2022	**2021**
Mortgage covered bonds	1,649,204	1,647,449
Other non-convertible securities	-	99,798
Valuation adjustments	(7,147)	17,408
Total	**1,642,057**	**1,764,655**

The details of the “Mortgage covered bonds” item are as follows:

Issue	**31/12/2022**	**31/12/2021**	**Issue date**	**Redemption date**	**Effective interest rate**
Issue III – Mortgage covered bonds	51,572	50,000	07/02/2014	07/02/2029	3.67%
Issue V – Mortgage covered bonds	-	496,890	16/03/2015	16/03/2022	0.628%
Issue VII – Mortgage covered bonds	499,952	498,910	01/12/2016	01/12/2023	0.694%
Issue VIII – Mortgage covered bonds	486,596	496,700	08/05/2018	08/05/2025	1.010% (*)
Issue VIII – Mortgage covered bonds (“Tap”)	103,029	104,949	01/10/2020	08/05/2025	-0.169%
Issue XI – Mortgage covered bonds	500,908	-	16/02/2022	16/02/2029	0.82%
	1,642,057	**1,647,449**			

(*) The Bank contracted a hedging interest rate swap (IRS), which swaps a fixed rate to a floating rate benchmarked to 6-month Euribor on a nominal equal to 50% of the VIII issue of mortgage covered bonds (Note 12).

At 31 December 2022 and 2021 the Parent Company also held other issues of mortgage covered bonds, which were retained in their entirety on its books with a debit balance of EUR 500,000 thousand and EUR 800,000 thousand, respectively, recorded in the consolidated statement of financial position, as required by regulations on the derecognition of financial assets and liabilities (Note 2.f).

As Caja Rural de Navarra is an issuer of mortgage covered bonds, in accordance with Article 21 of Royal Decree 716/2009, of 24 April, and Bank of Spain Circular 7/2010, of 30 November, Note 40 to the consolidated financial statements gives information on the special accounting register that must be kept by institutions issuing covered bonds and mortgage bonds.

Also, Royal Decree-Law 24/2021, of 2 November, transposed into Spanish law Directive (EU) 2019/2162 of the European Parliament and Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision. The new rules stipulate that the volume of mortgage covered bonds issued by an institution must be covered at all times by the payment claims on the assets that form the cover pool (i.e. all assets held as collateral to secure the issuer's obligations to bondholders over their lifetime). The cover pool should be at least 5% overcollateralised relative to the principal of the issue programme.

At 31 December 2022, the mortgage covered bonds were overcollateralised by 34.16% including the liquidity buffer set at that date. At the same date, 88.6% of loans in the mortgage portfolio were for residential mortgages (77.6% at 31 December 2021). The rest were commercial. 67.9% were at floating rates (69.2% at 31 December 2021). The covered bond programme then in issue totalled EUR 2,150 million (EUR 2,450 million at 31 December 2021), all at a fixed coupon.

The average interest rate on these bonds was 0.74% in 2022 (0.59% in 2021) and the accrued interest on the financial liabilities included in this portfolio in 2022 was EUR 14,520 thousand (EUR 13,470 thousand in 2021) (Note 26).

Other financial liabilities

All financial liabilities recognized in this line are classified as “Financial liabilities at amortized cost” and measured accordingly. The balance includes any payment obligations having the substance of a financial liability that are not included in other items.

The breakdown of other financial liabilities by type of instrument is as follows:

	Thousands of euros	
	2022	**2021**
Payment obligations	11,871	16,216
Tax revenue collection accounts	44,273	47,062
Payable for purchases and non-financial services	15,731	76,642
Other items	18,181	14,665
Total	**90,056**	**154,585**

“Payment obligations” at 31 December 2021 includes the commitment to the Deposit Guarantee Fund, explained in Note 1.j).

18. Provisions

The breakdown of this line of the consolidated statement of financial position at 31 December 2022 and 2021 is as follows:

	2022	2021
Pensions and other post-employment benefit obligations (Note 2.t)	1,285	1,596
Other long-term employee benefits	-	-
Provisions for taxes and other legal contingencies	-	-
Commitments and guarantees given	14,684	13,178
Other provisions	35,507	36,421
	51,476	**51,195**

The balance recognized under "Provisions for guarantees given" and "Other provisions" of the consolidated statement of financial position at the close of 2022 and 2021 and movements in those years were as follows:

	Commitments and guarantees given	Other provisions
At 31 December 2021		
Opening balance	10,809	22,249
Increases from origination/(Reductions from derecognition)	5,281	16,383
(Provisions used)	(2,912)	(2,146)
(Unused provisions reversed during the year)	-	-
Changes in credit risk (net)	-	-
Other movements	-	-
Closing balance	**13,178**	**36,421**
At 31 December 2022		
Opening balance	13,178	36,421
Increases from origination/(Reductions from derecognition)	2,758	49
(Provisions used)	(1,252)	(963)
(Unused provisions reversed during the year)	-	-
Changes in credit risk (net)	-	-
Other movements	-	-
Closing balance	**14,684**	**35,507**

Other provisions

At 31 December 2022 and 2021 this item includes provisions to cover the estimated cost of various legal proceedings and claims brought against the Parent Company relating to the marketing of products and mortgage floor clauses and administration costs, among other items. The Directors consider that, based on the information currently available and provisions taken against these cases, the outcome would have no material impact on the Group's assets. To arrive at this estimate, the Parent Company took into account the information available at the date of preparation of the annual financial statements, including a legal assessment of the various proceedings and claims, an estimate of future claims to come, and their likely outcome based on historical precedent. That said, the assumptions used are subject to uncertainties which could affect the estimates made. Any such changes would be recognised as explained in Note 2.I, unless specified otherwise.

Regarding pension commitments and the possible need to recognise additional provisions, Note 2.t) of these financial statements sets out the corresponding movements for 2022 and 2021 under "Pensions and other defined-benefit post-employment obligations" on the statement of financial position.

19. Accumulated other comprehensive income

The breakdown of this line of the statement of financial position at 31 December 2022 and 2021 is as follows:

	2022	2021
Items that will not be reclassified to profit or loss:	25,796	43,732
Changes in fair value of equity instruments at fair value through other comprehensive income	25,796	43,732
Items that may be reclassified to profit or loss:	(23,146)	5,181
Hedging derivatives. Cash flow hedges [effective portion]	(2,163)	-
Changes in fair value of debt instruments at fair value through other comprehensive income	(20,983)	5,181
	2,650	**48,913**

The equity item "Accumulated other comprehensive income – Items that may be reclassified to profit or loss" reflects the net change in the fair value of fixed-income instruments recognized in the Group's equity. Changes are taken to consolidated income when the financial assets are sold.

The equity item "Accumulated other comprehensive income – Items that will not be reclassified to profit or loss" reflects the net change in the fair value of equity instruments recognized in the Group's equity. Changes are taken to equity under "Other reserves" on disposal.

20. Share capital

Capital contributions made to the Parent Company by members in 2022 and 2021, and changes in capital occurring in those years, are shown in the table below.

	Thousands of euros
Balance at 31 December 2020	**169,792**
Subscriptions	4,391
Redemptions	(3,898)
Balance at 31 December 2021	**170,285**
Subscriptions	39,749
Redemptions	-
Balance at 31 December 2022	**210,034**

Pursuant to prevailing legislation and the Parent's articles of association, the minimum contribution for individuals is EUR 60.11, while the minimum contribution for legal entities is EUR 120.22.

Contributions at 31 December 2022 and 2021 were represented by 3,494,166 and 2,832,899 fully paid-up registered shares, respectively, with a nominal value of EUR 60.11 each. At 31 December 2022 and 2021 the Parent Company had no own contributions in its portfolio.

The Parent Company satisfies its minimum capital requirement of EUR 4,808,096.83, established pursuant to the provisions of the enacting regulations of Act 13/1989, of 26 May, on Cooperative Credit Institutions.

The remuneration that may be paid on capital contributions is limited to no more than six percentage points above the legal interest prevailing in the reporting period. The rate of remuneration for contributions is determined at the Parent Company's General Meeting each year, where members authorise the Governing Board to set the rate of remuneration and the payment schedule. In 2022 and 2021 remuneration paid to cooperative members in respect of capital contributions made came to EUR 1,688 thousand and EUR 1,261 thousand, respectively. In 2022, the Bank booked EUR 1,688 thousand for pending remuneration in respect of 2021 approved at the General Meeting of 6 May 2022 (Note 4). Also, as stated in Note 4, the Governing Board will propose to the General Meeting that the rate of remuneration for contributions in respect of 2022 should be EUR 1,837 thousand. This amount will be paid, if approved, in 2023.

In accordance with prevailing regulations, the sum of capital contributions must not exceed 2.5% of share capital in the case of individuals and 20% in the case of legal entities. Legal entities that are not cooperative entities cannot hold more than 50% of capital. None of the aforementioned limits had been exceeded at 31 December 2033 and 2032.

21. Retained earnings and Other reserves

Definition

The balance in the consolidated statement of financial position under “Equity – Retained earnings” and “Equity – Other reserves” comprises the net amount of retained profit or loss recognized in income in prior years and appropriated to equity, as well as the reserves of companies accounted for by the equity method.

Breakdown

The detail of this item and movements in 2022 and 2021 are as follows:

	Thousands of euros			
	Mandatory Reserve Fund	**Other reserves**	**Accumulated reserves or losses from joint ventures and associates**	**Total**
Balance at 1 January 2021	**1,007,564**	**37,711**	**12,303**	**1,057,578**
Appropriation of prior year’s profit	79,714	7,142	79	86,935
Transfers	-	-	-	-
Other movements	-	2,325	1,045	3,370
Balance at 31 December 2021	**1,087,278**	**47,178**	**13,427**	**1,147,883**
Appropriation of prior year’s profit	86,574	1,375	3,437	91,386
Transfers	-	6,759	(6,759)	-
Other movements	-	(3,392)	706	(2,686)
Balance at 31 December 2022	**1,173,852**	**51,920**	**10,811**	**1,236,586**

Mandatory Reserve Fund

The aim of the Mandatory Reserve Fund is to strengthen and guarantee the Parent Company’s solvency. In accordance with Act 13/1989, of 26 May 1989, on Cooperative Credit Institutions, the Mandatory Reserve Fund is established and maintained by allocating at least 20% of earnings for each year, net of prior years’ accumulated losses, if any. Any gains generated on the disposal of property and equipment or obtained from sources unrelated to the Bank’s specific objectives must also be assigned to this Fund, unless the Group recognizes an overall loss for the year.

The Parent Company’s articles of association establish that 90% of profit for the year must be allocated to the Mandatory Reserve Fund.

Other reserves

The breakdown by company of "Other reserves" at 31 December 2022 and 2021 is as follows:

	Thousands of euros			
	Other reserves		Accumulated reserves or losses from joint ventures and associates	
	2022	2021	2022	2021
Parent institution, after consolidation adjustments	85,986	79,314	-	-
Informes y Gestiones Navarra, S.A.	2,194	1,728	-	-
Harivasa 2000, S.A.	-	11,058	-	-
Harinera de Tardienta, S.A.	-	(2,109)	-	-
Promoción Estable del Norte, S.A.	(49,650)	(46,436)	-	-
Industrial Tonelera Navarra, S.A.	3,923	3,635	-	-
Solera Asistencial, S.L.	3,719	2,315	-	-
Bouquet Brands, S.A.	(1,275)	(1,668)	-	-
Preventia Sport, S.L.	(504)	(549)	-	-
Harantico, S.L.	-	5,401	-	-
Harinera del Mar Siglo XXI, S.L.	-	(4,101)	-	-
Haribericas XXI, S.L.	-	(7,312)	-	-
Harivenasa, S.A.	7,971	6,196	-	-
Tonnellerie de l'Adour, SAS	(444)	(277)	-	-
Harineras Selectas, S.A.	-	(17)	-	-
Bodegas Príncipe de Viana, S.L.	-	-	2,263	2,430
Rural de Energía de Tierras Altas, S.A.	-	-	(8)	214
Bosqalia, S.L.	-	-	(1,022)	(1,061)
Renovables de la Ribera, S.L.	-	-	639	1,890
Omegageo, S.L.	-	-	425	352
Servicios Empresariales Agroindustriales, S.A.	-	-	130	109
Rioja Vega, S.A.	-	-	(2,097)	(2,151)
Errotabidea, S.L.	-	-	3,240	2,702
Iberjalón, S.A.	-	-	867	52
Rural de Energías Aragonesas, S.A.	-	-	-	(136)
Compañía Eólica de Tierras Altas, S.A.	-	-	(510)	861
Iparlat, S.A.	-	-	6,884	8,165
Total	**51,920**	**47,178**	**10,811**	**13,427**

Shareholders' equity and capital management

In managing its capital the Parent Company has since 1 January 2014 followed the conceptual definitions set out in the solvency regulations described in the CRD-IV and CRR (Note 1.i).

The strategic objectives set by the Parent Company's Management Committee in relation to capital management are as follows:

- To comply with applicable regulations on minimum capital requirements at all times, in both its standalone and consolidated financial statements.

- To pursue maximum efficiency in capital management, such that, together with other risk and return variables, capital consumption is considered a key variable in the analyses of investment decisions taken by the Bank.

To achieve these objectives the Parent Company applies a range of capital management policies and processes, whose main elements are:

- The Parent Company is responsible for monitoring, control and analysis of the degree of compliance with capital adequacy regulations.

- In its strategic and commercial planning the Parent Company considers as a key factor in its decisions the impact that they will have on the Bank's eligible capital base and the relationship between capital consumption, profitability and risk.

The detail of its eligible capital base and minimum requirements at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Common equity tier 1 capital ratio (CET1) (I)	1,531,672	1,425,151
Eligible capital	210,034	170,285
Eligible reserves	1,180,859	1,090,845
Qualifying profit	113,327	86,574
Accumulated other comprehensive income	1,171	48,913
Deductions and transitional adjustments	26,281	28,534
Additional tier 1 capital (II)	-	-
Tier 2 capital (III)	-	-
Complementary credit risk allowances and provisions	-	-
Deductions and transitional adjustments	-	-
Total eligible capital (I) + (II) +(III)	1,531,672	1,425,151
Total minimum capital requirement	(602,028)	(609,067)
Surplus (*)	929,644	816,084
Risk-weighted assets	7,525,347	7,613,344
Capital ratios		
Common equity tier 1 ratio (minimum 4.5%)	20.35%	18.72%
Tier 1 ratio (minimum 6%)	20.35%	18.72%
Capital ratio (minimum 8%) (*)	20.35%	18.72%

The Bank of Spain notified the Bank (Note 1.f), as part of its supervisory review and evaluation process (SREP) that as from 1 January 2023 Caja Rural de Navarra must maintain a total capital ratio of 11.634% and a CET1 ratio of 7.642%, measured against regulatory phased-in capital. At 31 December 2022 the Bank calculated it had surpluses over these minimums of EUR 656,160 thousand of Total Capital and EUR 956,586 thousand of CET 1 capital.

In addition to the guarantee that its shareholders' equity provides to creditors, the Parent Company is required, pursuant to prevailing regulations, to make annual contributions to the Deposit Guarantee Fund for Credit Institutions and the National Resolution Fund. The purpose of these funds is to guarantee deposits pursuant to the terms established in specific regulations (Note 1.j).

22. Tax position

The Group is open to tax inspection on returns filed in the last four years on all the principal taxes to which it is subject. In accordance with tax law, declared taxable income cannot be considered definitive until it has been inspected by the tax authorities or four years has elapsed since the return was filed.

Because the tax regulations relating to the activities of financial institutions can be interpreted in different manners, certain contingent tax liabilities for the years open to inspection could exist. Although it is not possible to objectively quantify the tax obligations that could arise as a result of future tax inspections, the Governing Board is of the opinion that the possibility of significant liabilities arising in this respect is remote, and that any such liabilities would in any case be without material impact on the financial position of the Group and, thus, the consolidated annual financial statements.

Reconciliation between accounting and taxable profit

A breakdown of "(Tax expense or (-) income on profit from continuing operations)" in the 2022 and 2021 consolidated income statement is given below:

	Thousands of euros	
	2022	**2021**
Income tax expense accrued in the year	12,524	8,873
Tax expense to subsidiaries	232	1,514
Positive adjustments to Company income tax	-	-
Other taxes on income	120	114
TOTAL	**12,876**	**10,501**

Under Navarre Regional Law 26/2016, of 28 December, the Parent Company is subject to a 25% tax rate for the tax years 2022 and 2021.

Certain deductions for double taxation, reinvestment and training expenses may be applied to these rates. Because tax legislation permits different treatments for certain transactions, accounting profit differs from taxable profit.

The Parent Company and its subsidiaries do not file consolidated tax returns as the subsidiaries are public limited companies and cannot therefore be included in the same tax return as the parent, since it is a cooperative entity. However, the reconciliation between the Parent Company's accounting profit and taxable profit for 2022 and 2021 is included below:

	Thousands of euros					
	2022			2021		
	Increases	Decreases	Total	Increases	Decreases	Total
Consolidated profit before accrued tax and after mandatory allocation to the Education and Development Fund			140,291			106,867
Permanent differences	5,101	(91,156)	(86,055)	3,380	(70,710)	(67,330)
Adjusted accounting profit			**54,236**			**39,537**
Temporary differences						
- Arising in the year	171	(2)	169	16,495	(8)	16,487
- Arising in prior years	483	(1,002)	(519)	484	(2,235)	(1,751)
Taxable profit for the year			**53,886**			**54,273**

In 2022 and 2021, the permanent differences reflect falls in taxable income, mainly due to mandatory contributions to the Mandatory Reserve Fund (Note 21) and the Social Welfare Fund (Note 16), and interest on capital contributions (Note 4).

Applying the Parent Company's effective income tax rate for 2022 to adjusted accounting profit and taxable profit, the amounts of income tax expense accrued and payable for the year were EUR 12,524 thousand and EUR 8,685 thousand, respectively (2021: EUR 8,873 thousand and EUR 7,032 thousand, respectively).

Independently of the income tax expense recognized in the consolidated income statement, the Group recognized as "Tax assets" tax reported under "Accumulated other comprehensive income" that relates to "Financial assets at fair value through other comprehensive income" up to the moment the assets in question are sold, for a total of EUR 9,592 thousand of assets at 31 December 2022 (compared with EUR 1,727 thousand of tax liabilities and EUR 685 thousand of tax assets, at 31 December 2021).

Tax assets and liabilities

The balance of "Current tax assets" and "Current tax liabilities" shown in the consolidated statement of financial position includes the assets and liabilities corresponding to various taxes applicable to the Group, including VAT, withholdings at source and income tax payments on account, and the provision for Company income tax relating to profit for each year (Note 2.u.).

The difference between the tax expense accrued and the tax expense payable is the result of the deferred tax assets and liabilities arising due to temporary differences.

The deferred taxes recognized in the consolidated statement of financial position at 31 December 2022 and 2021 arose from the following sources:

	Thousands of euros	
	2022	**2021**
Deferred tax assets arising from:		
Allocations to pension funds	80	189
Other unallowable provisions	22,418	22,638
Tax loss carryforwards of the Parent Company	-	685
Equity instruments at fair value through other comprehensive income	1,876	403
Deferred tax of subsidiaries	831	4,998
Debt securities at fair value	7,715	-
Total	**32,920**	**28,913**
Deferred tax liabilities arising from:		
Debt securities at fair value	-	1,727
Remeasurement of property	3,074	3,192
Deferred tax of subsidiaries	1,350	2,405
Total	**4,424**	**7,324**

At 31 December 2022 and 2021, the breakdown of income tax deductions and credits attributable to the Parent Company and pending application in future years is as follows:

			Thousands of euros	
	Year generated	**Deadline for application**	**2022**	**2021**
Tax loss carryforwards	2012	2027	-	685
			-	**685**

Deferred tax assets arising from tax loss carryforwards and deductions awaiting offsetting are recognized when it is probable that a taxable profit against which they can be applied will be realized in the next 10 years. At 31 December 2021, the directors of the Parent Company considered it reasonable to recognize tax loss carryforwards of EUR 685 thousand as they expect these amounts to be offset against taxable income generated by the Parent Company in future years in accordance with the Strategic Plan and its tax planning. These tax loss carryforwards were taken into account in the estimate of income tax for 2022.

23. Guarantees and contingent commitments given

Guarantees given

At the close of 2022 and 2021, the breakdown of guarantees given, defined as those amounts the Group will have to pay on behalf of third parties if the parties originally liable default, is as follows:

	Thousands of euros	
	2022	**2021**
Financial guarantees	84,256	68,216
Guarantees and other sureties	744,024	733,928
Irrevocable documentary credits issued	28,598	21,414
Other guarantees given (Note 7)	37,031	141,805
Total	**893,909**	**965,363**

A significant proportion of these contingent exposures will mature without the Group being required to make any payment. Accordingly, the total balance of these commitments cannot be considered a real future need to provide funding or liquidity to third parties.

“Other guarantees given” at 31 December 2022 and 2021, includes the Group’s formal guarantee to cover the activities in the interbank market of Banco Cooperativo Español, S.A. for EUR 41,181 and EUR 141,806 thousand, respectively (Note 7).

Income from guarantee instruments is recognized under “Fee and commission income” in the consolidated income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee.

Contingent commitments given

The breakdown of contingent commitments given at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Drawable by third parties	1,333,613	1,611,291
Other contingent commitments	528	-
	1,334,141	**1,611,291**

This includes irrevocable commitments to provide financing in accordance with certain previously stipulated conditions and deadlines.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

The breakdown by counterparty of amounts drawable by third parties in 2022 and 2021 was as follows:

	Thousands of euros	
	2022	2021
Credit institutions	10	11
General governments	23,084	270,240
Other resident sectors		
Credit cards	252,225	279,388
Demand accounts	1,054,222	1,059,376
Other	1	3
Non-resident	4,071	2,273
Total	**1,333,613**	**1,611,291**

24. Off-balance sheet customer funds

The breakdown of funds from customers managed by the Group off the balance sheet at the close of 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Companies and investment funds	2,060,974	2,219,778
Pension funds and endowment policies	662,589	716,004
Total	**2,723,563**	**2,935,782**

The Group does not manage assets under management or financial mandates directly. Its activities are limited to marketing and the mandates are then entrusted to Banco Cooperativo Español, S.A., which signs the portfolio administration and management contract with the Group's customers and is therefore the party liable in their respect.

The breakdown of the net fee and commission income generated by the aforementioned activities in 2022 and 2021, which are included in "Sale of non-banking products" (Note 28), is as follows:

	Thousands of euros	
	2022	2021
Investment companies and funds	19,424	17,289
Pension funds and endowment policies	20,903	19,837
	40,327	**37,146**

The Group also provides securities administration and custody services to its customers. Commitments assumed by the Group in relation to these services at 31 December 2022 and 2021 came to EUR 739,154 thousand and EUR 610,961 thousand respectively.

25. Interest income

The breakdown by source of interest income accrued in 2022 and 2021 was as follows:

	Thousands of euros	
	2022	2021
Financial assets held for trading	25	8
Financial assets not held for trading mandatorily measured at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income (Note 9)	3,251	4,139
Financial assets at amortized cost (Note 10)	163,678	134,635
Debt securities	25,995	21,532
Loans and advances	137,663	113,103
Credit institutions	5,684	49
Customers	131,979	113,054
Other assets	(157)	1,933
Interest income on liabilities (Note 17)	17,534	17,074
Total	**184,331**	**157,789**

26. Interest expense

The breakdown by source of interest expense accrued in 2022 and 2021 was as follows:

	Thousands of euros	
	2022	2021
Financial liabilities at amortized cost (Note 17)	21,795	16,802
Deposits	7,238	3,332
Central banks	1,472	-
Credit institutions	4,347	2,699
Customers	1,419	633
Debt securities	14,557	13,470
Derivatives – hedge accounting, interest rate risk	(1,718)	(3,134)
Other liabilities	369	139
Interest income on liabilities (Note 7)	3,820	3,058
Total	**24,266**	**16,865**

27. Dividend income

"Income from equity instruments" corresponds to dividends and other remuneration on equity instruments paid from the profits of investees after the date of acquisition of the interest.

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
Financial assets held for trading	600	91
Financial assets at fair value through other comprehensive income	15,407	15,111
Total	**16,007**	**15,202**

28. Fee and commission income

"Fee and commission income" reflects the sum of all fees and commissions accrued in favour of the Group in the year, except those that form an integral part of the effective interest rate on financial instruments.

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
For guarantees given	7,369	6,212
For contingent commitments given	2,153	2,243
For exchange of foreign currencies and notes	206	149
For collection and payment services	37,645	33,163
For securities services	5,876	7,023
For sale of non-banking products	40,375	37,189
Other fees and commissions	4,473	4,112
Total	**98,097**	**90,091**

29. Fee and commission expense

"Fee and commission expense" reflects the sum of all fees and commissions accrued to the charge of the Group in the year, except those that form an integral part of the effective interest rate on financial instruments.

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
Fees and commissions assigned to other entities and correspondents	7,196	5,926
Fees and commissions paid on securities transactions	416	584
Other fees and commissions	316	178
Total	**7,928**	**6,688**

30. Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net and Gains or (-) losses on financial assets and liabilities held for trading, net

The breakdown of the balances of these items, by type of instrument and accounting classification, is as follows:

	Thousands of euros	
	2022	2021
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	1,881	1,295
Financial assets at fair value through other comprehensive income	(3,716)	504
Financial assets at amortized cost	5,599	773
Financial liabilities at amortized cost	(2)	18
Gains or (-) losses on financial assets and liabilities held for trading, net	(2,542)	2,019
Total	**(661)**	**3,314**

31. Other operating income

The breakdown of this line of the income statement in 2022 and 2021 was as follows:

	Thousands of euros	
	2022	2021
Rental income	827	606
Accrued income for the period	2,549	3,664
Other operating income from subsidiaries	505,381	379,622
Total	**508,757**	**383,892**

32. Other operating expenses

The breakdown of this line of the income statement in 2022 and 2021 was as follows:

	Thousands of euros	
	2022	2021
Contribution to the Deposit Guarantee Fund (Note 1.j)	4,312	4,154
Contribution to the Single Resolution Fund (Note 1.j)	4,958	3,166
Contribution to the Institutional Protection Scheme (Note 1. l)	6,543	6,192
Mandatory contribution to Social Welfare Fund (Note 16)	12,603	9,619
Other items	756	918
Other operating expenses from subsidiaries	405,345	395,666
Total	**434,517**	**322,715**

33. Personnel expenses

“Personnel expenses” reflects all remuneration accruing to personnel on the payroll, whether permanent or temporary, irrespective of their position or activity, in the course of the year. It includes the current service cost of pension plans and breaks down as follows:

	Thousands of euros	
	2022	2021
Wages and salaries	43,669	43,372
Social security contributions	12,500	11,158
Transfers to defined benefits plans (Note 2.t)	241	236
Other personnel expenses	865	468
Personnel expenses of subsidiaries	30,790	26,912
Total	**88,065**	**82,146**

The breakdown by professional category and gender of the Group's average headcount is as follows:

	2022		2021	
	Men	**Women**	**Men**	**Women**
Senior managers	214	76	212	69
Executives	135	195	143	202
Administrative staff	135	205	126	194
Messengers	3	-	3	-
Staff of subsidiaries	118	333	400	461
Total	**467**	**809**	**884**	**926**

Of the total headcount at 31 December 2022 and 2021, 5 employees of the Parent Company in each year had a recognized disability of 33% or more. One is a senior manager and the others are executives. In addition, another 5 employees of the subsidiaries have the same recognized level of disability at 31 December 2022 (4 at 31 December 2021).

34. Other operating expenses

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2022	**2021**
Property and equipment	3,127	3,356
Computer hardware and software	16,760	15,507
Communications	1,118	1,150
Advertising and marketing	3,968	3,691
Legal	3,968	4,310
Staff travel and agency costs	1,221	1,094
Security guards and cash transportation	746	710
Subcontracted administrative services	1,141	1,115
Contributions and taxes	3,967	3,763
Other general expenses	3,811	3,080
Other expenses of subsidiaries	47,149	37,676
Total	**86,976**	**75,452**

Fees paid to Ernst & Young, S.L. for the audit of the Bank's and its subsidiaries' financial statements in 2022 amounted to EUR 180 thousand (2021: EUR 154 thousand). Ernst & Young, S.L. billed fees for non-audit serves totalling EUR 98 thousand in respect of the Customer Asset Protection Report, Limited Assurance Report and agreed procedures report (2021: EUR 27 thousand billed for the same reports).

In 2022 and 2021, fees for auditing subsidiaries paid to auditors other than the statutory auditors totalled EUR 8 thousand and EUR 9 thousand, respectively.

35. Provisions and reversals

The detail of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
Provisions for commitments and guarantees given (Note 18):	1,484	2,156
For contingent liabilities	603	850
For contingent commitments	881	1,306
Other provisions (Note 18)	49	16,383
Total	**1,533**	**18,539**

36. Net impairment/reversal of financial assets not measured at fair value through profit or loss

The detail of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
Financial assets at amortized cost	18,805	14,247
Customers (Note 10)	18,603	14,448
Debt securities (Note 10)	202	(201)
Financial assets at fair value through other comprehensive income	(399)	1,606
Total	**18,406**	**15,853**

37. (Impairment or (-) reversal of impairment on financial assets) and Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations

The detail of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
(Impairment or (-) reversal of impairment on financial assets)	(98)	159
Tangible assets (Note 15)	-	-
Other	(98)	159
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	3,239	2,776
(Impairment) reversal (Note 13)	(1,285)	(1,604)
Gains or (-) losses on derecognition	4,524	4,380
Total	**3,141**	**2,935**

38. Contribution to consolidated Profit or (-) loss for the year attributable to owners of the parent

The breakdown of the contributions to consolidated profit made by consolidated companies is as follows:

	Thousands of euros	
	2022	2021
Parent Company (after consolidation adjustments)	103,063	82,424
Subsidiaries (after consolidation adjustments)	4,126	3,379
Associates	3,280	5,583
	110,469	**91,386**

39. Related parties

In addition to the information set forth in Note 5 in relation to remuneration received, details of the balances included in the consolidated statement of financial position at 31 December 2022 and 2021 and in the consolidated income statements for 2022 and 2021 that arise from transactions with related parties are as follows:

	Associates		Governing Board and senior management		Other related parties (*)	
	2022	2021	2022	2021	2022	2021
Assets						
Loans and advances to customers	21,947	26,924	677	780	3,654	4,650
Liabilities						
Customer deposits	35,141	31,395	1,246	1,265	23,426	21,782
Other						
Contingent exposures	36,128	34,290	-	-	1,072	1,054
Commitments	383	4,810	42	62	196	4,226
Income						
Interest income	396	373	8	9	49	55
Interest expense	-	-	-	-	5	1
Income from equity investments	-	2,387	-	-	-	-
Fee and commission income	204	156	3	1	24	18

(*) “Other related parties” includes direct family members and companies related to members of the Governing Board and senior management team.

All transactions with related parties were performed at arm’s length.

40. Information to be kept by mortgage bond market issuers and the special accounting register

As stated in Note 17, the Parent Company is an issuer of mortgage covered bonds (cédulas hipotecarias). It therefore includes below the information from the special accounting register required by Article 21 of Royal Decree 716/2009, of 24 April, in accordance with Bank of Spain Circular 7/2010, to credit institutions, regulating certain aspects of the mortgage market. The information is broken down as required by Bank of Spain Circular 5/2011, of 30 November.

Also, in accordance with Royal Decree 716/2009, of 24 April, developing aspects of Act 2/1981, of 25 March, on regulation of the mortgage bond market and other rules governing the mortgage and financial system, the Governing Board states that, at 31 December 2022 and 2021, the Group had in place a set of policies and procedures to guarantee compliance with the rules governing the mortgage bond market and takes responsibility for their fulfilment.

These policies and procedures include the following points:

- The criteria for accepting risk are based on the borrower's ability to pay, estimated using internal scoring and rating models.

- The main mitigants considered are the mortgage collateral, particularly LTV (loan to value ratio), and the guarantors.

- The models, based on the data input and historical performance of several variables, are able to estimate the probability of default and assign an initial credit rating to the application. Each transaction is rated on a scale from lower to higher risk and assigned a probability of default (PD).

- The models consider different variables quantifying revenue and income, assets and debt, past payment behaviour, number of other products with the Bank and personal factors relating to the borrower as well as certain features of the risk.

- Specifically, the current models consider the following variables: personal characteristics, default history, ability to obtain revenue and income, debt, net assets, number of other products with the institution, features of the transaction itself and the collateral or guarantees backing the loan (mitigants).

There are also procedures to check information in the system against input data, especially income, assets, mortgage collateral based on the appraisal value of the property, the purpose of the loan, general data on the customer and the customer's behavioural history.

The value of real estate assets to be pledged as mortgage collateral against risky loans is determined using appraisals that are:

- Carried out by appraisers registered with the Bank of Spain's Official Appraisal Registry

- Compliant with Ministerial Order ECO/805/2003, of 27 March.

The value of these assets is reviewed at different intervals depending on the status of the loan for which they are pledged as collateral, its amount and its LTV. Different policies are applied to loans classed as problematic (doubtful, special watch or foreclosed) and those classed as standard or special mention.

a) Lending

The total nominal value of the portfolio of mortgage loans and advances outstanding at 31 December 2022 and 2021 was EUR 5,384,718 thousand and EUR 5,422,846 thousand, respectively, of which EUR 4,005,484 thousand and EUR 3,939,570 thousand, respectively, qualified as eligible (without taking account of the limits set by Article 12 of the Royal Decree).

Below, we give a breakdown of the nominal values of all the Group's loans and advances backed by mortgage collateral, and all loans eligible under current legislation for inclusion in the calculation of the mortgage bond and mortgage covered bond issuance ceiling:

	Thousands of euros	
	Nominal value	
	2022	2021
Total loans (a)	**5,384,718**	**5,422,845**
Mortgage securities in issue (b)	5,819	**6,617**
Of which: loans recognized as assets (c)	5,819	6,617
Mortgage transfer certificates in issue (b)	**90,652**	**105,677**
Of which: loans recognized as assets (c)	90,652	105,677
Mortgage loans pledged as security for funds received	-	-
Loans covering issues of mortgage bonds and mortgage covered bonds	**5,288,248**	**5,310,551**
Non-eligible loans (e)	1,282,764	1,370,981
That meet all eligibility requirements except the limit in article 5.1 of RD 716/2009	1,282,764	1,370,981
Other non-eligible loans	-	-
Eligible loans (f)	4,005,484	3,939,570
Loans used to back issues of mortgage bonds	-	-
Loans eligible for cover pool of mortgage covered bonds	4,005,484	3,939,570
Non-qualifying portions (g)	170,614	185,552
Qualifying portions	3,834,869	3,754,018

(a) Principal drawn down pending collection of loans secured by mortgages to the Bank (including those acquired via mortgage securities and mortgage transfer certificates), whether or not they have been derecognized from the statement of financial position and irrespective of LTV.

(b) Principal drawn down on loans transferred into mortgage securities or mortgage transfer certificates, even if derecognized.

(c) Principal drawn down on transferred loans that have not been derecognized from the statement of financial position.

(d) Total loans less the sum of all mortgage securities issued, mortgage transfer certificates and mortgage loans pledged in guarantee of finances received.

(e) Loans secured by mortgages not transferred to third parties nor pledged as security for funds received which do not meet the requirements of Article 3 of Royal Decree 716/2009 to be eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds.

(f) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of the Royal Decree.

(g) Amount of eligible loans which, in accordance with the criteria set out in Article 12 of Royal Decree 716/2009, do not qualify as collateral for issues of mortgage bonds and mortgage covered bonds.

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Below we present a breakdown of the mortgage loans and advances by different criteria, at 31 December 2022 and 2021:

	Thousands of euros			
	2022		2021	
	Loans covering issues of mortgage bonds and mortgage covered bonds (a)	*Of which:* Eligible loans (b)	Loans covering issues of mortgage bonds and mortgage covered bonds (a)	*Of which:* Eligible loans (b)
TOTAL	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
1 ORIGIN OF LOAN	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
1.1 Originated by Bank	4,592,614	3,549,355	4,580,113	3,475,243
1.2 Transferred to other entities	695,634	456,128	730,438	464,327
1.3 Other	-	-	-	
2 CURRENCY OF DENOMINATION	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
2.1 Euros	5,288,248	4,005,484	5,310,551	3,939,570
2.2 Other currencies	-	-	-	-
3 PAYMENT POSITION	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
3.1 Standard	5,063,621	3,893,545	5,085,496	3,830,098
3.2 Other	224,627	111,938	225,055	109,472
4 AVERAGE RESIDUAL TERM	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
4.1 Up to 10 years	2,311,957	1,783,590	2,320,318	1,801,095
4.2 10 to 20 years	2,970,045	2,216,806	2,983,735	2,133,044
4.3 20 to 30 years	281	80	170	56
4.4 Over 30 years	5,965	5,008	6,328	5,375
5 INTEREST RATE	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
5.1 Fixed rate	1,557,052	1,019,408	1,286,246	806,045
5.2 Floating rate	3,731,196	2,986,076	4,024,305	3,133,525
5.3 Split fixed/floating	-	-	-	-
6 BORROWER	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
6.1 Legal entities and self-employed (business activities)	1,145,712	698,110	1,115,004	674,553
Of which: construction and real estate development (including land)	68,020	40,056	*81,798*	*32,015*
6.2 Other households	4,142,535	3,307,373	4,195,547	3,265,017
7 TYPE OF COLLATERAL	**5,288,248**	**4,005,484**	**5,310,551**	**3,939,570**
7.1 Assets/buildings	5,273,531	3,995,006	5,301,532	3,936,119
7.1.1 Housing	4,260,828	3,337,310	4,304,273	3,295,204
Of which: State-subsidized housing	668,860	517,541	*703,499*	531,055
7.1.2 Offices and commercial premises	20,859	11,426	21,223	*10,133*
7.1.3 Other buildings and constructions	991,844	646,270	976,036	630,782
7.2 Assets/buildings under construction	6,140	4,529	3,156	1,707
7.2.1 Housing	1,869	381	1,692	686
Of which: State-subsidized housing	-	-	*75*	*75*
7.2.2 Offices and commercial premises	3,671	3,548	464	21
7.2.3 Other buildings and constructions	600	600	1,000	1,000
7.3 Land	8,577	5,949	5,863	1,744
7.3.1 Consolidated urban land	7,278	5,827	4,973	1,394
7.3.2 Other land	1,299	122	890	350

(a) Principal drawn down and pending collection of loans and advances secured by mortgages to the Bank, irrespective of their LTV, not transferred to third parties nor pledged as security for funds received.

(b) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of Royal Decree 716/2009.

The total amount of loans which, in accordance with the criteria set out in Article 12 of the Royal Decree, eligible to be used as collateral for issues of mortgage bonds and covered bonds at 31 December 2022 and 2021 was EUR 5,288,248 thousand and EUR 5,310,551 thousand, respectively.

Regarding nominal and present value, the latter being calculated in accordance with Article 23 of the Royal Decree, the Group had no mortgage bonds in issue at 31 December 2022 and the nominal value of the mortgage loans and advances remaining on the loan book that had been used for mortgage securities or mortgage transfer certificates at 31 December 2022 and 2021 was EUR 96,712 thousand and EUR 112,525 thousand, respectively.

The nominal value of all non-eligible mortgage loans and advances was EUR 1,282,764 thousand and EUR 1,370,981 thousand at 31 December 2022 and 2021, respectively. Of this, the amounts classed as non-eligible for failing to comply with the limits set in Article 5.1 of Royal Decree 716/2009 while meeting all other requirements for eligibility (Article 4 of the same standard) were EUR 1,282,764 thousand and EUR 1,370,981 thousand at end-2022 and end-2021, respectively.

The breakdown of the nominal values of mortgage loans and advances eligible to be used as collateral for mortgage bonds and mortgage covered bonds by LTV based on their latest appraisal value at 31 December 2022 and 2021 is as follows:

At 31 December 2021

	Thousands of euros				
	Loan to value (b)				
	Up to 40%	**Between 40% and 60%**	**Between 60% and 80%**	**Above 80%**	**TOTAL**
Loans eligible to cover issues of mortgage bonds and mortgage covered bonds (a)	783,166	1,188,385	1,583,350	450,582	4,005,483
- On homes	581,083	957,617	1,348,409	450,582	3,337,691
- On other real property	202,083	230,768	234,941	-	667,792

At 31 December 2021

	Thousands of euros				
	Loan to value (b)				
	Up to 40%	**Between 40% and 60%**	**Between 60% and 80%**	**Above 80%**	**TOTAL**
Loans eligible to cover issues of mortgage bonds and mortgage covered bonds (a)	693,804	1,090,554	1,551,727	603,485	3,939,570
- On homes	489,063	882,314	1,321,028	603,485	3,295,890
- On other real property	204,741	208,240	230,699	-	643,680

(a) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of Royal Decree 716/2009.

(b) Loan to value is the ratio that comes from dividing the principal loaned for each transaction by the last available appraisal value of the collateral.

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The change in nominal value of mortgage loans and advances used to cover the issue of mortgage bonds and mortgage covered bonds (eligible and non-eligible) in 2022 and 2021, is as follows:

	Thousands of euros	
	Eligible loans (a)	Non-eligible loans (b)
1 Opening balance 2021	3,683,968	1,291,564
2 Eliminations in period	542,202	355,749
2.1 Principal past-due paid in cash	465,778	133,627
2.2 Repaid before maturity	13,889	4,109
2.3 Transferred to other entities	-	-
2.4 Other eliminations	62,535	218,012
3 Additions in the period	797,804	435,166
3.1 Originated by Bank	72,329	294,522
3.2 Transferred from other entities	99	50,677
3.3 Other additions	725,376	89,967
4 Closing balance 2021	3,939,570	1,370,981
1 Opening balance 2022	3,939,570	1,370,981
2 Eliminations in period	610,800	413,672
2.1 Principal past-due paid in cash	562,766	140,169
2.2 Repaid before maturity	8,340	6,044
2.3 Transferred to other entities	-	-
2.4 Other eliminations	39,694	267,459
3 Additions in the period	676,713	325,455
3.1 Originated by Bank	83,087	215,094
3.2 Transferred from other entities	117	25,833
3.3 Other additions	593,509	84,528
4 Closing balance 2022	4,005,483	1,282,764

(a) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of Royal Decree 716/2009.

(b) Loans secured by mortgages not transferred to third parties nor pledged as security for funds received which do not meet the requirements of Article 3 of Royal Decree 716/2009 to be eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds.

The amounts of mortgage loans and advances available to be used as collateral for the issue of mortgage bonds and mortgage covered bonds at 31 December 2022 and 2021 are as follows:

	Thousands of euros	
	2022	2021
	Amounts available. Nominal value (a)	Amounts available. Nominal value (a)
Mortgage loans covering issues of mortgage bonds and mortgage covered bonds	**592,598**	**554,456**
- Potentially eligible (b)	466,541	456,509
- Non-eligible	126,057	97,947

(a) Amounts committed (limit) less amounts drawn of all loans secured by mortgages, irrespective of their loan to value, not transferred to third parties nor pledged as security for funds received. Amounts available also include those that are only granted to developers once homes are sold.

(b) Loans potentially eligible to cover the issue of mortgage bonds and mortgage covered bonds in accordance with Article 3 of Royal Decree 716/2009.

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At 31 December 2022 and 2021, the Parent Company did not consider it necessary to identify replacement assets for outstanding mortgage covered bonds as these represented only ----% and 62.19% of total eligible assets, respectively, compared to the maximum 80% allowed by Act 2/1981, of 25 March, on regulation of the mortgage market.

b) <u>Funding</u>

Details of issues of collateralized securities backed by the Group's portfolio of mortgage loans and advances at 31 December 2022 and 2021 are given below:

	Thousands of euros			
Mortgage backed securities	**Nominal value**	**Average residual term to maturity (months)**	**Nominal value**	**Average residual term to maturity (months)**
1 Mortgage bonds in issue (a)	**-**		**-**	
2 Mortgage covered bonds in issue (a)	**2,150,000**		**2,450,000**	
Of which: recognized as liabilities	1,650,000		1,650,000	
2.1 Debt securities. Issued via public offering	-		-	
2.1.1 Residual term up to 1 year	-		-	
2.1.2 Residual term 1 to 2 years	-		-	
2.1.3 Residual term 2 to 3 years	-		-	
2.1.4 Residual term 3 to 5 years	-		-	
2.1.5 Residual term 5 to 10 years	-		-	
2.1.6 Residual term more than 10 years	-		-	
2.2 Debt securities. Other issues	2,150,000		2,450,000	
2.2.1 Residual term up to 1 year	500,000		500,000	
2.2.2 Residual term 1 to 2 years	-		500,000	
2.2.3 Residual term 2 to 3 years	600,000		-	
2.2.4 Residual term 3 to 5 years	500,000		900,000	
2.2.5 Residual term 5 to 10 years	500,000		550,000	
2.2.6 Residual term more than 10 years	-		-	
2.3 Deposits	-		-	
2.3.1 Residual term up to 1 year	-		-	
2.3.2 Residual term 1 to 2 years	-		-	
2.3.3 Residual term 2 to 3 years	-		-	
2.3.4 Residual term 3 to 5 years	-		-	
2.3.5 Residual term 5 to 10 years	-		-	
2.3.6 Residual term more than 10 years	-		-	
3 Mortgage securities in issue (b)	5,819	110	6,617	122
3.1 Issued via public offering	-	-	-	-
3.2 Other issues	5,819	110	6,617	122
4 Mortgage transfer certificates in issue (b)	90,652	111	105,677	123
4.1 Issued via public offering	-	-	-	-
4.2 Other issues	90,652	111	105,677	123

(a) Mortgage covered bonds include all those issued by the Bank which have not been redeemed, even when they are not recognized on the liabilities side of the balance sheet (because they have been placed with third parties or bought back by the Bank).

(b) Amount of mortgage securities and mortgage transfer certificates issued, only including mortgage loans and advances recognized as assets (held on the balance sheet).

41. <u>Agency agreements</u>

The Bank had no "agency agreements" within the meaning of Article 22 of Royal Decree 1245/1995, of 14 July, either at the 2022 and 2021 balance sheet close or at any time in the course of those years.

42. Abandoned balances and deposits

Pursuant to the provisions of Article 18 of Act 33/2003, of 3 November, on the Property of Institutions (Ley del Patrimonio de las Administraciones Públicas), at end-2022 and end-2021 the Parent Company had balances in accounts that qualify as abandoned in the meaning of the aforesaid article, of EUR 17 thousand and EUR 4 thousand, respectively.

43. Customer Services Department

The accompanying management report includes a summary of the report presented to the Parent Company's Governing Board on the work performed by this Department in 2022, as required under Ministry for the Economy Order ECO/734/2004, of 11 March.

44. Segment reporting

Business segments

The core business of the Caja Rural de Navarra Group is retail banking. It has no other material business lines that, pursuant to prevailing regulations, require the Group to provide information segmented by business lines.

Geographical segments

The Parent Company and all other companies of the Caja Rural de Navarra Group carry out virtually all their activities in Spain and have a similar customer base in all parts of the country. It therefore reports all its operations under a single geographical segment.

45. Disclosures of average payment period to suppliers. Third additional provision "Disclosure obligation" of Act 15/2010, of 5 July

As required by the second final provision of Act 31/2014, of 3 December, amending the third additional provision of Act 15/2010, 5 July, itself amending Act 3/2004, 29 December, which set out measures to combat bad debt in commercial transactions and disclosures to include in the notes to the financial statements on delayed payments to suppliers in commercial transactions, calculated in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016, the details of the Parent Company's average supplier payment period in 2022 and 2021 are as follows:

	2022	**2021**
	Days	
Average supplier payment period	26.81	25.88
Ratio of transactions paid	26.81	25.88
Ratio of transactions outstanding	31.44	33.94
	Amount (thousands of euros)	
Total payments made	125,284	119,851
Total payments outstanding	423	1,136
Monetary value of invoices paid within the deadline allowed by the default regulations	123,088	N/A
Percentage of all payments made within the deadline	97.92%	N/A
	Number of invoices	
Invoices paid within the deadline allowed by the default regulations	27,602	N/A
Percentage of all invoices	97.08%	N/A

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ANNEX I

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of financial position at 31 December 2022
(Thousands of euros)

ASSETS	31.12.2022	31.12.2021
Cash, cash balances at central banks and other demand deposits (**)	**990,506**	**1,129,885**
Financial assets held for trading	**6,366**	**5,744**
Derivatives	3,882	2,067
Equity instruments	2,484	3,677
Debt securities	-	-
Memorandum items: lent or given in guarantee with right of sale or pledge	-	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**2,235**	**4,218**
Equity instruments	-	-
Debt securities	399	472
Loans and advances	1,836	3,746
Memorandum items: lent or given in guarantee with right of sale or pledge	-	-
Financial assets at fair value through other comprehensive income	**890,722**	**1,410,809**
Equity instruments	272,211	290,746
Debt securities	618,511	1,120,063
Memorandum items: lent or given in guarantee with right of sale or pledge	-	-
Financial assets at amortized cost	**13,762,255**	**13,185,058**
Debt securities	4,030,408	3,668,431
Loans and advances	9,731,847	9,516,627
Credit institutions	237,797	145,291
Customers	9,494,050	9,371,336
Memorandum items: lent or given in guarantee with right of sale or pledge	*233,572*	*333,213*
Derivatives – hedge accounting	**454**	**7,810**
Investments in subsidiaries, joint ventures and associates	**136,463**	**132,112**
Group companies	39,645	85,992
Associates	96,818	46,120
Tangible assets	**109,202**	**113,651**
Property and equipment	95,666	98,751
For own use	94,198	98,085
Assigned to social projects	1,468	666
Investment property	13,536	14,900
Of which: assigned under operating leases	*945*	*1,554*
Memorandum items: acquired under finance leases	-	-
Intangible assets	**-**	**-**
Tax assets	**33,316**	**26,044**
Current tax assets	1,227	2,129
Deferred tax assets	32,089	23,915
Other assets	**34,782**	**26,362**
Other	34,782	26,362
Non-current assets and disposal groups held for sale	**30,500**	**31,321**
TOTAL ASSETS	**15,996,801**	**16,073,014**

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of financial position at 31 December 2022
(Thousands of euros)

LIABILITIES AND EQUITY	**31.12.2022**	**31.12.2021**
Financial liabilities held for trading	**3,889**	**1,362**
Derivatives	3,889	1,362
Financial liabilities designated at fair value through profit or loss	**-**	**-**
Memorandum items: subordinated liabilities	-	-
Financial liabilities at amortized cost	**14,173,603**	**14,409,200**
Deposits	12,457,221	12,566,602
Central banks	1,315,924	2,113,514
Credit institutions	184,106	171,636
Customers	10,957,191	10,281,452
Debt securities issued	1,642,057	1,764,655
Other financial liabilities	74,325	77,943
Memorandum items: subordinated liabilities	-	-
Derivatives – hedge accounting	**63,383**	**66,612**
Provisions	**51,476**	**51,195**
Pensions and other defined-benefit post-employment obligations	1,285	1,596
Commitments and guarantees given	14,684	13,178
Other provisions	35,507	36,421
Tax liabilities	**13,273**	**14,031**
Current tax liabilities	10,199	9,112
Deferred tax liabilities	3,074	4,919
Share capital redeemable on demand	**-**	**-**
Other liabilities	**183,949**	**132,309**
Of which: mandatory contributions to Social Welfare Fund	*47,865*	*41,440*
TOTAL LIABILITIES	**14,489,573**	**14,674,709**
EQUITY		
Shareholders' equity	**1,506,057**	**1,349,392**
Share capital	210,034	170,285
Called up paid capital	210,034	170,285
Memorandum items: uncalled capital	-	-
Retained earnings	1,173,852	1,087,278
Other reserves	7,008	3,567
(Treasury shares)	-	-
Profit for the year	115,163	88,262
(Interim dividends)	-	-
Accumulated other comprehensive income	**1,171**	**48,913**
Items that will not be reclassified to profit or loss	24,317	43,732
Changes in fair value of equity instruments at fair value through other comprehensive income	24,317	43,732
Items that may be reclassified to profit or loss	(23,146)	5,181
Hedging derivatives. Reserve of cash flow hedges [effective portion]	(2,163)	-
Changes in fair value of debt instruments at fair value through other comprehensive income	(20,983)	5,181
TOTAL EQUITY	**1,507,228**	**1,398,305**
TOTAL LIABILITIES AND EQUITY	**15,996,801**	**16,073,014**
Memorandum items: off-balance sheet exposures		
Contingent commitments given	**1,339,893**	**1,614,162**
Financial guarantees given	**84,256**	**68,216**
Other commitments given	**813,803**	**901,081**

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Income statement for the year ended 31 December 2022
(Thousands of euros)

	2022	2021
Interest income	**184,773**	**157,935**
Financial assets at fair value through other comprehensive income	3,251	4,139
Financial assets at amortized cost	164,139	134,937
Other interest income	17,383	18,859
(Interest expense)	**(21,440)**	**(15,226)**
(Expense on share capital redeemable on demand)	**-**	**-**
NET INTEREST INCOME	**163,333**	**142,709**
Dividend income	**22,766**	**17,590**
Fee and commission income	**100,908**	**93,281**
(Fee and commission expense)	**(7,928)**	**(6,688)**
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**1,880**	**1,295**
Gains or (-) losses on financial assets and liabilities held for trading, net	**681**	**2,019**
Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net	**(1,836)**	**(1,990)**
Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net	**-**	**-**
Gains or (-) losses from hedge accounting, net	**(173)**	**154**
Gains or (-) losses from translation differences, net	**1,587**	**1,089**
Other operating income	**3,376**	**4,505**
(Other operating expenses)	**(29,172)**	**(24,049)**
Of which: mandatory contributions to Social Welfare Fund	*(12,603)*	*(9,619)*
GROSS INCOME	**255,422**	**229,915**
(Administrative expenses)	**(97,102)**	**(93,010)**
(Personnel expenses)	(57,275)	(55,234)
(Other operating expenses)	(39,827)	(37,776)
(Depreciation and amortization)	**(7,458)**	**(6,436)**
(Provisions or (-) reversals)	**(1,534)**	**(18,539)**
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	**(23,650)**	**(20,444)**
(Financial assets at fair value through other comprehensive income)	399	(1,607)
(Financial assets at amortized cost)	(24,049)	(18,837)
Net (impairment)/reversal of investments in subsidiaries, joint ventures and associates	**680**	**(2,787)**
(Impairment or (-) reversal of impairment on financial assets)	**(507)**	**(192)**
(Tangible assets)	-	-
(Other)	(507)	(192)
Gains or (-) losses on derecognition of non-financial assets and investments, net	**(67)**	**2**
Of which: investments in subsidiaries, joint ventures and associates	(67)	2
Negative goodwill recognized in profit or loss	**-**	**-**
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	**3,615**	**2,781**
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**128,039**	**97,248**
(Tax expense or (-) income on profit from continuing operations)	**(12,876)**	**(8,987)**
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	**115,163**	**88,262**
Profit or (-) loss after tax from discontinued operations	**-**	**-**
PROFIT FOR THE YEAR	**115,163**	**88,262**

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of Recognized Income and Expense for the year ended 31 December 2022
(Thousands of euros)

	2022	2021
PROFIT FOR THE YEAR	**115,163**	**88,262**
OTHER COMPREHENSIVE INCOME	**(47,742)**	**16,012**
Items that will not be reclassified to profit or loss	**(19,416)**	**23,579**
Actuarial gains or (-) losses on defined benefit pension plans	-	-
Changes in fair value of equity instruments at fair value through other comprehensive income, net	(20,889)	25,414
Gains or losses from hedge accounting for equity instruments at fair value through other comprehensive income, net	-	-
Non-current assets and disposal groups held for sale	-	-
Other valuation adjustments	-	-
Changes in fair value of financial liabilities at fair value with changes in income attributable to changes in credit risk	-	-
Income tax on items that will not be reclassified to profit or loss	1,474	(1,835)
Items that may be reclassified to profit or loss	**(28,327)**	**(7,566)**
Hedges of net investments in foreign operations (effective portion)	**-**	**-**
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Currency translation	**-**	**28**
Gains or (-) losses on currency translation recognized in equity	-	28
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Cash flow hedges (effective portion)	**(2,163)**	**-**
Valuation gains or (-) losses recognized in equity	(2,163)	-
Reclassified to profit or loss	-	-
Reclassified to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedging instruments (undesignated)	**-**	**-**
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Debt instruments at fair value through other comprehensive income	**(34,885)**	**(10,125)**
Valuation gains or (-) losses recognized in equity	(38,601)	(9,621)
Reclassified to profit or loss	3,716	(504)
Other reclassifications	-	-
Non-current assets and disposal groups held for sale	**-**	**-**
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Income tax on items that may be reclassified to profit or loss	**8,721**	**2,532**
TOTAL RECOGNIZED INCOME AND EXPENSES FOR THE YEAR	**67,421**	**104,274**

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Comprehensive statement of changes in equity for the year ended 31 December 2022

(Thousands of euros)

At 31 December 2022

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit for the year	(-) (-) Interim dividends	Accumulated other comprehensive income	Total
Balance at 1 January 2021	**170,285**	**1,087,278**	**3,567**	**-**	**88,262**	**-**	**48,913**	**1,398,305**
Adjustments due to error correction	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-
Balance at 1 January 2021	**170,285**	**1,087,278**	**3,567**	**-**	**88,262**	**-**	**48,913**	**1,398,305**
Total recognized income and expenses for the year	-	-	**-**	**-**	**115,163**	**-**	**(47,742)**	**67,421**
Other changes to equity	**39,749**	**86,574**	**3,441**	**-**	**(88,262)**	**-**	**-**	**41,502**
Ordinary shares issued	39,749	-	-	-	-	-	-	39,749
Preference shares issued	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-
Dividends (or payments to members)	-	-	-	-	(1,688)	-	-	(1,688)
Buyback of treasury shares	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-
Transfers between equity items	-	86,574	-	-	(86,574)	-	-	-
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	3,441	-	-	-	-	3,441
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-
Balance at 31 December 2022	**210,034**	**1,173,852**	**7,008**	**-**	**115,163**	**-**	**1,171**	**1,507,228**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Comprehensive statement of changes in equity for the year ended 31 December 2021
(Thousands of euros)

At 31 December 2021

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit for the year	(-) (-) Interim dividends	Accumulated other comprehensive income	Total
Balance at 1 January 2020	**169,792**	**1,007,564**	**2,951**	**-**	**81,392**	**(417)**	**32,901**	**1,294,183**
Adjustments due to error correction	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-
Balance at 1 January 2020 (*)	**169,792**	**1,007,564**	**2,951**	**-**	**81,392**	**(417)**	**32,901**	**1,294,183**
Total recognized income and expenses for the year	-	-	-	-	**88,262**	-	**16,012**	**104,274**
Other changes to equity	**493**	**79,714**	**616**	**-**	**(81,392)**	**417**	**-**	**(152)**
Ordinary shares issued	4,391	-	-	-	-	-	-	4,391
Preference shares issued	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-
Capital reduction	(3,898)	-	-	-	-	-	-	(3,898)
Dividends (or payments to members)	-	-	-	-	-	-	-	-
Buyback of treasury shares	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-
Transfers between equity items	-	79,714	-	-	(81,392)	417		(1,261)
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	616	-	-	-	-	616
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-
Balance at 31 December 2021	**170,285**	**1,087,278**	**3,567**	**-**	**88,262**	**-**	**48,913**	**1,398,305**

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Cash flow statement for the year ended 31 December 2022
(Thousands of euros)

	2022	2021
A) CASH FLOW FROM OPERATING ACTIVITIES	**(180,399)**	**(138,223)**
Profit for the year	**115,163**	**88,262**
Adjustments to obtain cash flows from operating activities	**40,681**	**39,098**
Depreciation and amortization	7,458	6,436
Other adjustments	33,223	32,662
Net (increase) decrease in operating assets	**86,913**	**(578,625)**
Financial assets held for trading	622	258
Financial assets not held for trading mandatorily measured at fair value through profit or loss	(1,983)	3,352
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	(520,486)	(53,662)
Financial assets at amortized cost	601,246	(534,452)
Other operating expenses	7,513	5,879
Net (increase) decrease in operating liabilities	**(236,454)**	**319,406**
Financial liabilities held for trading	2,526	(370)
Financial liabilities at amortized cost	(237,285)	237,477
Other operating expenses	(1,695)	82,299
Company income tax receipts (payments)	**(12,876)**	**(6,364)**
B) CASH FLOWS FROM INVESTING ACTIVITIES	**(315)**	**(317)**
Payments	**(14,926)**	**(11,763)**
Tangible assets	(5,088)	(8,408)
Investments in subsidiaries, joint ventures and associates	(5,576)	(3,355)
Non-current assets and liabilities held for sale	(4,262)	-
Receipts	**14,611**	**11,446**
Tangible assets	6,040	1,056
Investments in subsidiaries, joint ventures and associates	177	-
Non-current assets and liabilities held for sale	8,394	10,390
C) CASH FLOWS FROM FINANCING ACTIVITIES	**39,749**	**493**
Payments	**-**	**(3,898)**
Dividends	-	-
Subordinated liabilities	-	-
Cancellation of own equity instruments	-	(3,898)
Acquisition of own equity instruments	-	-
Other payments related to financing activities	-	-
Receipts	**39,749**	**4,391**
Subordinated liabilities	-	-
Issue of own equity instruments	39,749	4,391
Disposal of own equity instruments	-	-
Other receipts relating to financing activities	-	-
		-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS	**1,587**	**1,089**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(139,379)**	**(136,958)**
F) CASH AND CASH EQUIVALENTS AT START OF YEAR	**1,129,885**	**1,266,843**
G) CASH AND CASH EQUIVALENTS AT END OF YEAR	**990,506**	**1,129,885**
MEMORANDUM ITEMS		
CASH AND CASH EQUIVALENTS AT END OF YEAR	**990,506**	**1,129,885**
Cash	54,352	47,815
Cash equivalents in central banks	300,033	-
Other demand deposits	636,121	1,080,070
Other financial assets	-	-
Less: Bank overdrafts repayable on demand	-	-

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ANNEX I – ANNUAL BANKING REPORT

Information at 31 December 2022 of the Caja Rural de Navarra Group provided in accordance with Act 10/2014 and Directive 2013/36/EU of the European Parliament and Council.

The information below has been prepared in compliance with article 87 and the twelfth transitional provision of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, published in the Spanish Official State Bulletin on 27 June 2014, transposing Article 89 of Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC ("CRD IV").

CRD IV requires credit institutions to file with the Bank of Spain and publish an annual country-by-country breakdown of the following information on a consolidated basis:

a) Name, nature and geographical location of activities.

b) Turnover.

c) Number of employees on a full time equivalent basis.

d) Profit or loss before tax.

e) Tax on profit or loss.

f) Public subsidies received.

Detailed information on these points is set out below:

a) Name, nature and geographical location of activities: Caja Rural de Navarra (the "Bank"), with registered office in Pamplona (Navarre), first opened for business on 23 January 1946. The Bank's articles of association state that its activity is national and its corporate purpose is to meet the financial needs of its members and third-parties by carrying on the activities typical of a credit institution. The Bank may therefore engage in all kinds of lending, deposit and service activities in which other credit institutions are permitted to engage, prioritizing the financial needs of its members in the exercise of such activities. Caja Rural de Navarra is the Parent Company of a group of investees that together make up Caja Rural de Navarra and Subsidiaries (the "Group"). The entities making up the Group carry out a range of activities.

b) Turnover: EUR 344,114 thousand. For the purposes of this report, turnover is taken to be the gross income reported in the 2022 consolidated income statement.

c) Number of employees on a full time equivalent basis: 956 in the Caja Rural de Navarra parent company and 455 in its non-financial subsidiaries. FTE employee data was based on the headcount at each entity at end-2022.

d) Profit or loss before tax: EUR 130,988 thousand. Return on consolidated assets was 0.73% at 31 December 2022.

e) Tax on profit or loss: EUR 13,719 thousand

f) Public subsidies received: The amount of public subsidies received by the Group in 2022 was EUR 984 thousand, all of which was paid to non-financial subsidiaries.

CONSOLIDATED MANAGEMENT REPORT

INTRODUCTION

On 24 February 2022, Russia announced the start of its invasion of Ukraine, triggering a decisive and united response from most of the Western economies, with the US and Europe at their head. This left Russia cut off from Western trade but also compromised Russian supplies of oil and gas to Europe. The aggression came barely two years after the outbreak of the Covid-19 pandemic and just one year into the post-Covid recovery begun in 2021. The invasion's devastating human, economic and social costs exacerbated the lingering effects of the virus, resulting in displaced populations, a further spike in inflation via pressures on commodities and energy, supply chains disrupted by geopolitical tensions and obstacles to global mobility, and rising levels of precarity in many social groups already hard hit by the pandemic. On top of which, central banks across the world felt the need to act decisively to rein in inflation, hiking interest rates harder and faster than we had seen in recent times.

In this environment, the world's economies and financial markets had a difficult year, characterised by a gradual slowdown in the economy and falls in the price of nearly all investment assets, with steep declines for much of the year mitigated in some cases by a last-quarter recovery. The IMF estimates that in 2022 global GDP grew by 3.4%, 2.8 percentage points slower than in 2021. Growth forecasts for 2023 were also repeatedly downgraded as the year wore on, from 3.8% in January to 2.9% by the start of 2023. Euro zone GDP also slowed sharply. 2022 growth is forecast at 3.5% compared to 5.3% in 2021. And the IMF's estimate for 2023 is now just 0.7%, down from 2.5% in January. The most pressing challenge in 2022 was inflation, which rose from 3% in January to near 10% in the final months of the year. IMF forecasts for 2023 show inflation falling back to a lower but still high rate of 5.7%.

Spain was one of the biggest contributors to Euro zone growth. 2022 GDP growth is estimated at 5.2% boosted by the reopening of the economy post-Covid, a sharp rebound in tourism, strong domestic demand and a rise in investment thanks to the gradual release of funds from the NextGenerationEU recovery package. As in the wider zone, estimates of GDP growth in 2023 were also sharply cut back over the year, to 1.1%.

The economics and politics of China, the world's second-largest economy, played a major role in dampening global GDP growth in 2022 and in disrupting supply chains for key elements of international trade. Its zero-Covid policy and the shrinkage of the property sector following the collapse of Evergrande in late 2021 squeezed household consumption, output and business confidence, making it harder for the Asian giant to maintain its 5%-plus pre-pandemic growth rates. Year-end estimates suggest China grew GDP by 3% in 2022, its weakest growth in three decades and the first time it has lagged behind the rest of Asia. That said, the Communist Party of China announced the end of its zero-Covid policy in December and this could be key to reviving the regional economy and hence global demand.

The central banks of leading countries and trading blocks were front and centre of financial affairs in 2022. In a radical switch of strategy, they embraced a hawkish monetary policy to try and rein in widespread and stickier-than-expected inflation, which was spreading steadily out from energy and commodity prices to drive up the cost of food, wages and services. The change in tone by the central banks, already signalled in the latter part of the previous year, was led by the US Federal Reserve (the Fed), which raised rates in March for the first time since 2018, by 0.25 percentage points to 0.25-0.50%. Two months later, on May 4, it announced a further half-point rise and, under heavy pressure as inflation neared 10% in the US, went on to vote through four consecutive 0.75 point hikes in June, July, September and November, plus an additional half-point rise in December, taking its Funds rate to 4.25-4.50% at year end, a level unseen since 2007.

In the euro zone, the ECB trod more cautiously early in the year, wary of damaging the region's already stuttering economy. But in March, with inflation exploding and creeping ever nearer to 10% year-on-year, it announced the end of its asset purchase programmes and, at its 21 July meeting, raised policy rates by 0.5 percentage points. This was the first hike in 11 years and marked the end of the long era of zero interest rates. Further 0.75 point rises followed in September and October, plus another half point in December taking rates to 2.5% at the turn of the year, the highest since 2008. One of the ECB’s most impactful interventions of the

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year was decided at its unscheduled June meeting, when it announced it would flexibly reinvest maturing assets in its debt portfolio to restrict the rise in the debt risk premiums of some Euro zone countries. Both the Fed and ECB used the final rate announcement of the year to flag up further rises in 2023. Other major European central banks followed a similar path. Switzerland's SNB and the Bank of England both hiked their base rates substantially, including 0.75 point rises on one or more occasions during the year.

The major monetary, governmental and research institutions are now all forecasting a scenario of falling inflation over coming quarters, gaining momentum as the year progresses, and a significant drop in global growth in 2023.

2022 FINANCIAL YEAR

In 2022, the main elements in the Bank's performance this year were as follows:

- Caja Rural de Navarra maintained its historic commitment to prudence, taking nearly all of its profit for the year to reserves and so increasing consolidated equity by 6.9% on the previous year to EUR 1,560 million.
- This confirms Caja Rural de Navarra’s position as one of the most solvent institutions in the market, with a CET1 ratio of 20.35%.
- Caja Rural de Navarra has a network of 255 branches employing 956 people. 140 are in Navarre. In 2022, no branch closed and one new branch opened in Navarre.
- The NPL ratio was 1.99%, well below the sector average of 3.7% of the loan book, according to the Bank of Spain's latest monthly Statistical Bulletin published in November 2022.

We set out below the key elements of Bank’s performance in 2022

EARNINGS

The Bank successfully grew all its key metrics and this, coupled with appropriate management of NPLs, made its operations more effective and more efficient, resulting in consolidated profit of EUR 110.5 million, a 20.9% increase on the previous year.

CONSOLIDATED INCOME STATEMENT (Millions of euros)	2022	2021	Chg. % 2022/2021
Net interest income	160.1	140.9	+13.6%
Gross income	344.1	306.7	+12.2%
Profit for the year	110.5	91.4	+20.9%

The Bank maintained its historical commitment to prudence over the year, taking nearly all (EUR 108.6 million) of consolidated profit for the year to non-distributable reserves, raising consolidated equity to EUR 1,560 million, a 6.9% increase on the previous year.

In this way, the Bank has strengthened its financial solidity and generated the resources to sustain future growth.

SOLVENCY

Shareholders’ equity totalled EUR 1,560 million, 6.9% more than the previous year.

Caja Rural de Navarra’s solvency measured by its Common Equity Tier 1 (CET1) ratio was 20.35%, 1.63 points up on the previous year and, once again, among the highest in the Spanish financial sector.

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CREDIT RATING

Caja Rural de Navarra is rated by international agencies Fitch and Moody's. The Bank's credit ratings were among the highest in the sector. At December 2022 it is rated: BBB+ (stable) by Fitch and Baa1 (stable) by Moody's.

KEY BUSINESS FIGURES

Customer deposits:

The Bank manages EUR 10,939 million in deposits from private customers. In Navarre, the Bank's market share on this measure is 29.4%.

Loans and Advances:

Loans and advances to customers outstanding at the Bank totalled EUR 9,354 million at end-2022, not including balances with other financial corporations. In Navarre, the Bank's market share on this measure is 28.32%, more than half a point higher than the previous year.

Non-performing loans

Caja Rural de Navarra's NPL ratio at the end of 2022 was 1.99%, similar to last year and well below the national NPL ratio of 3.7%, according to published figures.

CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL ACTION

In 2022, Caja Rural de Navarra continued to base its relationship with its local region on a long-term vision that keeps pace with the demands of our community, a policy now known as “sustainability”.

The Bank is focused on financing activities that have positive environmental or social benefits, such as construction or improving the energy efficiency of buildings, social housing and sustainable farming. This year, it also opted to maintain the funding lines for SMEs designed to mitigate the pandemic's impact on jobs and the economy.

One of the Bank's distinguishing features is its commitment to wider society, embodied in the many initiatives that it channels through its social action programmes, including support for training, sports, culture, research and welfare projects.

CAJA RURAL DE NAVARRA'S BUSINESS MODEL

In a market where most banks are closing branches and cutting staff numbers, Caja Rural de Navarra remains true to a business model of local and regional banking, offering customers personal local service and advice, including in areas of financial exclusion, with the branch as the centre point for valued relationships.

Caja Rural de Navarra has therefore expanded its branch network (currently 255, of which 140 in Navarre) and staff numbers. It now employs 956 people. This, together with its drive for digitisation, means the Bank can deliver a coherent and responsive service to all its customers.

SUMMARY OF THE ANNUAL REPORT OF THE CUSTOMER SERVICES DEPARTMENT 2022

In accordance with Article 17.2 of Ministerial Order ECO/734/2004, of 11 March, on the Customer Services Department of Financial Institutions, a summary of the Department's activities in 2022 is presented below.

The Customer Service Department is there to attend to and resolve complaints and claims by customers and users of the Bank's financial services where these are grounded in legally recognized rights and interests derived from contracts, transparency regulations, customer protection rules or good financial usage and practice.

Summary of the department's activity in 2022.

2022 ended with a fall in the number of claims and complaints received compared to 2021. This was mainly due to a decrease in claims for mortgage servicing costs, which more than offset a rise in claims for account-keeping fees on savings books and current accounts.

That said, as in previous years, we should point out the fundamental factors affecting our service, factors that are clearly reflected in the number of claims and complaints submitted to the Customer Services Department 2022:

1.- a sensitivity and irritation with banks that persists in wider society and among our customers;

2.- better-educated customers both financially and legally;

3.- easy access to any sort of information about claims and complaints via the internet;

4.- easy access to new channels for submitting claims and complaints: website complaint forms and email;

5.- heavy advertising and media pressure from the "claims industry", lawyers and consumer associations, both national and regional, encouraging people to claim.

6.- Constant press headlines providing partial information on the rulings handed down, normally slanted against financial institutions.

In these circumstances, which we do not expect to change, we have to maintain the high quality that has always characterised our Bank. To do this, and aware that most financial institutions offer rather similar products and prices, we have to make sure that service quality and proximity to customers are differentiating factors and, probably, the key identity markers for the Bank. By offering customers good service and proximity, satisfaction and empathy, we can secure their trust and continued custom.

In 2022, the Customer Services Department received a total of 2,548 complaints, claims, suggestions and congratulations. These contacts are analysed below using different criteria:

BREAKDOWN BY TYPE

Type	2022	2021
Complaint	128	160
Claim	2,197	3,278
Suggestion	5	6
Request	214	168
Congratulation	4	4
Total	**2,458**	**3,616**

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Of these 2,548 submissions, 643 were resolved in favour of the customer, 421 not admitted and the remaining 1,484 rejected. Payouts to customers this year totalled EUR 271,912.60.

By Autonomous Region, they broke down as follows:

BREAKDOWN BY REGION

Region	2022	2021
Navarre	987	1,729
Basque Country	1,074	1,679
La Rioja	136	208
TOTAL	**2,548**	**3,616**

The ratio of claims by Autonomous Region where the Bank is active weighted by the number of branches in each Region is as follows:

AVERAGE CLAIMS PER BRANCH

	Navarre	Basque Country	La Rioja
2022	7	12.20	5.44
2021	12.44	18.66	8.67

By subject matter the 2,548 complaints and claims broke down as follows:

BREAKDOWN BY SUBJECT

Subject	2022	2021
Assets - Loans and mortgages	1,612	2,710
Assets - Other loans and accounts	27	29
Assets - Other	3	0
Liabilities - Current accounts	388	358
Liabilities - Other	0	0
Other loans - Cards, ATMs, POSs	165	138
Other loans - Other	1	1
Services - Direct debits	12	7
Services - Transfers	46	61
Services - Bank drafts and cheques	4	11
Services - Other	20	79
Investments - Funds	8	16
Investments - Other investment services	7	4
Insurance and plans - Life insurance	7	19
Insurance and plans - Casualty insurance	1	3
Insurance and plans - Pensions	12	2
Insurance and plans - Other insurance	33	11
Other	202	167
TOTAL	**2,548**	**3,616**

As in previous years, special mention must be made of the claims dealing with clauses in mortgage contracts. Although these decreased compared to the previous year, they still represent the highest number of claims. Note that, as in past years, “floor clause” claims were not managed by the Customer Service Department. Instead they were handled by the body created after publication of Royal Decree Law 1/2017, and are not included in the published data.

As mentioned, the most complained about issue in 2022 was mortgages with 1,568 claims, 61.54% of the total. Most of these, 1,082, were about servicing costs, which made up 42.47% of all claims. Many of these also referred to other clauses, such as those dealing with late-payment interest, the commission for overdraft claims or account-opening fees.

Another issue that gave rise to a large number of customer claims in 2022 was maintenance fees for current and savings book accounts.

Also, 36 claims were passed up to the Bank of Spain’s Banking Conduct Department. Of these, 25 related to account-keeping fees. This represents a slight rise on the 31 complaints received by this body in 2021.

The annual average response time of the Customer Services Department was 19 days, in line with that for recent years. It reflects the effort by the department to comply with regulations in force.

Every six months the Bank of Spain requires a detailed report on complaints received by the Customer Service Department over the period. We therefore continue to stress that as far as possible we should, by good service and effective complaints management at branch level, avoid issues being passed up to this department and damaging the Bank’s image in the eyes of the regulator. Also, following the reduction in response times and with a view to meeting deadlines, it has become more essential than ever to make documents available to the Customer Services Department as soon as possible.

Regularly, ideally each six months, the head of the Customer Services Department, acting as Secretary, convenes the Quality Committee where members are given a detailed presentation of the complaints and claims received over the previous period. He/she comments on and analyses the most numerous or material grounds for complaint in order to highlight the different criteria applied to resolve them, identify possible future events which might affect the Bank, ensure each area of the Bank represented on the Committee takes due note of the conclusions and adopts appropriate preventative or improvement measures in the departments and products that were complained about, and make recommendations and suggestions based on the department's experience to better achieve its underlying purpose.

FINANCIAL RISK MANAGEMENT

The main risks to which the Group is exposed in its transactions in financial instruments are detailed in Note 6. In addition, Notes 8, 9, 10, 11, 12 and 17 include information on the various portfolios of financial instruments.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group engaged in no research and development activities in 2022.

AVERAGE SUPPLIER PAYMENT PERIOD

Payments to suppliers in 2022 were made in an average of 27 days, below the 60-day legal term required by Act 15/2010, of 5 July, on measures to combat bad debt in commercial transactions, amended by Act 31/2014, of 3 December, itself amending the Capital Companies Act on the improvement of corporate governance. The average payment period was calculated using the method set out in this law.

OUTLOOK FOR 2022

The Bank completed its 2020-2023 strategic plan in 2022 and has drafted a new strategic plan for the next three years. Over these three years, and particularly in 2023, the strategy defines targets for sustainable and balanced growth in business volumes, both in assets and particularly in resources, which will allow us to gain market share throughout the region where we are active. On profits, again with a particular focus on 2023, based on an environment of higher interest rates than we have seen for years, we expect an increase in net interest income, even though we also expect to begin paying interest on savings again. In qualitative terms, the aim is to strengthen our values, especially that of being a Bank that is close and committed to the territories where we operate.

The environment is likely to be more volatile than in previous years, with unenticing prospects for interest rates, inflation and the economy, plus a geopolitical situation that is more tense than we would hope. All of these events will affect our economy in one way or another.

That said, the Bank still expects to improve on this year's results while retaining, or even strengthening, its healthy solvency and market presence.

CSR REPORT AND NON-FINANCIAL STATEMENTS 2022

Act 11/2018, of 28 December, on non-financial information and diversity, regulates the disclosure of information in these two areas. Caja Rural de Navarra, as a public interest entity, has also published Non-Financial Statements for the Caja Rural de Navarra Group, which form part of the Consolidated Management Report, in compliance with its obligations under the regulation. These were published alongside the Corporate Social Responsibility Report (CSR Report) in accordance with international standards.

The non-financial statement forms part of this consolidated management report and is available on the website: https://www.cajaruraldenavarra.com/en/information-investors under Sustainability – CSR Report.

ANNEX - CSR REPORT AND NON-FINANCIAL STATEMENTS 2022

CSR REPORT

AND NON-FINANCIAL STATEMENTS

2022

CORPORATE SOCIAL RESPONSIBILITY REPORT OF CAJA RURAL DE NAVARRA AND CONSOLIDATED NON-FINANCIAL STATEMENTS OF THE CAJA RURAL DE NAVARRA GROUP 2022

EXTERNAL VERIFICATION DATE: 19 APRIL 2023

WWW.CAJARURALDENAVARRA.COM

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

In this Corporate Social Responsibility Report Caja Rural de Navarra has applied GRI Standards and responded to Act 11/2018 of 28 December, as verified by AENOR as external assurer.

Annex II reports information for the Non-Financial Statements 2022 on the equity investments comprising the Caja Rural de Navarra Consolidated Group, in accordance with Act 11/2018 (applying international GRI standards).

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CHAIRMAN'S LETTER

This report explains in detail the financial and non-financial activities that the Caja Rural de Navarra Consolidated Group engaged in during 2022 and so continues our ongoing relationship with stakeholders. The report also reaffirms our commitment to transparency and to sustainability, which requires us to balance the management of financial results with the protection of the environment and commitment to wider society.

In 2022, we completed the 2020-2022 Strategic Plan, successfully achieving almost all our targets. This success inspires us to press ahead, with both passion and responsibility, to continue the Bank's transformation into a solid, modern and sustainable project for the future. We have also prepared a new materiality analysis, to update and re-prioritise the issues that matter most to our organization and stakeholders. Another major milestone was our EUR 500 million issue of "green" mortgage covered bonds. The proceeds will go to fund the building, acquisition and renovation of energy-efficient buildings as we aim to align with European regulations.

All of this must be done amid a complex international environment that, hampered by the invasion of Ukraine, pressures on supply chains and inflation has led to a sharp slowdown in global growth. We must therefore continue to exercise the utmost rigour and responsibility in our financial intermediation business, while also confronting a range of challenges, including the ageing population and the transitions to clean energy and digitisation, to cite but a few.

After years of low and even negative interest rates, the world's leading central banks have started to tighten monetary policy in recent months, at a faster pace than anticipated, by raising interest rates and withdrawing part of the money supply in circulation. The idea is to bear down on the current inflationary environment. The policy shift contributed to the Bank's ending 2022 with net income of EUR 115.16 million, a 30.47% increase on the prior year. This should allow a strengthening of Caja Rural de Navarra's solvency, which, measured by its Common Equity Tier 1 (CET1) ratio of 20.35 %, is among the most solid in the Spanish financial sector.

These figures are indicative of a profitable and solvent institution, but our business is also shot through with social commitment, one of our hallmarks. We work to provide financial backing for the investment projects of individuals, companies and institutions, but, we have to put in the same amount of effort to ensuring ethical behaviour and transparent relations with our stakeholders. This is the only way to hear and understand the concerns that affect our community, which demands that we respond with a different value proposition that is not only financial but also more social, more human and more sustainable.

In 2022, we continued to support third sector institutions and organisations through our *Acción Social* initiatives, so encouraging the development of many support, cultural, sporting or environmental initiatives that contribute to the development of our region and enhance its social cohesion.

Finally, we should turn the spotlight on all the customers, partners, employees and suppliers who together make up the Caja Rural de Navarra Group, so we can continue to have faith in a cooperative model for the future, that advances in step with its environment. A model of proximity banking, designed to transform its local community and support the well-being of citizens, backing economic development, social cohesion and environmental balance.

2. ABOUT THE REPORT

2.1 ABOUT THE REPORT

This is the sixth Corporate Social Responsibility Report, based on data at 31 December 2022 and compiled in accordance with GRI standards with a close focus on the most significant disclosures and the same scope as the reports published in previous years.

In Annex II Caja Rural de Navarra publishes the Non-Financial Statements for the consolidated Group in accordance with Law 11/2018 of 28 December, on non-financial information and diversity, including European Commission Communications 2017/EC/215/01 on Guidelines for the presentation of non-financial reports.

The report seeks to give an overview of Caja Rural de Navarra's progress in 2022, its management model, its place in the Spanish financial system and its exercise of corporate social responsibility in the various areas where it applies.

The report contains the most relevant economic and financial and corporate governance information, as well as information on the social and environmental issues that have been judged material by our stakeholders.

Regarding **the reporting scope**, we report on Caja Rural de Navarra, as a financial institution, and in Annex II we also report on the set of companies in which it invests and those included in its scope of consolidation.

Regarding **dissemination of the Report**, we plan to issue it through the following channels:
Made available to people and agents who contributed to its preparation.
Publication on www.cajaruraldenavarra.com

Request for information:
Information that is not included in this report can be found at www.cajaruraldenavarra.com, or requested by applying to the contact addresses below:

e-mail:
The Customer Service section of the website: cajaruraldenavarra.com/atención-cliente
Email: info@crnavarra.com

mail:
Servicio de Atención al Cliente
CAJA RURAL DE NAVARRA
Plaza de los Fueros 1
31003 Pamplona.

In 2017, Caja Rural de Navarra prepared its first CSR report. In 2018, it published the second CSR report for Caja Rural de Navarra and the Non-financial Statements for the Caja Rural de Navarra Consolidated Group, with external assurance by Aenor. Aenor has

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also assured the 2022 report and Non-financial Statements for Caja Rural de Navarra for the fifth year.

2.2 DIALOGUE WITH STAKEHOLDERS

Dialogue with stakeholders was seen not only as an essential tool to determine what should be included in the report but also as a channel though which the Bank's different **stakeholders could play an active part** in its CSR strategy.

Caja Rural de Navarra has identified the people or groups of people which have an impact on or are affected by its activities, products and services and which therefore have a stake in Caja Rural de Navarra.

It is important to **embed a commitment to stakeholders**. This means initiating a range of actions and efforts to understand and involve these groups in the Bank's activities and decision-making.

The participating stakeholders were:

- Retail customers.
- Companies and self-employed customers.
- Private Banking customers.
- Institutional customers.
- Employees.
- Suppliers.
- Partner social organizations.

Caja Rural de Navarra's management of its stakeholders is based on **trust and open dialogue**, which allows us to forge close relationships with each of them, **understand their needs and expectations, and commit to areas of improvement**.

The abovementioned groups have been consulted by Caja Rural de Navarra to determine which CSR issues they see as most pressing for Caja Rural de Navarra and this has been distilled into a single prioritised list of relevant material issues for the stakeholders consulted.

Channels for communication with stakeholders:

Caja Rural de Navarra has set up a number of channels and mechanisms to generate dialogue with its stakeholders. All the information collected and analysed through these dialogue processes feeds into future CSR guidelines and initiatives.

The materiality analysis is run every three years to coincide with Caja Rural de Navarra's strategic planning cycle.

CUSTOMERS: retail, companies, private banking, institutional customers

- Customer services department
- Social networks
- Customer satisfaction survey
- Suggestion box
- cajaruraldenavarra.com website
- General business relationships
- Materiality survey conducted to prepare this Report
- Materiality focus group conducted to prepare this Report.

EMPLOYEES

- Employee portal
- Caja Rural de Navarra intranet
- Works Council (Comité de Empresa)
- Internal Communications Group
- Materiality focus group convened to prepare this Report.
- Weekly business meeting
- Area meetings
- Business coordination through management committee

SUPPLIERS

- Business and contractual relationships
- Quality surveys
- Materiality survey conducted with the Bank's biggest suppliers

2.3 EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION

As part of the process of preparing the CSR report in accordance with GRI standards (https://www.globalreporting.org/standards), Caja Rural de Navarra has conducted a new materiality analysis for the 2021 CSR report, covering two scopes: one for the Bank (Caja Rural de Navarra) and another using data from Caja Rural de Navarra's Investee Companies.

The work was outsourced to AFI (Analistas Financieros Internacionales), consultants specializing in the preparation of these reports.

The aim is to identify those issues that most impact the organization and its stakeholders and which it is therefore essential to report on.

The guidelines state that sustainability reporting should be based on the following principles: stakeholder inclusiveness, sustainability context, materiality and completeness.

In applying these principles to report content, Caja Rural de Navarra has defined and applied a number of methodologies to identify which issues are material.

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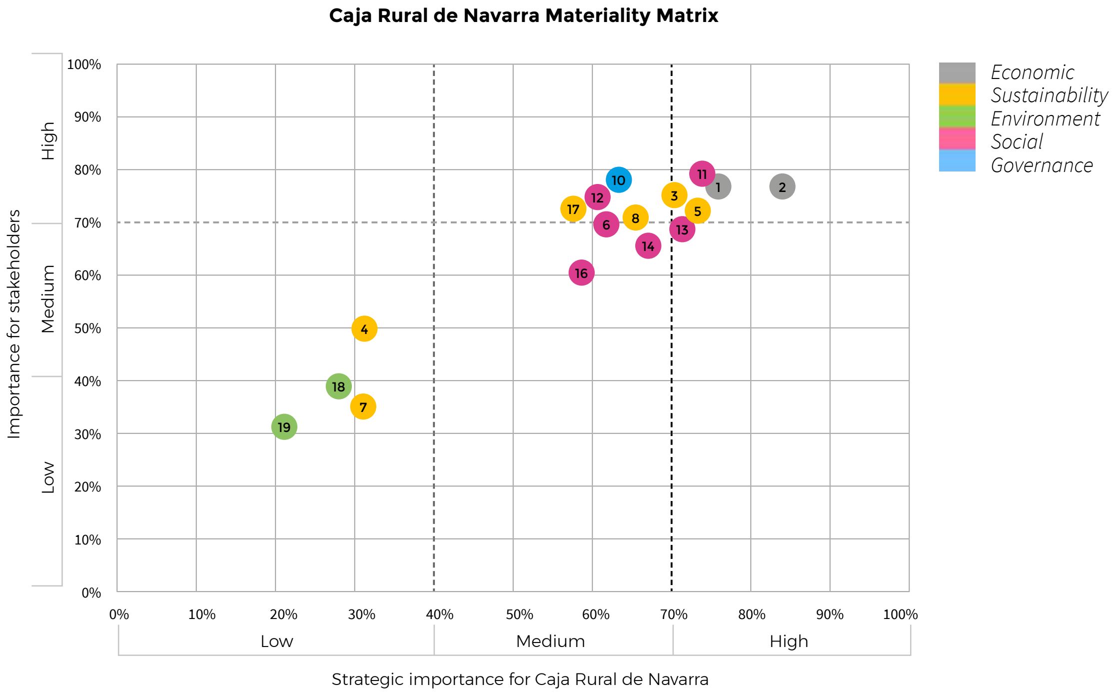
This document summarises the main conclusions of Caja Rural de Navarra's materiality analysis, carried out in March 2022 based on information covering the whole of financial year 2021.

The materiality analysis seeks to identify and prioritise the economic, environmental, social and governance priorities for customers, employees, suppliers, partner social organizations and authorities (external materiality) and the Bank's strategy based on its potential impact for the Bank (internal materiality).

This new materiality analysis by Caja Rural de Navarra identified **19 material issues**:



PRIORITY		ISSUE	AREA
High	2	Profitability, solvency and risk management	
	9	Ethics, integrity and good governance	
	1	Strategy	
	11	Responsible and trasnparent marketing	
	3	Mission, vision and values of the Bank	
	5	Digitization	
Medium-high	10	Transparency and responsible communications	
	12	Customer services department	
	17	Contribution to economic growth and development	
	13	Personal development	
Average	8	Marketing channels	
	6	Range of products and services	
	14	Equality, diversity and work-life balance	
	16	Social action	
Medium-low	15	Responsible purchasing	
Low	4	Sustainability strategy	
	18	Support for environmental protection initiatives	
	7	Sustainable finances	
	19	Reducing the environmental footprint	

Materiality involves identifying the Bank's most relevant stakeholders and which economic, environmental, social and governance issues were most relevant or material for them (external materiality) and for the corporate strategy and actions (internal materiality). This makes it possible to identify the Bank's impacts on these stakeholders and consider how best to manage them.

Results of the materiality analysis

1.1. Identification and classification of stakeholders

An essential prior step before analysing the results of the opinion survey of Caja Rural de Navarra's stakeholders is to profile the group's that responded and their key features.

We summarise below the system for identifying and classifying the main stakeholder group's surveyed for the materiality analysis.

A. Customers

A total of 6,155 Caja Rural de Navarra customers responded to the survey. Most of its customers are individuals (98%), split between retail and Private Banking customers. The remaining 2% were companies, self-employed or institutional customers. **Three focus groups** were also conducted with up to 8 members in each, comprising individuals, companies, self-employed and institutional customers, to provide more detailed information and calibrate the results of the surveys.

- **Individual customers**: the number of individual customers responding was 5,894 (95.8% of total customer responses). By gender, 56.4% of respondents were men, 43.3% women and 0.2% preferred not to identify a gender. By age, the largest segment of respondents were 55-64 (30.3%), followed by 45-54 year olds (29.8%) and 35-44 (18.1%). Note that 78% of customers have been with the Bank for more than 5 years and, by region, 56% live in the province of Navarre, followed by Vizcaya (15%), Guipúzcoa (13%) and Álava (8%). A focus group was also arranged for this stakeholder group, composed of 5 adults.
- **Companies and self-employed customers**: the number of business and self-employed customers responding was 88 (1.4% of total customer responses). By legal status, 96.6% of responses were from companies, the other 3.4% from self-employed customers. Of the companies, 81% have been working with the Bank for more than 5 years and 69% have annual turnover of between EUR 2 million and EUR 50 million, while 67% of the self-employed customers have been with the Bank for more than 5 years. By geographical region, the largest percentage are active in multiple provinces (41%) and 5% are active abroad. Note that 25% conduct their activity only in Navarre and 10% only in La Rioja. A focus group was also organized with 6 adults representing their respective businesses.
- **Private Banking customers**: the number of individual customers responding was 118 (1.9% of total customer responses). By gender, 77% of Private Banking customers are men, all older than 45, the remainder being women, of whom 3% are younger than 35. Note that 96% of respondents have been customers of the Bank for more than 5 years. By region, 71% of Private Banking customers live in

Navarre, followed by Guipúzcoa (9%) and Vizcaya (8%). A focus group was also organized, attended by XX of the Bank's Private Banking customers.

- **Institutional customers**: the number of institutional customers responding was 55 (0.9% of total customer responses). By legal status, 36% of responding institutional customers are private or state-assisted organisations of which 90% are non-profits, while 25% are public and 38% other types of institution such as charities or sports clubs. Note that 69% of institutional customers respondents have been working with the Bank for more than 5 years. They mainly operate in the provinces of Navarre, Vizcaya, La Rioja and Guipúzcoa. A focus group was also organized with 6 adults attending.

B. Employees

There were 262 responses from Bank employees. These fell into three groups: executives, non-executives and employees of auxiliary services. There was also a **focus group for executives and non-executives**, to calibrate the results from the surveys.

- **Executives**: 4 executives responded (1.5% of all employee responses). Of these, 75% work in central services and 25% in a branch, all in Navarre. By gender, all executive respondents were men and 75% had worked with the Bank for more than 25 years. In terms of qualifications, 3 are university graduates and one of them also has a postgraduate qualification. The other respondent has second-grade professional training. A focus group was conducted among executives with 8 executive employees taking part.
- **Non-executives**: 244 responses were received from non-executive employees (93.1% of all employee responses). This was a gender balanced sample, with 50% women and 50% men. Of these, 78% work in branches and 22% in central services. 84% of the employees have a permanent employment contract, 47% being men and 38% women. Of the women, 16% are on work experience contracts. In terms of qualifications, 95% of employees are university graduates and 26% also have a postgraduate qualification. A focus group was conducted among non-executives with 8 non-executive employees taking part.
- **Auxiliary services staff**: 14 responses were received from non-executive employees working in auxiliary services (5.3% of all employee responses). Note that all the responses from auxiliary services were from non-managerial staff. By gender, 79% were women and 21% men. Of the men, 100% have a permanent contract, while of the women 64% are on permanent contracts, 27% on training contracts and 9% on temporary contracts. By age, note that 29% of auxiliary employee respondents are under 30, 57% are 31-50 and only 14% older than 51.

C. Suppliers

A total of 6 responses were received from suppliers. Of these, 83% have had a relationship with the Bank for more than 5 years, while the other 17% have supplied the Bank for between 1 and 5 years. All of the latter are international suppliers. As for the type of service supplied to the Bank, 33% provide cleaning, 17% financial consultancy and the remaining 50% provide insurance, advertising equipment and furniture sales.

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D. Partner social organizations

The number of partner social organizations responding was 5. Of these, 100% are institutions and private or state-assisted organizations. 40% have worked with the Bank for more than 5 years and the remaining 60% for less than 5 years, of which 67% started working with the Bank this year. None of the partner social organizations responding to the survey were for-profit. Regarding the form of collaboration, the vast majority (80%) receive financing from the Bank while the remainder work with the Bank in other ways. Note that for 40% of these social organizations, the collaboration with the Bank is the only or one of the most important such relationships they have. A **focus group** was also organised with eight partner social organizations.

1.2 Prioritization of stakeholder themes

The section below shows, first, the importance stakeholders give to each of the 8 main blocks[1] and, second, their importance for all stakeholders (external vision) and for the Bank (internal vision).

Material Issue	Private Customers	Business and Self-employed Customers	Private Banking Customers	Institutional Customers	Customers	Management Employees	Non-management Employees	Non-management Auxiliary Employees	Non-management employees (group)	Suppliers	Investors	Collaborating Social Entities	External view	Internal View
Satisfaction of the Caja's customer	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴		🔴		🔴	🔴
Ethics, transparency and integrity of the Caja	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
The management of the Caja by its directors and employees	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
Support for society	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡		🟡	🟡	🟡
Environmental protection by the Caja	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟢	🟡	🟡		🟡	🟡	🟡
The measure adopted by the Caja during the pandemic	🟡	🟡	🟡	🟢	🟡	🟢	🟢	🟢	🟢	🟡		🟢	🟡	🟢
Employment conditions						🔴	🔴	🔴	🔴				🔴	🔴
Management in relation to the Caja's suppliers										🟡			🟡	🟢

The table further shows how significant each stakeholder group considers each of the 19 specific themes derived from the consultation and which comprise the materiality matrix.

Block	Number	Material Issue	Private Customers	Business and Self-employed Customers	Private Banking Customers	Institutional Customers	Customers	Management Employees	Non-management Employees	Non-management Auxiliary Employees	Non-management employees (group)	Suppliers	Investors	Collaborating Social Entities	External view	Internal View
Strategy and management	1	Strategy	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
	2	Profitability, solvency and risk management	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
	3	Mission, vision and values	Low	Low	Low	Low	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low
	4	Sustainability strategy	Medium	Medium	High	Medium	Medium	High	High	High	High	Medium	Low	High	Medium	Medium
	5	Digitalisation						Low	Low	Medium	Low				Low	Low
Business model	6	Range of products and services	Low	Low	Low	Low	Low	Medium	Medium	Low	Medium				Low	High
	7	Sustainable finances	High	High	High	High	High	High	High	Medium	High	High	Medium	High	High	Low
	8	Customer care and marketing channels	Low	Low	Medium	Low	Low	Medium	Medium	Medium	Medium				Low	High
Ethics, transparency and integrity	9	Ethics, integrity and good governance	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	High
	10	Responsible communication and transparency	Low	Low	Low	Medium	Low	Medium	Low	Low	Low	Low	Low	Low	Low	High
Customer satisfaction	11	Responsible marketing and transparency	Low	Low	Low	Low	Low	Low	Low	Low	Low		Low		Low	Low
	12	Customer care service	Low	Low	Low	Low	Low	Medium	Medium	Medium	Medium				Low	High
Employment conditions	13	People development	Medium	Medium	Medium	Medium	Medium	Low	Medium	Medium	Medium				Medium	Low
	14	Equality, diversity and reconciliation	Medium	Medium	Medium	Medium	Medium	Low	Medium	Medium	Medium				Medium	High
Management of suppliers	15	Responsible purchasing						Medium				Low			Low	High
Support for society	16	Social action	Medium	Medium	Medium	Low	Medium	Medium	High		High			Low	Medium	High
	17	Contribution to development and economic growth	Low	Low	Low	Low	Low	Medium	Low		Medium			Low	Low	High
Environmental protection	18	Promotion of environmental protection initiatives	High	High	High	High	High	High	High	High	High	Medium		High	High	High
	19	Reduction of the environmental footprint	High	High	High	High	High	High	High	High	High	High		High	High	High

- High priority (score equal to or higher score than 70%)
- Medium priority (score equal to or higher than 40% and lower than 30% and 70%)
- Low priority (score below 40% and below 30% and 70%)

1.3 Materiality matrix

As well as consulting stakeholders, the Group conducted a comprehensive benchmarking exercise of the level of sustainability achieved by comparable institutions in the sector and the economic, environmental, social and governance priorities in their respective materiality matrices. The Bank's materiality matrix has been compiled in light of both this sector report and the ranking of material issues for each stakeholder group. The materiality matrix (detailed in section 1 of this chapter) considers 19 issues ranked in order of their importance to the Bank's stakeholders and to the Bank itself.

Caja Rural de Navarra also conducted an internal materiality analysis, in which the area managers of all Departments involved quantified the potential impact and likelihood of key ESG risks occurring. The results of this self-assessment are set out in **Section 3.7 “Materiality self-assessment”**.

2.4 MANAGEMENT FOCUS

Guided by the conclusions of the materiality analysis following consultation with our stakeholders, Caja Rural de Navarra bases its relationship with its stakeholders on the following criteria:

1. CUSTOMERS

The Bank focuses overwhelmingly on local and retail banking. Little surprise then that the main points identified in our materiality matrix have to do with how we relate to our customers (retail, private banking, corporate and institutional).

The Bank prioritises responsible banking with a long-term view of its customers' needs regarding products (transparency and advice on investment and financing products) and in its marketing processes, emphasising local connections and quality of service.

See the "Customers" section below for further details of the Bank's activities in this area.

2. THE TEAM

Regarding employees, the materiality analysis identified a number of key points to which the Bank is paying special attention. Particularly important were the issues of involving the team in strategy, career management plans, training and a policy on professional selection and development based on merit and effort.

All this is being implemented over a long-term horizon, something we believe is fundamental to avoid conflicts of interest and make sure the work being done by our teams aligns with the aims of our different stakeholder groups, a crucial point for a services company if it is to flourish over the long term.

3. THE COMPANY

Our relationship with wider society is a differentiating factor for Caja Rural de Navarra. Our structure as a regional cooperative bank inevitably implies a **close relationship with the region where we operate** and a longer term vision. This reflects its cooperative ownership and business structure, which **helps limit the risk of taking decisions on too short term a basis** or where the interests of one group take excessive precedence over the rest.

On this point, it is essential for the Bank that society in the regions where we operate continues to see us as a local institution, supporting local initiatives, which has a far more direct knowledge of the economic and social realities of the towns and cities in our regions, and which supports key social groups to support long-term community development, such as SMEs, entrepreneurs, grass-roots sport, educational and cultural activities, etc. with an inclusive focus for the different social groups that is sustainable over time.

4. ENVIRONMENT

As a financial services institution, the Bank has limited direct material impact on environmental issues. Nonetheless, the Bank is developing multiple initiatives not only by reducing the negative impact of its own activities but also by supporting initiatives designed to improve the environment in our regions through training, awareness-raising, direct investment in environmental business projects (forest development, renewable energy, etc.) and by supporting projects to improve the environment through its financing lines (sustainable farming, sustainable forestry, waste management, renewable energy and energy efficiency).

5. SUPPLIERS

Caja Rural de Navarra seeks to maintain with its suppliers and partner companies a close, respectful, trusting and transparent relationship which promotes in-depth knowledge of the companies we contract with and confidence in the quality of the services provided, as we explain in greater detail below.

In its selection processes, the Bank measures suppliers against its own set of ethical principles, which besides including quality and financial costs, also requires that companies respect workers' rights, behave transparently and have a clean record on social and environmental issues.

2.5 STRATEGY

Caja Rural de Navarra is a cooperative institution specialising in retail and regional banking, which serves its customers through a network of 255 branches (one new branch was opened in 2022) in the regions of Comunidad Foral de Navarra, the Basque Autonomous Region and La Rioja as well as through its virtual channels.

The Bank is drawing up a new three-year strategic plan. This was the final year of the 2020-2022 Plan. The three-year plan is always accompanied by specific annual plans.

The key principles of strategic planning are based on balanced growth which allows the Bank to keep growing market share in all areas where it operates while maintaining its differentiating model of a regional retail cooperative bank, consistently seeking to provide added value for its customers backed by local high-quality advice.

The aim is to maintain the levels of profit, efficiency, solvency and liquidity set out in the Strategic Plan, as well as to develop a marketing approach that meets the needs of customers and adapts as necessary to the needs of each segment and type of demand, with a mixed model of branches to deliver the local high-quality advice and alternative channels that customers can use. An important tool for this is the service the Bank offers its customers through Ruralvía, its digital banking facility, accessible through a range of devices including computers, smart phone, tablet and other IT apps (Ruralvía pay, etc.) as well as the ATM network.

The Bank also belongs to the Caja Rural Group, a financial group based on a federal banking model. This overcomes the limitations of its member Rural Credit Cooperatives regarding scale and the geographical reach of their business while safeguarding their full autonomy and the essential requirement of banking effectiveness and business efficiency.

To run its business, the Caja Rural Group relies on shared central services provided by the companies set up by the group and covering each of the main business areas of the member Rural Credit Cooperatives. The Banco Cooperativo Español, Seguros RGA and Rural Servicios Informáticos give the group a competitive edge in meeting the challenges of an increasingly innovative and demanding market.

The main challenges and strategies of the Bank can be summed up as achieving the profitability to guarantee its future sustainability through a high-quality financial offer and a cost structure that provides the necessary competitiveness.

The strategy is to be a leader, or a benchmark institution, in its natural market. The Bank is an integral part of society and, by virtue of its origins and deep roots in local communities, is an important and energizing contributor to social development.

It is also fully committed to its environment, on which the Bank is completely dependent for its own development, while always taking a long-term view.

The Bank has been developing its own sustainability strategy for some time. Nevertheless, in 2021 its Governing Board, as a member of the nationwide Caja Rural group, approved the adoption of the Guiding Plan for sustainability prepared by group member Banco Cooperativo Español as its benchmark for strategy and the actions the Bank pursues in this area.

The Caja Rural de Navarra network has grown to 255 branches in Navarre, the Basque Autonomous Region and La Rioja (including a commercial office in Madrid).

2.6 CAJA RURAL DE NAVARRA STRATEGIC PLAN

As for the current 2020-2022 Plan, now in its third and final year and heavily affected by the Covid pandemic from the outset, we can say that most targets have been met although with some shortfalls in various areas, as follows:

- Loans and advances:

Although we fell somewhat short of our targets during the Plan's first two years, it was in 2022 when, despite the good start to the year, two factors came into play that really held back growth of the Bank's loan book. First, the general climate of economic uncertainty and, second, intense pressure on mortgage pricing.

We are now a long way off the target for end-2022 in the 2020-23 Strategic Plan. The target was 25.93% and we only achieved 16.54%.

In terms of regional share of the loan book, Navarre fell back in relative terms, with constant sustained growth in the contribution by the rest of the provinces, which now make up 56.05% between them.

- Liabilities:

After heavily outperforming its target in 2020, liabilities growth in 2021 was very low, just 0.62% (EUR 61 million), though part of this reflected a deliberate drive to rationalise the different types of liabilities and cut surplus cash costs.

2022 began on a similar trend, diversification into funds and fees from the various types of liabilities. But the rise in interest rates is starting to make cash positions worth holding. What is more, the looming maturity of the TLTROs ("Targeted Longer-Term Refinancing

Operations") is good for growth in liabilities, leading us to raise yields even for some deposits for the first time in years. As a result, the year ended with growth of near 8%.

We beat the end-2022 target in the 2020-22 Strategic Plan. We had a growth target of 22.50% and grew liabilities by 25.19% with a surplus of over EUR 230 million.

Breaking liabilities down by province, Navarre contributed more than half the total (60%). Other provinces are growing their share but more slowly than in loans and advances.

- New customers:

This is where we saw the biggest effects of the pandemic. In both years the pace of new customer capture fell off, especially individual customers, leaving us short of target by around 7,000 new customers in the Plan's two first years. The same was true of Legal Entities in 2021, with a shortfall of 449 fewer new captures than expected, whereas in 2020 performance was nearer to its annual target.

In 2022, we significantly improved on both indicators and although falling short of the targets we were able to attract more than 36,500 new customers.

Plan-wise, we are short of 15,000 new natural persons and more than 1,000 Legal Entities compared to forecasts. This will be a key target for the next Strategic Plan.

- Non-performing loans:

Despite the pandemic, and the alerts that it could trigger, NPL budgets were similar to those forecast for all years of the Strategic Plan, ending 2022 on an NPL ratio of near 2%.

- Net income:

We ended 2022 with net income of EUR 113 million, greatly helped by better net interest income and exceeding the annual target. Total income generated was close to the forecasts in the Strategic Plan.

- Solvency:

The definitive solvency ratio – measured as the fully loaded Common Equity Tier 1 (CET1) ratio, the highest-quality capital – at 31/12/2022 was 19.82%. The end-Plan objective was 17.66%. The phase-in CET1 ratio at the same date was 20.35%. The difference between the two ratios is that during the transitional phase extraordinary provisions taken for Covid can be counted as capital.

The Bank still enjoys a very robust level of solvency. All capital is of the highest quality. No other instruments are counted toward capital.

We can claim we are broadly in line with most of the economic targets set in the Plan, having improved market share and expanded our network by two branches, one in Álava and the other in Navarre.

3. ABOUT US – STRUCTURE OF THE BANK

3.1 ABOUT US

- **Caja Rural de Navarra S. Coop. de Crédito** (or "Caja Rural de Navarra", "Caja Rural", the "the Bank" or the "Company") is a credit institution that operates in Spain. Its origins date back to 1910 when the institution acted as central body for the different cooperatives in the province of Navarre but Caja Rural de Navarra in its current legal form was founded in 1946.
- It is a member of the Deposit Guarantees Fund and registered in the Special Register of Banks and Bankers under number 3008, and is governed by the regulations applicable to credit institutions, credit cooperatives, and by its internal regulations, in particular, its Articles of Association.
- The Bank heads a group of companies active in various areas of the economy and together with them forms the Caja Rural de Navarra Group ("CRN Group").
- The Group also belongs to an Institutional Protection Scheme" (IPS) set up under Article 113.7 of EU Regulation 575/2013, of the European Parliament and Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms, amending EU Regulation 648/2012 (the CRR) and Royal Decree Law 11/2017, of 24 June, created as part of the Asociación Española de Cajas Rurales (the AECR), alongside the other Caja Rurales belonging to the AECR, the Banco Cooperativo Español S.A. and Grucajrural Inversiones S.L.
- Caja Rural de Navarra has been, since the early 1990s, a founding member of the "Grupo Caja Rural" (the "Group" or "Caja Rural Group") in which regional cooperative banks came together as a way to generate synergies and economies of scale. This association is not, however, a "Group" in the sense of Article 42 of the Spanish Commercial Code. The system of association based on a federated banking model means members can retain their autonomy, without sacrificing the essential prerequisites of banking activity and business efficiency, while overcoming the potential limitations of small scale and regional scope.

Currently, the Group's corporate structure looks as follows:

SPANISH ASSOCIATION OF CAJAS RURALES
IPS
GRUCAJRURAL INVERSIONES S.L.

Rural Servicios Informáticos
- Docalia

BANCO COOPERATIVO ESPAÑOL S.A.
- Rural Informática S.A.
- Gescooperativo S.G.I.I.C, S.A.
- Rural Inmobiliario S.L.
- BCE Formación S.A.
- Espiga Capital Gestión S.A.
- Rural Renting S.A.

SEGUROS RGA
- RGA Seguros Generales Rural S.A.
- RGA Rural Vida S.A.
- RGA Rural Pensiones S.A.
- RGA Rural Grupo Asegurador
- RGA Rural Mediación OBSV S.A.

<u>Spanish Association of Cajas Rurales</u>

An association constituted under Organic Act 1/2002 of 22 March regulating the Right of Association in Spain and additional regulations, with its own legal personality and authorised to work, on a not-for-profit basis, for the fulfilment of the corporate purposes for which it is founded, these generally being to foment cooperation between its member institutions, so strengthening their solvency and stability and improving their functioning and financial results.

The Association was created in 1989 and currently includes 30 Rural Credit Cooperatives, all of which are independent of each other. It is governed by its articles of association and, in matters not covered by these, by applicable regulations. These include as an integral part the Regulations and Disciplinary procedures of the IPS (Institutional Protection Scheme).

The governing bodies of the Association are the General Meeting, attended by all member banks, and the Management Board, which statutorily has between 6 and 12 members. Caja Rural de Navarra, because of its size, has always been a part of the Association's Management Board since its creation.

The IPS, constituted in 2018, is an intercooperative mutual support and defence scheme created within the Association for the benefit of its members. It is an

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Institutional Protection Scheme in the sense of Article 113.7 of Regulation (EU) no. 575/2013 of the European Parliament and Council of 26 June 2013.

The IPS has no legal personality and is understood as the complex set of assets, rights, obligations and commitments included in the Association's articles of association and its protocols. The purpose of the IPS is to help sustain the financial stability of its members individually and as a whole and help reduce the risk profile of its members.

The IPS's membership is made up of banks belonging to the Spanish Association of Cajas Rurales, the Banco Cooperativo Español S.A. and the Holding Company (Grucajrural inversiones S.L.).

The Holding Company is owned by the member Rural Credit Cooperatives pro rata their average total assets (ATA) in the Group. The Holding Company's name is "Grucajrural Inversiones S.L.". It also owns the shares in the following companies belonging to the Caja Rural Group:

- Seguros RGA, which is composed of the following companies:
  - RGA Seguros Generales Rural S.A. de Seguros y Reaseguros
  - RGA Rural Vida S.A. de Seguros y Reaseguros
  - RGA Rural Pensiones S.A.
  - RGA Mediación OBSV S.A.
  - RGA Rural Grupo Asegurador
- Banco Cooperativo Español

Caja Rural de Navarra, because of its weighting within the Group has a seat on the Board.

The IPS has a Management Committee, constituted as a Delegated committee of the Association's Management Board, which is responsible for day-to-day management of the IPS and acts as its main management body. Caja Rural de Navarra, due to its weight in the Group, is a member of the Management Committee.

Banco Cooperativo Español S.A.

BCE is an equity investment of the Caja Rural Group, whose capital is 87.98% owned by the member Banks – either directly or indirectly via Grucajarural Inversiones S.L. – and 12.02% owned by DZ Bank, a similarly inspired German cooperative banking group. Since being set up, BCE has contributed considerable know how and experience to the Group and given it an international dimension.

The main purpose of Banco Cooperativo Español, set up in 1990, is to help the Group's banks achieve an appropriate market position and exploit the synergies and competitive advantages offered by their association. To achieve this, the bank is segmented into different specialist areas, responsible for dealing efficiently with shareholders and customers. These are: Retail, Corporate, Private Banking, Treasury and Capital Markets, International, Human Resources, Organisation and Legal Affairs and Tax.

Caja Rural de Navarra, because of its weighting within the Group, sits on the Board of Directors of BCE. It also currently chairs the Board.

The Group has its own fund manager, Gescooperativo S.G.I.I.C, SA, whose management is controlled by BCE, which is responsible for managing and marketing its in-house Investment Funds.

Links:

https://www.ruralvia.com/bancocooperativo/inicio.html

www.gescooperativo.es/

Seguros RGA

Seguros RGA was founded in 1986 with the aim of allowing Rural Credit Cooperatives to offer their customers a broad range of insurance and comprehensive provident solutions.

Members of Caja Rural Group own 100% of the company's capital either directly or indirectly (via Grucajrural Inversiones S.L.). The component companies of Seguros RGA are as follows:

- **RGA SEGUROS GENERALES RURAL**, SA de Seguros y Reaseguros.
- **RGA RURAL VIDA**, S.A. de Seguros y Reaseguros.
- **RGA RURAL PENSIONES**, S.A. Entidad Gestora de Fondos de Pensiones.
- **RGA MEDIACIÓN**, Operador de Banca-Seguros Vinculado, S.A.
- **RGA GRUPO ASEGURADOR**, Agrupación de Interés Económico.

Caja Rural de Navarra is represented on the Boards of Directors of RGA Seguros Generales Rural, SA and RGA Rural Vida, SA.

Links: www.segurosrga.es

Rural Servicios Informáticos (RSI)

Rural Servicios Informáticos, created in 1986, is Caja Rural Group's vehicle for defining and implementing the shared strategy for automated data processing at the Caja Rural Group. It is a Banking IT firm that designs, develops and manages solutions and services for Caja Rural Group Banks and now also for other customers.

RSI’s share capital is wholly owned by the Caja Rural Group institutions. Caja Rural de Navarra, because of its weighting within the Group has always had a seat on the Board. It currently has a 18.70% stake in the company.

The company also includes another investee company whose activity is closely linked to RSI.

Docalia S.L.

Docalia was created in 2003 when it was spun out of RSI’s Post-Production Services Area. It is now a benchmark in Spain for integrated management and personalization of documents, cheques and cards.

At the moment, it is governed by a Sole Director who acts as its top representative and management body. Links:

http://www.ruralserviciosinformaticos.com

www.docalia.com

UNACC

Caja Rural de Navarra is also a member of UNACC (the National Union of Cooperative Credit Institutions). UNACC was created in 1970 as the trade body for cooperative credit institutions representing the sector at institutional level.

It is a free association and its membership includes all the Cooperative Credit Institutions in Spain. Its core purpose is to represent and defend the interests of its members, promote the credit cooperative model and act as interlocutors and representatives with public authorities and other bodies.

Its governance bodies are: The General Meeting of the 42 cooperatives that are currently members and a 14-strong Governing Board, which Caja Rural de Navarra currently sits on and vice-chairs.

UNACC has an international presence through the EACB (European Association of Cooperative Banks) an umbrella organization for Europe’s cooperative credit institutions, which, with a market share of 20%, play an important role in the continent’s economic and financial system.

The association represents the interests of its 27 members, with their 2,700 affiliated cooperative banks, 720,000 employees and 89 million members, in European institutions.

Links:

www.unacc.com/

www.eacb.coop

- As a credit institution, whose corporate purpose includes banking, Caja Rural's Governing Board must comply with a number of governance obligations, while retaining its general responsibility to define and oversee a governance system that ensures effective and prudent management of the Bank. These obligations include EBA guidelines on internal governance [EBA/GL/2017/11], which require it to set up and oversee an appropriate and effective framework for internal control and governance that defines an organizational structure which, among other matters, governs the internal risk management, compliance and audit functions, ensuring they have the independence, authority, range and resources to properly fulfil their duties.

- Caja Rural de Navarra has more than 182,000 members representing a wide diversity of economic and social sectors. It has no majority or controlling members.

- The Bank's business is focused on the Retail Network and, as a Credit Cooperative, its main function is to meet the financial needs of its members and third parties by offering banking services in accordance with Article 1 of the Spanish Credit Cooperative Law.

- The Bank's business is mainly structured around the following business lines and areas: Retail Banking, Corporate Banking, Private Banking and Institutions.

    - Retail Banking delivers financial services to individuals and organisations with the principal objective of meeting their needs with a comprehensive range of products and services, that can be contracted and managed through multiple channels (physical branches, online, telephone, mobile, ATMs, etc.).
    - Corporate Banking provides financial services to medium and large companies, either directly or by contributing to syndicated financing.
    - Private Banking: this area of the business recruits, serves and looks after the Bank's Private Banking customers. It provides personalised investment advisory services and individual portfolio management.
    - Institutions: this area offers a comprehensive service to institutional customers from public and private sectors.

- The Bank carries out these activities primarily in the Spanish market, but also collaborates with other institutions to develop the international aspects of its business. It offers a range of products and services appropriate to its business structure as a credit institution.

- As a credit institution, whose corporate purpose includes banking, the Bank's Governing Board must comply with a number of governance obligations, while retaining its general responsibility to define and oversee a governance system that ensures effective and prudent management of the Bank[2]. These obligations include guidelines on internal governance [EBA/GL/2021/05], which require it to set up and oversee an appropriate and effective framework for internal control and governance that defines an organisational structure which, among other matters, governs the

[2] Artícle 88 of Directive *2013/36/EU of the European Parliament and Council, of 26 June 2013,* on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Artícle 29.2 of *Act 10/2014, of 26 June, On the Organisation, Supervision and Solvency of credit institutions.*

internal risk management, compliance and audit functions, ensuring they have the independence, authority, range and resources to properly fulfil their duties.

COMPOSITION OF CAJA RURAL GROUP

CAJA RURAL GROUP – KEY FIGURES:

9,296 employees

2,334 branches

3,096 ATMs

More than 1.5 million members

6.3 million customers

3.2 PROFILE OF THE ORGANIZATION

1. NAME

CAJA RURAL DE NAVARRA, Sociedad Cooperativa de Crédito.

2. LEGAL PERSONALITY (FORM)
Credit Cooperative

3. CORPORATE PURPOSE
To engage in all types of lending and deposit-taking operations and provide services typical of the financial institutions that comprise the Spanish Financial System.

4. REGISTERED OFFICE
Its registered office is in Pamplona, Navarre.
Plaza de los Fueros , 1.

5. REGISTRATION AND LICENSES
Registered in the Register of Cooperatives and Limited Partnerships of the Directorate General for the Spanish Labour and Social Security Ministry with number 2163/344. S.M.T., in the Bank of Spain with number 3008 and the Navarre Companies Register in volume 11, page 175, sheet NA 183.

6. Tax Identification No.
F/31021611

7. CORPORATE BODIES
A. General Meeting
B. Governing Board.

8. SCOPE OF OPERATIONS
Caja Rural de Navarra's territorial scope of operation covers the whole of Spain, although the bank currently operates in the provinces of Navarre, La Rioja, Madrid, Guipúzcoa, Álava and Vizcaya.

3.3 GOVERNING BODIES

EBA Guidelines on internal governance [EBA/GL/2021/05] require that the Governing Board of Caja Rural assumes ultimate and overall responsibility for the institution and defines, oversees and is accountable for the implementation of the governance arrangements within the institution that ensure effective and prudent management of the institution.

In line with the Company's permanent commitment to best corporate governance practice, the Governing Board of Caja Rural de Navarra, defined a System for Internal Governance for Caja Rural de Navarra (the "System"). Its implementation and development will be overseen by the Governing Board with the support of its delegated committees.

The System has the following aims:

1. To promote transparent, independent, effective and prudent management of the Company and the CRN Group, in compliance with the requirements of regulators and supervisors;

2. To clearly attribute responsibilities and competences for internal control, including defining audit and internal control units and functions;

3. To make sure that decisions are taken in an appropriately informed manner and in the interest of Caja Rural de Navarra and hence its members and to look after the interests of investors, customers, employees and other stakeholders.

General principles:

To comply with its aim of ensuring sound and prudent management of the Company, the System and the policies and procedures for its development are based on a number of principles, including the following:

(i) Promoting **efficient and organised functioning of the Governing Board in coordination with its Committees.** The stated core mission of the Governing Board is to represent, administer, manage and control the Company and CRN Group. It is therefore responsible for reviewing and steering corporate strategy, the most important action plans, risk policies, annual budgets and plans, setting targets, overseeing their implementation and achievement in the corporate sphere and delegating day-to-day management of the Company to the Management team.

(ii) **Defining appropriately the essential bases of the structure, organization and functioning of Caja Rural de Navarra, guaranteeing efficient strategic coordination.**

(iii) Establishing a **robust system of supervision and internal control**, as part of the corporate governance System, based on a clearly defined framework for relations between the Companies governance bodies and Management.

(iv) Commitment to transparency, fulfilled by defining a System based **on clear, transparent and documented decision-making processes**.

(v) Embedding a corporate culture based on **ethical and sustainable action** by the Company's governing bodies, control units, Management and employees.

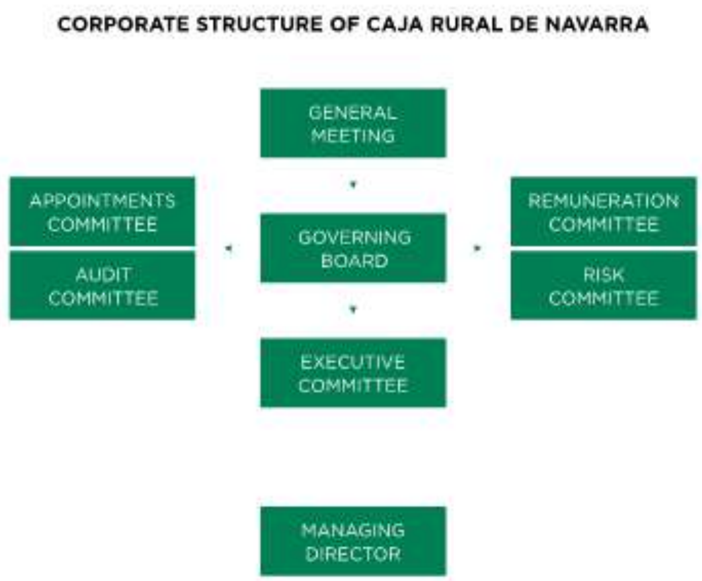
(vi) **Compliance and application of best practice in governance**, ensuring that the Company complies at all times with applicable law and implements best practice in governance, including all current and future international standards and guidelines approved by competent authorities and applicable to the Company and the CRN Group.

3.3.1 Governing Bodies

Caja Rural de Navarra has a clear organizational structure and an appropriate and transparent model for operational management and control. The model seeks to ensure business is conducted efficiently and in accordance with good corporate governance principles. It is a key function of the Governing Board to make sure the Company's structure is appropriate to its business and risk model and the Board therefore conducts regular reviews of the organisation and how any changes affect the Company and CRN Group, refining its structure and processes as necessary.

The corporate governance model for the Company and CRN Group also applies to internal Management bodies. At the highest level is the Managing Director supported by the Management Committee. The former is the permanent channel for relations and Communications between the Governing Board and the Company's executive arm, represented by its senior management.

- The corporate structure of Caja Rural de Navarra is as follows:



Members

Caja Rural de Navarra is a cooperative bank with 182,244 members at 31/12/2022, contributing EUR 210.03 million to the Bank's share capital. The number of members rose by 4,062 since the previous year and the contribution to capital rose by EUR 39.7 million.

General Meeting

The General Meeting, constituted by the members or their representatives, is the supreme decision-making body for the Caja Rural de Navarra. The General Meeting is held following a system of Preparatory Meetings. Members, whether individuals or legal entities, take part in Meetings via delegates appointed at the Preparatory Meetings and cannot reserve the right to attend the General Meeting in person.

Governing Board

The Governing Board is the Bank's highest decision-making body, except in matters reserved by law or Articles of Association to the General Meeting. It acts on a collegiate basis with support from its Committees and focuses on setting strategic and management guidelines and the supervision and control of the day-to-day ongoing management of senior Management to make sure the Bank is being run prudently and effectively.

It is the collegiate body responsible for governance, management and representation of the Bank. Its responsibilities include as a minimum the oversight of executives and representing the cooperative. Its representative powers cover all actions relating to the activities constituting its corporate purpose. It is competent to set general guidelines for actions and to exercise all powers that are not reserved by Law or by the Articles of Association to other corporate bodies. It shall conduct its business in accordance with the law, the Articles of Association and the general policy set by the General Meeting.

To this end, the Governing Board approves the general policies of the Bank, which set the guidelines for action in the different management areas, oversees implementation of these policies and sets up the necessary structures for communication and information exchange. It is also responsible for defining the internal governance framework of the Bank and CRN Group. It keeps the framework under constant review to ensure appropriate demarcation and coordination between the various levels of management responsibility.

Members of the Governing Board are chosen from among the Cooperative's members according to the procedure set out in articles 44 and 45 of the Bank's articles of association. These can be found (in Spanish) at:

https://www.cajaruraldenavarra.com/sites/default/files/gobierno-coorporativo/ESTATUTOS-Caja%20Rural%20de%20Navarra-2022.pdf

The Board is made up of a minimum of 5 and a maximum of 15 members: Chairman, Vice-Chairman, Secretary and up to twelve other Board members. Up to 14 members are chosen from among the members by the General Meeting, by secret ballot based on the greatest number of votes. The remaining member is an employee of the Bank appointed by its permanent-contract employees.

The eleven other Board seats, excluding that for the employee representative, are assigned to the different regions where the Bank operates so that all have a member from their region on the Governing Board.

The Chairman, Vice-Chairman and Secretary can come from any of the regions where the Bank operates.

All Board members must be fit and proper persons who have the knowledge, competences and experience to carry out their functions and can act with honesty, integrity and independence of ideas and dedicate sufficient time to fulfil their functions in the Bank.

When selecting Governing Board members, consideration is given to the joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06). The Bank regularly reviews the suitability of each member of the Governing Board and of the Board as a whole, in accordance with the Guidelines.

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The aim of the process is to assemble a wide range of qualities and skills that provide a diversity of views and experiences and promote independent opinions and sound decision-making within the Governing Board. The Bank strives to ensure adequate representation of all genders on the Governing Board and to respect the principle of equal opportunities in selecting its members.

The Bank has a sufficient number of independent directors, who play a key role in making the Company's controls, checks and balances more effective, improving oversight of management decisions, making sure the interests of all stakeholders are fairly considered and that conflicts of interest are properly managed.

The functions, composition and structure of the Governing Board, the status of its members and the functioning and composition of its Committees are set out in the Bank's corporate rules, essentially in the Articles of Association and Governing Board Rules of Procedure. The Rules define the principles of action of the Governing Board and the basic rules for its functioning and codes of conduct for its members and those of its Committees. The Rules also define the duties of diligence and loyalty for directors and the associated rules on non-competition, disclosure, recusal in the event of conflict of interest and ban on using corporate assets or exploiting business opportunities arising in the course of the Bank's or CRN Group's business for their own benefit.

The Bank also has a Director Remuneration Policy, which specifies, among other matters, the procedures for setting the remuneration of Governing Board members, the frequency with which it is reviewed, its general features, its compatibility with proper and effective risk management and with the strategy, objectives, values and long-term interests of the Bank, the general principles of the Remuneration Policy, and the different remuneration schemes applied.

The Governing Board has rules of procedure setting out measures and guidance for its actions and basic organizational and functional rules and codes of conduct for its members, to improve efficiency, transparency and unity of criteria in the management of Caja Rural de Navarra (the “Bank” or “CRN”). For full rules of procedure see:

https://www.cajaruraldenavarra.com/es/

gobierno-corporativo

Governing Board Delegated Committees

Apart from the power of the Governing Board to delegate powers to individuals and, to the extent permitted by the Bank's Articles of Association, its power to constitute Executive and Mixed Committees, the Governing Board is also supported in its duties by specialist internal Committees, which have no executive role and whose members address constructively, objectively and where appropriate, critically the different issues in their remit.

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In particular, the Bank has an Audit Committee, a Risk Committee, an Appointments Committee and a Remuneration Committee, all with powers to submit reports, offer advice and make proposals.

These Committees support the Governing Board in the exercise of its supervisory duties in their specific area, analysing, preparing and, where appropriate, proposing resolutions for the Board, and thereby helping develop and embed a solid, comprehensive and effective framework of internal governance.

Committees report to the Governing Board through their Chairmen or women on the exercise of their respective supervisory duties, and make the minutes of their meetings available to all Governing Board members.

The specific functions of these bodies are:

Committee/Body	Duties
Governing Board	Representation of the Bank, high-level management and supervision of Management. Each year it analyses issues relating to CSR and regularly reviews economic and social impacts, risks and opportunities.
Executive Committee	A statutory body delegated by the Governing Board to provide more agile decision-making on any matter within the Board’s remit except where these cannot be delegated by law.
Audit Committee	A statutory body delegated by the Governing Board to oversee the internal audit services, understand the financial reporting process and internal control systems and oversee compliance with codes of conduct and the Bank’s Compliance rules.
Appointments Committee	A delegated body of the Governing Board. It identifies candidates for the Governing Board, assesses the suitability of its members and the balance of expertise, capacities, diversity and experience of the Board as a whole. It defines targets for improving the representation of the gender least represented on the Board.

Remuneration Committee	A delegated body of the Governing Board. It proposes the general remuneration policy to the Governing Board, carries out an independent annual review of its application and reports on the remuneration policy for executives classed as "identified staff"
Risk Committee	A delegated body of the Governing Board. It advises the Board on management and supervision of all relevant risks and on correct application of the global risk appetite in light of the Bank's strategy.

Membership of the committees is as follows: Appointments and Risk Committees: 3 directors, Remuneration and Audit Committees: 4 directors, Executive Committee: 5 directors. Currently, 10 of the 14 directors sit on at least one of these Delegated Committees.

The rules of procedure for these committees are available at:
https://www.cajaruraldenavarra.com/es/gobierno-corporativo

The Bank has 3 control functions, reporting to their respective governing bodies: the risk management unit, reporting to the Risk Committee; the Internal Audit unit, reporting to the Audit Committee; and the Compliance Function reporting to the Governing Board.

The Bank also has an Internal Control unit, set up by and reporting to the Governing Board, with representation from various areas of the business. This body oversees implementation of the Bank's policies and procedures to combat money laundering and terrorist financing. There is also a director designated to specialise in this area, who gives it special attention.

The Bank has a Sustainability Committee which acts as a consultative body reporting to the Governing Board. The Bank's executive and operational structure is as follows;

General management

Caja Rural de Navarra is obliged to have a General Management body. It therefore has a Managing Director, who constitutes the top tier of executive management under the direct supervision of the Governing Board. The Managing Director is supported by the Management Committee and the heads of the Bank's different areas/departments, promoting a balanced and appropriate framework for relations between Governing Board's strategic management and supervisory duties and the exercise of powers by the Bank's areas/departments under the responsibility of the General Manager.

The Bank's Management Committee is an internal committee with no delegated or executive duties. It acts as a consultative and advisory body to the Managing Director.

The Bank's Governing Board is responsible for appointing the Managing Director, the only position in the Bank classed as senior management. The Managing Director reports solely and directly to the Governing Board and must have the experience and other qualifications specified in applicable regulations as well as meeting the requirements set out in the Bank's "Internal Rules for the Suitability Assessment of senior management and holders of key roles", including the requirements for commercial and professional good repute and the knowledge and experience required for the role.

Also, as part of the Bank's Suitability Assessment, the Bank's Appointments Committee identifies and conducts annual reviews of the key staff of the Bank, who are also subject to the same requirements of commercial and professional repute, knowledge and experience.

The governance structure is based on the essential framework of relations between the Governing Board and the exercise of their powers by members of the Bank's and CRN Group's ordinary and permanent management.

The remit of the General Management shall include all matters related to the ordinary business or dealings of the Bank. It shall be free to exercise all powers and functions granted to it in pursuit of this aim. These powers and functions must be listed in the corresponding public deed of attorney which must be established. The General Management may, to this end, take whatever measures are in the Cooperative's interest in accordance with the guidelines indicated and within the powers conferred on it.

The Managing Director's duties shall be those set out in his/her contract and in the general guidelines for action defined by the Governing Board. Within three months of the end of each financial year, he/she must present the financial statements and management report on the company to the Governing Board, for its report and subsequent consideration by the General Meeting.

He/she must also notify the Chairman of the Bank of any issue that he/she considers requires the convocation of the Governing Board and/or General Meeting or whose importance requires that it be made known to the Governing Board.

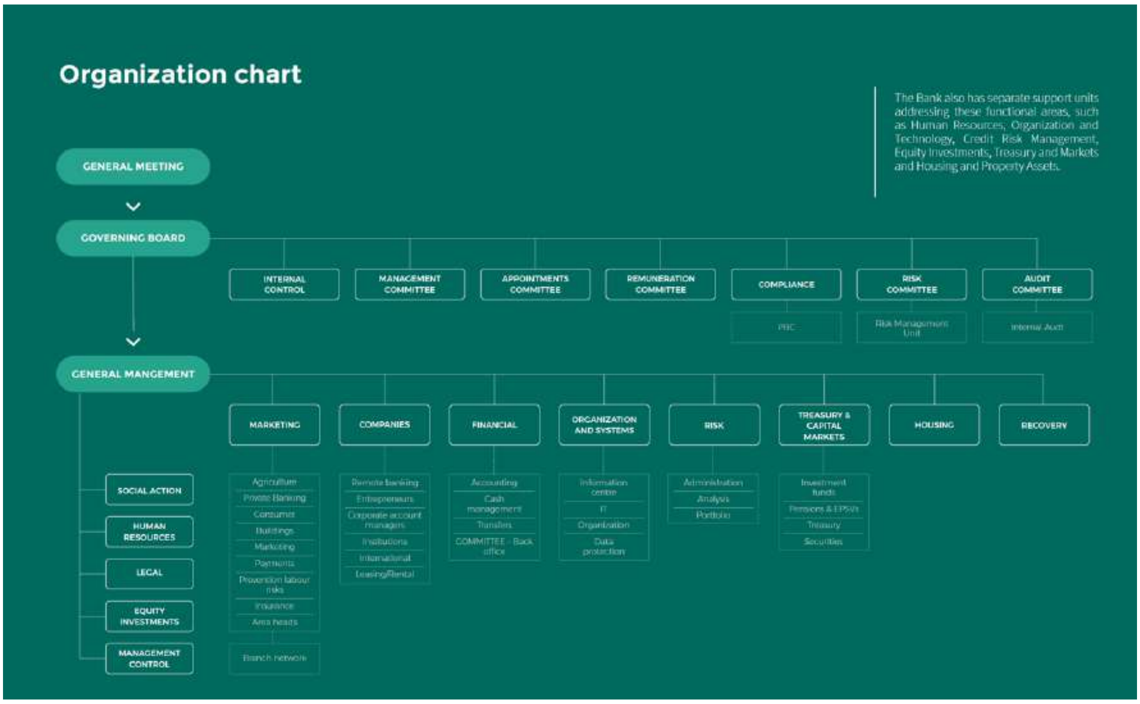
Internal Areas/Departments: Operating structure

Under the supervision of the Managing Director, the Bank is structured into a number of Internal Areas/Departments which play a significant role in segmenting its different functions and areas of responsibility, contributing to effective internal governance of the Bank and CRN Group. Within their fields of responsibility, these Internal Areas/Departments can decide, report on, consult, coordinate or propose on all issues within their fields of activity or relating to their internal or business areas.

Specifically, Caja Rural de Navarra has created Internal Areas/Departments with responsibilities appropriate to their fields of activity, such as corporate governance, covered by the Legal and Tax Department and Compliance, control and risk management, covered by the Department of General Intervention and Risk, or business, covered by the Corporate Banking, Sales, Companies and Private Banking Departments, among others.

The Bank also has separate internal units addressing these functional areas, such as Human Resources, Organization and Technology, Advisory, Legal, Compliance, Internal Audit, General Intervention, Credit Risk Management, Equity Investments, Treasury and Markets and Housing and Property Assets.

The chart below summarises the Bank's structure:



In 2022, the sustainability function, which had already been operating in the Bank for some time, was put on a formal footing with the creation of the Sustainability Committee as a consultative body reporting to the Governing Board on sustainability issues. Caja Rural de Navarra's Sustainability Committee has two missions, both approved by the Governing Board: a general mandate to drive forward the General Sustainability Policy of the Bank, and a specific remit to organise implementation of the Guiding Plan for Sustainability (putting into practice the Action Plan for Strategy and Governance). The first mainly concerns commitments that the Bank has made or will make in respect of the Sustainable Development Goals and Paris Agreement. The second consists of complying with applicable standards and regulations.

3.3.2 Internal Control

Caja Rural de Navarra has a clear organizational structure and an appropriate operational management and control model.

1.- Principles and responsible bodies

Caja Rural de Navarra has a clear organizational structure which includes an appropriate distribution of functions with well-defined, transparent and coherent reporting lines and which permits sound and prudent management of the Bank and CRN Group.

A key element is that the Company's internal control framework is tailored to the specific features of Caja Rural de Navarra's business, its complexity and the associated risks, and takes into account the context of the Bank and CRNGroup.

CRN's internal control framework therefore rests on the following main principles:

- A well-defined and appropriate organizational and operational structure with an efficient internal control and governance framework.
- The creation of appropriate procedures for exchanging information between the Governing Board and Managing Director on the different business lines and between the Governing Board and heads of internal control through the Board's Internal Committees.
- A risk management and control model based on three lines of defence with differentiated functions and responsibilities..
- Segregation of functions, establishing the information barriers needed to ensure good governance.
- A comprehensive risk management framework covering all business lines and internal units.
- Procedures to ensure monitoring and control of the outsourcing of certain functions or departments based on the EBA/GL/2019/02 outsourcing guidelines.

The Governing Board of Caja Rural de Navarra is the body responsible for defining the general framework for internal control and risk management. The Audit Committee supports the Board in overseeing the effectiveness of internal control, internal audit, regulatory compliance and risk management systems and also liaises with the auditor on potential material weaknesses in the internal control system identified in the course of the audit, without impairing its independence. To this end, the Committee can put recommendations or proposals to the Governing Board and conduct regular follow-ups where appropriate.

The Risk Committee advises the Governing Board on the Bank's overall propensity to risk, current and future, and risk strategy.

2.- The Bank's three lines of defence

The Bank's internal Control Framework is based on a decentralised structure that applies *the three lines of defence* model recommended by the Basel Committee on Banking Supervision (see diagram below).

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The functions and responsibilities of each line of defence are as follows:

1st Line of defence -> Business unit

- Head of operational risk management in business areas.
- Reinforced by the separation of risk management from business areas.
- Associated functions:
  - Responsible for the identification, measurement or assessment, management, mitigation and communication of the key risks affecting the Bank in the conduct of its business.
  - Responsible for day-to-day risk management, especially of risks derived from its day-to-day operations.
  - Development of first level risk management control.

2nd line of defence -> Risk management, Compliance.

- Responsible for management and supervision of their respective areas of risk.
- Associated functions:
  - Responsible for setting up the Bank's Internal Control Framework and overseeing its compliance.
  - Risk measurement and monitoring to ensure appropriate control and internal/external reporting.
  - Review of compliance with policies and their integration into management practice.
  - Validation of procedures implemented for risk management areas.
  - Advises the 1st line of defence.

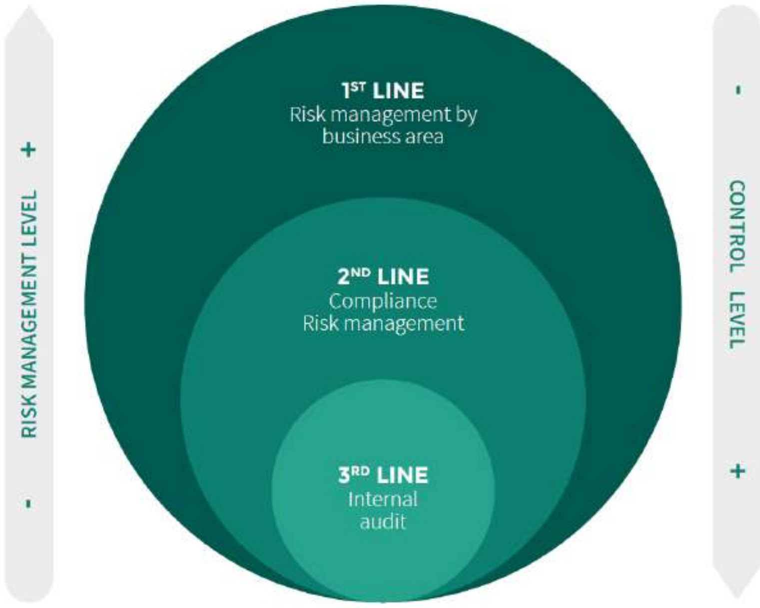
3rd line of defence -> Internal Audit

- Responsible for independent supervision of the application of controls and Internal Control Systems.
- The Internal Audit Function assesses and checks:
  - Whether the Internal Control Framework is efficient and effective.
  - Compliance with the policies and procedures associated with all activities.
  - Validation of procedures implemented for risk management areas.

4th line of defence -> External Auditors and Supervisors

- External auditors determine the Bank's compliance with required regulatory standards.
- Regulator: Bank of Spain, CNMV (stock market regulator), DGS (insurance regulator)

The chart below illustrates the interplay between these three lines of defence:



3.- Internal control functions

Caja Rural de Navarra's internal control functions (risk management, regulatory compliance and internal audit) act separately and independently. They report to the Internal Committees or to the Bank's Governing Board itself, as a guarantee of their independence. Their role is to make sure that the policies, mechanisms and procedures laid down in the internal control framework are being correctly applied in their areas of competence.

For this purpose, the Governing Board ensures, with the help of the Audit and Risk Committees, that the heads of internal control functions can act independently and present recommendations or proposals.

Notwithstanding their reporting obligations within each business area or to other areas, internal control functions must also immediately report any significant case of regulatory non-compliance, incident or anomaly that they identify to the Governing Board, its Committees and the Managing Director.

The Risk Management Function

The quality of our risk management is one of the Bank's hallmarks and a priority area of action. It is a differentiating factor in the running of the Bank which, through a combination of prudent policies and the use of different methodologies and procedures, helps generate sound and recurrent profits and a robust solvency position.

Note that the Bank is also a member of an Institutional Protection Scheme (as defined by EU Regulations), created as a tool for mutual support and defence between cooperatives in the Spanish Association of Cajas Rurales for the benefit of its members.

The Bank's Risk Management is conducted by the Risk Management unit which, reporting directly to the Governing Board via the Bank's Risk Committee as a guarantee of its independence, is charged with implementing all actions and procedures required to fulfil its functions.

To maintain its moderate and prudent risk profile, Caja Rural de Navarra monitors a set of key metrics for different risks, quality and recurrence of earnings, liquidity and solvency. Specific risk tolerance levels are defined for each of these metrics for the Bank and CRN Group. The most important metrics also include long-term targets. These targets and levels are updated and approved at least annually by the Governing Board on proposal of the Risk Committee.

All metrics come with an assigned target, tolerance and limit. In each metric, the target is the value achieved at a defined risk appetite. Tolerance is the (alert) threshold at which the Bank starts taking additional management, control and follow-up measures to get back onto target. The limit is the level that the Bank and the CRN Group never want to breach and, if attained, triggers decisive measures to get back to the Board's guidelines.

Regular reports are prepared for the Governing Board on risks taken and their breakdown, Caja Rural de Navarra's capitalization, risk measurement and control and the internal control system and whether it can guarantee orderly and prudent management of the Company's business and risks, with special focus on indicators and metrics approved under the Risk Appetite Framework and Recovery Plan.

Compliance Function

Caja Rural de Navarra is committed to strict compliance with all national and international regulations governing its activities and proper conduct and development of its business. To this end, it has a permanent and effective Compliance Function. The aim of the Compliance Function is to manage prevention and, where applicable, mitigation of risks, including financial, criminal and reputational risks that could arise if regulatory compliance fails to meet the standards required of a credit institution.

Regulatory compliance is conducted by the Compliance unit which, reporting directly to the Bank's Governing Board as a guarantee of its independence, is charged with implementing all actions and procedures required to oversee fulfilment of its obligations under regulations in force, acting independently of the services and activities it controls.

To this end, the unit has a Compliance Methodology and an Annual Action Plan approved by the Bank's Audit Committee. Also, the unit designs and maintains systems to identify the degree of compliance with different regulations, continually assessing the Bank's regulatory compliance and reporting on its work quarterly to the Audit Committee and annually to the Governing Board.

In turn, the Compliance Function supports the Governing Board on upcoming regulations to guarantee compliance with applicable laws, regulations and standards at all times.

Certain activities to guarantee regulatory compliance are directly managed through specialist units, with Compliance taking a coordination and monitoring role. These include Combating Money Laundering and Terrorist Financing through Internal Control, personal data protection through the Data Protection Officer (DPO), customer protection in the distribution of banking and investment products through the Product Committee and criminal liability through Corporate Compliance.

Internal Audit

Caja Rural de Navarra has an independent and effective Internal Audit function, with the scope and resources to properly carry out its remit.

This function is fulfilled by the Bank's Internal Audit Department which reports directly to the Governing Board via the Audit Committee. To this end, an annual working plan is drawn up in coordination with the Committee. Its principle aims are to verify the existence and maintenance of an adequate and effective system of internal control, a system for measuring the different risks affecting the Bank's activities and appropriate procedures to oversee compliance with law, regulations and internal supervisory policies.

The Internal Audit Department reports regularly to the Audit Committee on the effectiveness of the Bank's and CRN Group's risk management policies, methods and procedures, ensuring that these are appropriate, implemented effectively and regularly reviewed.

4.- Control of delegation or outsourcing of functions or services

Outsourcing is defined as any type of agreement between a credit institution and a service provider under which the provider performs a process, service or activity that would otherwise be done by the institution itself.

In the current environment, many institutions are considering outsourcing services or functions to a third party for a mix of reasons: to access specialist expertise not available in-house, to better scale up production models and/or to streamline unit production costs without sacrificing quality of service.

Outsourcing by its nature involves a number of underlying risks including operational, legal and compliance risks as well as reputational risks, concentration risks and country risk. Suppliers may fail to provide the outsourced services or the service may be interrupted. Their security systems may be inadequate. Employees could prove unreliable. Or they might fail to comply with applicable regulations. All these events can have serious consequences for the Bank in the shape of financial losses, regulatory sanctions or damage to its reputation.

The Bank writes systems for audit and control into all agreements that outsource any of its internal functions or activities to third parties, as required by applicable regulations on outsourcing and specifically by the EBA Guidelines on outsourcing arrangements EBA/GL/2019/02.

The Bank has an Outsourcing Policy which sets out appropriate procedures for the internal governance of outsourcing, identifies the associated risks and specifies how they should be managed. The Bank's Department of Intervention is responsible for this Policy.

There is also an internal "Outsourcing operating procedure", which incorporates all the rules and regulations applicable in this area. The procedure boils down the guidelines in the Bank's Outsourcing Policy into usable form for outsourcing services and functions, particularly essential or important services and functions. The procedure ensures compliance with the internal governance process for outsourcing and sets out how to identify and manage the associated risks. It prescribes the pre-categorization of services and processes for their monitoring and control.

5.- Product Committee

The Bank has product governance and monitoring policies and procedures in place, including appropriate internal control mechanisms. These make sure banking products and services are designed with the needs, characteristics and aims of the target market in mind and are marketed through appropriate channels.

Specifically, Caja Rural de Navarra has a Product Committee that operates in accordance with the Product Manual and whose core task is analysis and approval of new financial products and services, monitoring of the Bank's commercial strategy, and the review and approval of the policies, procedures and applications necessary for the marketing of the different products. The Manual regulates and controls, among other matters, the way to handle linked and combined sales of products to retail customers, in accordance with current regulations.

At the same time, it works as a method for orderly and effective management of the Bank's rules of Conduct regarding transparency and customer protection.

The Products Committee’s organisation and functioning is governed by a Policy approved by the Bank's Governing Board.

6.-Business Continuity Plans

Caja Rural de Navarra has established a Continuity Plan that is defined as a continuous process of planning, development, verification and implementation of procedures and recovery for emergency situations.

The process is designed to ensure the Bank's vital functions can be restored efficiently and effectively in the event of a major disruption to the IT and/or telecommunications resources in the Bank's main building, in compliance with the recovery windows established for each of the applications and services considered critical.

7.- Customer Services Department

As required by regulations in force, the Bank has a Customer Services Department to deal with complaints and claims by our customers relating to their legally recognised interests and rights. The Bank approves the Internal Regulations of the Customer Services Department and appoints the head of department.

The Customer Services Department is there to attend to and resolve complaints and claims by customers where these are grounded in legally recognized rights and interests derived from contracts, transparency regulations, customer protection rules or good financial usage and practice.

The role of the Department is not limited to resolving complaints and claims by customers. It also presents reports, recommendations and proposals to the Management where, in its view, these can potentially reinforce the good relations and mutual trust that should exist between the Bank and its customers. Finally, the Department has a responsibility to check that financial business is conducted in accordance with rules on transparency of banking operations and customer protection.

3.3.3 Corporate culture

1.- Code of Conduct and other rules of conduct at Caja Rural de Navarra

The Bank's Governing Board defines the Bank's corporate principles and values. These are then set out in the Company's internal procedures and rules of conduct.

In particular, the Bank has its own Internal Rules of Conduct, the purpose of which is to regulate the actions of the Bank, its governing bodies and its employees in accordance with regulations in force on insider trading, so as to promote transparency in the securities markets and safeguard the interests of market users at all times.

Caja Rural de Navarra also has a Code of Conduct for Managers and Employees. The Code of Conduct's main purpose is to instil confidence in members, customers, employees and the wider community by ensuring the Bank acts at all times in an ethical manner that meets their expectations and deepens existing relationships.

These core documents on standards of conduct are expanded on and supplemented by other internal provisions and procedures such as the Principles of Action for the Prevention of Criminal Risks, part of its policy of zero tolerance for behaviour that is illegal, prohibited or contrary to banking best practice, and the prevention of money laundering and terrorist financing, all within the framework of the Bank's commitment to promoting an ethical corporate culture, compliance and responsible behaviour within the Company.

2.- Criminal Compliance Management System

On 23 September 2016, the Bank's Governing Board approved the draft of an initial Model for the Prevention of Criminal Risks, which would apply to the Bank, its associates and subsidiaries, and which met all the requirements in Article 31a of the Spanish Criminal Code on models for preventing crime and reducing criminal risk.

This model was transformed into a Criminal Compliance Management System (CCMS) in line with the UNE 19601 standard on Criminal Compliance Systems and approved by the Governing Board on 25 October 2019. The criminal compliance body is responsible for managing and overseeing the CCMS as well as the Bank's Ethics Channel.

The new CCMS is based on a Criminal Compliance Policy whose principles are available to the public and other stakeholders on the Bank's website and which, like the old Model for the Prevention of Criminal Risks, also applies to the following controlled entities: Informes y Gestiones Generales S.A., Tax ID number A31437635 and Promoción Estable del Norte S.A. Tax ID number A31663651, as companies discharging activities complementary to those of Caja Rural de Navarra.

Convinced that the CCMS was both robust and effective, in 2020 the Bank had the system independently audited by AENOR, resulting in the award on 18 May 2021 of the Certificate confirming the Bank has a Criminal Compliance Management System in place in accordance with UNE 19601:2017, as revised on 17 May 2022.

3.- Policy on conflicts of interest

Caja Rural de Navarra's Governing Board is obliged to define a system for corporate governance that guarantees sound and prudent management of the Company and, among other matters, addresses the issue of conflicts of interest.

Caja Rural de Navarra has put in place a series of measures to identify those types of conflict of interest that could potentially arise in the course of its relationships and put in place procedures to manage them and ensure business is conducted independently and without harming the interests of the customers or the Bank itself.

To this end, the Bank has a Policy on the Management of Conflicts of Interest approved by the Governing Board. This Policy provides for a register of all different types of conflict that could seriously damage the interests of one or more customers and which have arisen or may arise in relation to regulated services or business activities. The register also identifies and documents conflicts of interest related to the structure and sales practices that may arise due to the different services and transactions that the Bank engages in.

The organizational and functional structure of the Bank provides appropriate segregation of functions which allows it to conduct activities that could potentially give rise to conflicts of interest, by persons or segregated areas, while avoiding undue interference.

This segregation is complemented by the establishment of barriers to information between the functional departments or areas vulnerable to the potential conflicts of interest identified.

The main areas where it was felt likeliest conflicts of interest could occur are as follows:

Relationships of Governing Board members with the Bank. To address this risk, the Governing Board's Rules of Procedure specify the duties and prohibitions that Board members must comply with to exercise their role in accordance with the Bank's good governance guidelines.

Employees and Executives with the interests of customers and the Bank. Both groups must tailor their actions to the policies and procedures that govern the different areas/departments and comply with the principles in the Code of Conduct for Executives and Employees referred to in section A above. The same Code of Conduct contains the principles of action and rules to prevent employees acting in ways likely to produce conflicts of interest, whether with customers or with the Bank itself, especially in the area of targets and variables.

Related Party finance. Caja Rural de Navarra has Policies on Credit Risk, including definitions and reporting and control requirements for such financing transactions, which in any case must be done on an arm's length basis.

The Bank has policies and procedures in place for granting loans, pledges and guarantees to members of its Governing Board and their related parties and to its General Managers or similar senior staff. All documentation on these loans is made available to the Bank of Spain and is passed to the supervisor when standards require. These policies govern the processes of pre-authorisation by the Bank of Spain or immediate notification, as applicable.

Remuneration: The Bank's Remuneration Policy contains the principles of action and rules to prevent employees acting in ways likely to produce conflicts of interest, whether with customers or with the Bank itself, especially in the area of targets and variables.

The Policy governs, among other matters, the parameters to be applied when remunerating people involved in the marketing of banking products and services. The Bank's Policy is aimed at encouraging responsible conduct, and promotes sound and effective risk management, with no incentives to take risks that exceed the Bank's risk tolerance. It also seeks to ensure fair treatment for customers and to avoid conflicts of interest.

The Bank also has another Remuneration Policy especially for Directors

Outsourcing of services: The Bank has a policy of outsourcing services in line with the EBA/GL/2019/02 Guidelines on outsourcing arrangements, including checks to identify and manage any possible conflict of interest in the contracting of external services.

4.- Confidential channels for ‘whistleblowing’ and communication

To promote its values throughout the organization and create a structured path for the resolution of ethical dilemmas that may arise, the Bank has created an Ethics Channel for employees and third parties. Both groups can use this to securely and confidentially report any potential irregularities so that they can be investigated and studied by the competent bodies, with the aim of preventing inappropriate or unauthorised actions or conduct. This is in addition to the ordinary internal control and review work instituted by the Company.

Suggestions and queries related to possible violations of the regulations can also be raised through the Ethics Channel.

The Bank has an Ethics Channel Regulation, approved by the Governing Board, which sets out the procedure for using it as a communication channel to receive complaints.

5.- Sustainability strategy

The Bank has a Sustainability policy and strategy approved by the Governing Board on 29 October 2021.

The General Principles of Caja Rural de Navarra's Sustainability Plan are based on aligning its business and financial services with social and environmental objectives, embedding a culture of long-term thinking and continuous improvement, and with long-term management that respects stakeholders.

Alignment is achieved thanks to the following sustainability principles around which the policy revolves

1.- Establish a fair, transparent and service-oriented corporate governance system, with prudent and balanced risk management.

2.- To advance in our measures to protect the environment by integrating the Sustainable Development Goals (SDGs) into our business model and the Bank's management. taking as a reference the principles promulgated by the United Nations, the Paris Agreement on Climate Change, the Action Plan of the European Commission on Sustainable Finance and the European Green Deal.

3.- To responsibly and efficiently manage the supply chain, incorporating circular economy principles.

4.- To develop products, services and initiatives for action, internal and external, that focus on the environment and the decarbonization of the economy and that therefore help curb climate change and its consequences.

5.- To defend human rights, combat poverty and create policies to promote equality and financial inclusion.

6.- To promote personal and professional development for all employees.

7.- To maintain the Caja Rural Group's leadership role in sustainability.

3.4 CORPORATE CULTURE

Staff and governance bodies in Caja Rural de Navarra share a Mission, a Vision and Corporate Values that lend coherence to the Organization's behaviour.

The Corporate Social Responsibility Code of Conduct is a guide to the principles and duties that must govern all actions by employees and the Bank itself, forming part of the corporate culture.

In the last two years Caja Rural de Navarra has conducted an exhaustive investigation into its brand, with a qualitative and quantitative study involving customers, non-customers and employees of the organisation. The Bank has developed a new Brand Centre to comprehensively define the two brands (Caja Rural de Navarra and Rural Kutxa), coordinate strategy, define the corporate offering, mission, vision and values, brand personality, its archetype and the brand pillars that make it up.

The four pillars on which brand transformation has been based are:

1. Local

Caja Rural de Navarra/Rural Kutxa continues to count on its **local model** and the human factor. We count on the **confidence and transparency** of being a local institution offering personal advice, because ***we are people who work for people.***

2. Modernise without losing the essential

Caja Rural de Navarra/Rural Kutxa has retained its **local model** and advice, **social commitment** in our environment and the **security** of being a stable solvent bank.

3. Accessible

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Personal advice and **social commitment** are key pillars of the Bank's operations and it also provides **digital channels** that simplify and digitise processes to support growth and development in all the communities where it is active.

4. Promote future growth and development

Life evolves and changes and Caja Rural de Navarra/Rural Kutxa offers **new forms and focuses to make life easier for their customers.** This is all based on the premise of **consistency over time and social responsibility.**

The elements contributing to Corporate culture are:

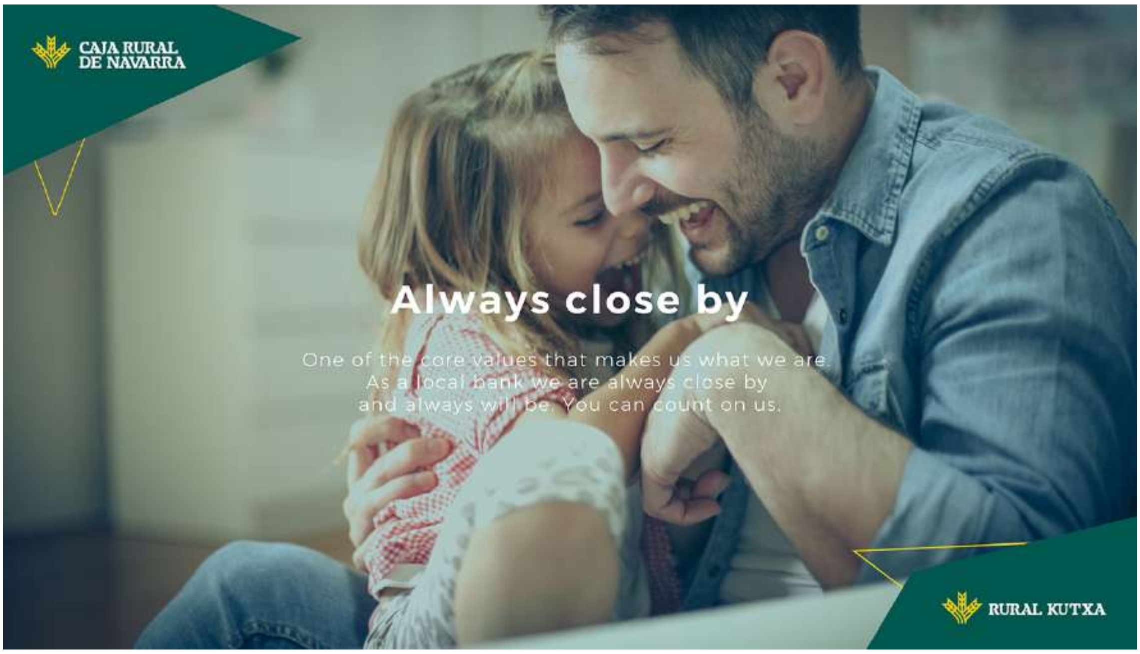
Our offering:

The offering of Caja Rural de Navarra/Rural Kutxa is its reason for existence and the guiding light for the Bank's strategy.

"Construct relationships of trust and transparency with our customers to support them in their growth and economic and social well-being"

Our **tagline**:

The "**tagline**" of Caja Rural de Navarra/Rural Kutxa is the phrase that embodies our philosophy and the values that sum up the Bank's essence. It is something intrinsic to our existence.



Our Mission, Vision and Values

CAJA RURAL DE NAVARRA

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The mission, vision and values of Caja Rural de Navarra/Rural Kutxa determine its business model, working philosophy and how it relates to its environment.
They are key elements of its culture. Its principles influence the business strategy and business model and determine the Bank’s working philosophy and how it relates to its internal and external stakeholders.

Mission:

To improve people’s future, with best-in-class personal advisory and digital service to the customer, being a benchmark in socially responsible banking.

Vision:

Support our customers’ financial and social development, showing we are a solid and solvent financial institution that is always there for you, because behind Caja Rural de Navarra/Rural Kutxa are people you can trust.

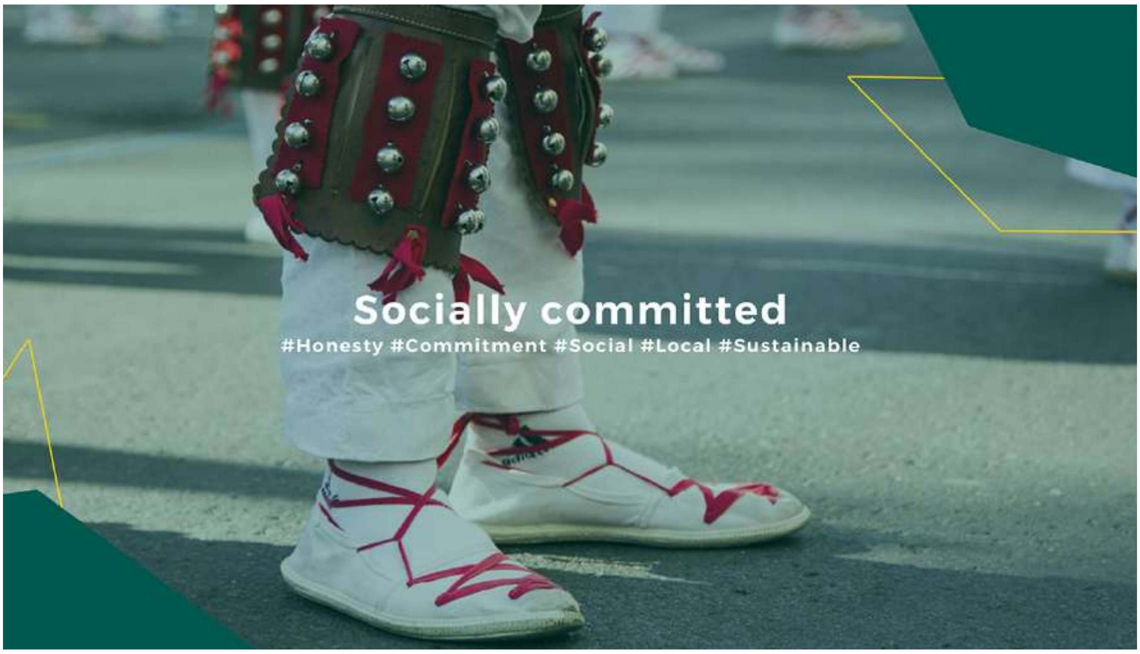
Values:

1. Reliable and stable

We are a solvent financial institution in the Spanish financial system licensed to administer government lending package which provides stability and credibility to its customers and members

2. Socially committed

We take seriously our social responsibility and how we can support the environment and help develop our region, as we know that the community and culture is a valuable asset that needs preserving.



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3. Local

Our fundamental value is proximity and familiarity to our customers, getting to know them as people and dealing with them on a personal basis, thanks to our deep roots in the local community.

3.5 EQUITY INVESTMENTS

1. EQUITY INVESTMENT POLICY

Traditionally, Caja Rural de Navarra has maintained a portfolio of equity investments in the field of finance and in other business sectors.

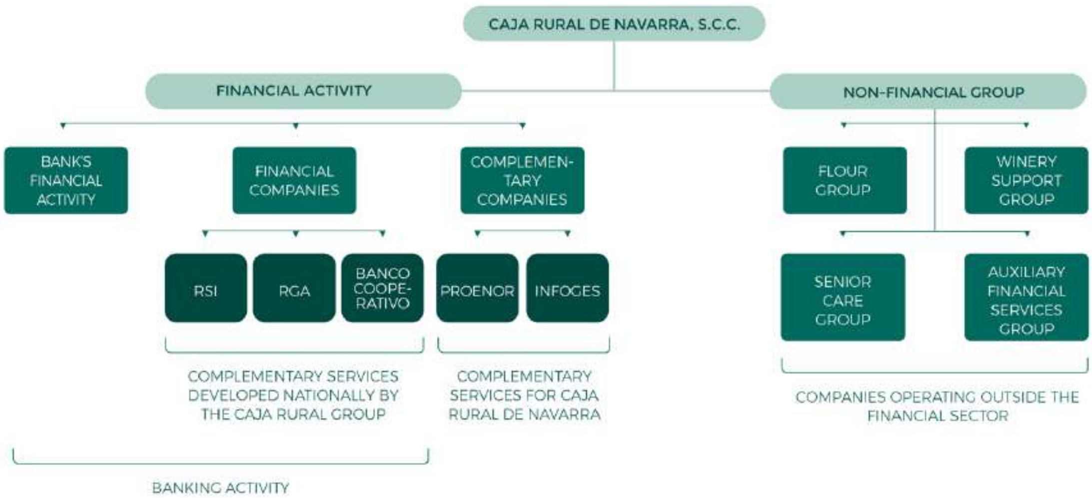
One of Caja Rural de Navarra's defining features is the rooting of its financial activities in its regional environment, with its proximity to cooperative members and customers as the nucleus of its operations.

Every day, Caja Rural de Navarra receives requests to invest in companies in various sectors and, through its activity and that of its equity investments, also analyses opportunities for innovation and/or growth.

As a financial entity with a dense presence in its community, **Caja Rural de Navarra bases its investment or divestment decisions on the following fundamental criteria**: (i) avoiding any distortion of sector competition and recurrent activities of its cooperative members and customers; (ii) supporting the regional economy in an omnidirectional form, but with special relevance to the agri-food and agri-industrial sector reflecting its historical origins; (iii) verifying the viability and profitability of the business being analysed, and, (iv) creating synergies with the operations of Caja Rural de Navarra and/or its equity investments.

Caja Rural de Navarra carries on its financial business in the Basque Country, La Rioja and Navarre. But the industrial or services activities of its equity investments are global in reach and some of these companies export very significant percentages of their output.

We divide the activities of Caja Rural de Navarra's equity investments into companies in the financial sphere, support companies for the financial business and non-financial business groups (see chart):



According to the Bank of Spain circular, for an equity investment to be classed as a "qualifying holding" an institution must own at least 10% of its capital or voting rights. Exercising significant influence over management is defined as appointing at least 20% of the Board. Caja Rural de Navarra has equity investments in different percentages. But its investments in its complementary services and non-financial businesses **are usually controlling**. Exceptions to this rule are attributable to policies to support a newly emerging area, an also in companies that are jointly owned by the Grupo Cooperativo de Cajas Rurales to provide shared services (A single company, Rural de Servicios Informáticos, runs the data processing centre for all the Rural Credit Cooperatives, and also provides the same services to third parties, such as shared insurer RGA).

Companies offering complementary services at national level provide the Caja Rural Group with a way to act efficiently despite the regional size of each of its member Banks individually. They also offer their services to other small-scale or foreign financial firms.

The companies provide non-financial but related services to Caja Rural de Navarra or its customers across the same regional footprint as Caja Rural de Navarra.

Of the companies comprising the **Caja Rural de Navarra Group**, we distinguish between those wholly owned by the Bank and **fully consolidated in the annual financial statements** (classed as *subsidiaries* in the table below) and those which the bank does not control and which are reported in the financial statements by other methods (*associates* or *equity* *investments*) in financial and other business sectors. The table below sets out the companies comprising the Group at end-2022, by business area:

AREA	COMPANY	Status in Group
FOOD		
	Cereal transformation	
	HARIVENASA, S.L.	subsidiary
	ESPIGA I&D ALIMENTARIA, S.L.	subsidiary
	HARINERA DEL MAR, S.L..U.	associate
	HARINERA LA META, S.A.U.	associate
	MHM GRUPO, S.L.	associate
	CERELIA AGRO	associate
	HRVS Eood	associate
	Vineyards and wineries	
	RIOJA VEGA , S.A.	associate
	PRINCIPE DE VIANA, S.L.	associate
	BOUQUET BRANDS, S.A.	subsidiary
	EXCLUSIVAS BAHÍA DE CÁDIZ, S.L.	subsidiary
	INDUSTRIA TONELERA DE NAVARRA	subsidiary
	TONNELLERIE DE L'ADOUR	subsidiary
	MERRANDERIE DE L'ADOUR	subsidiary
	Dairy	
	IPARLAT	associate
	Support for Cooperatives, Farmers and Stock-raisers	
	SERVICIOS EMPRESARIALES AGRO INDUSTRIALES, S.A. – SENAI	associate
ECOLOGICAL TRANSITION, RENEWABLE ENERGY		
	Renewable energy generation	
	COMPAÑÍA EOLICA DE TIERRAS ALTAS	associate
	RENOVABLES DE LA RIBERA	associate
	MINICENTRALES CANAL BARDENAS	equity investment
	RURAL ENERGIAS ARAGONESAS, S.A.	associate
	IBERJALON	associate
	RURAL DE ENERGIA DE TIERRAS ALTAS, S.A.	associate
	Poplars	
	BOSQALIA	associate
REAL ESTATE		
	Rental of state-subsidized housing	

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

	ERROTABIDEA, S.L.	associate
PROMOCION ECONOMICA REGIONAL		
	Venture capital and seed finance	
	START UP	equity investment
	Mutual guarantee societies (Sociedades de garantía recíproca)	
	SONAGAR	equity investment
	ELKARGUI	equity investment
	IBERAVAL	equity investment
CARE		
	Senior care	
	SOLERA ASISTENCIAL	subsidiary
	SOLERA NAVARRA	subsidiary
	TORRE MONREAL	subsidiary
	SERESGERNA	subsidiary
ENGINEERING		
	Civil engineering and testing	
	LABORATORIOS ENTECSA	associate
	IGEO2	associate
AREA OF SUPPORT SERVICES FOR CAJA RURAL'S BUSINESS		
	Real estate	
	PROMOCION ESTABLE DEL NORTE	subsidiary
	Complementary services	
	INFORMES Y GESTIONES GENERALES	subsidiary
	INFORMES TECNICOS Y VALORACIONES GENERALES	subsidiary
	BANCO COOPERATIVO ESPAÑOL	equity investment
	SEGUROS GENERALES RURAL, S.A. DE SEGUROS Y REASEGUROS	equity investment
	GRUCAJRURAL INVERSIONES	equity investment
	ESPIGA CAPITAL INVERSIÓN	equity investment
	ESPIGA CAPITAL INVERSIÓN II	equity investment
	ESPIGA EQUITY FUND	equity investment
	RURAL SERVICIOS INFORMÁTICOS	equity investment

	DOCALIA	equity investment

Annex II contains details of the Non-Financial Statements for 2022, covering the Group scope (full consolidation), in accordance with Act 11/2018.

In 2020, the Governing Board of Caja Rural de Navarra approved the "Policy and procedures for investing in equity investments" which defines issues relating to the following actions in this group:

1. Scope and general principles
2. Limits on equity investments
3. Approval
4. Planning and monitoring
5. Management and control
6. Dividend policy
7. Divestment procedure

Each quarter, the Governing Board receives a report on key figures and management of the equity investments, and further reports wherever significant events of any kind so require. The General Management is responsible for more detailed management oversight.

3.6 KEY FIGURES
CAJA RURAL DE NAVARRA KEY FIGURES

	2017	2018	2019	2020	2021	2022
TURNOVER						
Total assets	11,557,130	12,038,254	12,945,945	15,632,289	16,073,014	15,996,801
Shareholders' equity	1,018,716	1,092,019	1,176,846	1,261,282	1,349,392	1,506,057
Customer deposits	7,533,517	8,020,973	8,741,063	10,211,373	10,281,452	10,957,191
Loans and advances to customers	7,315,406	7,781,407	8,127,188	9,266,436	9,375,082	9,495,886
SERVICES						
Branches	250	252	253	254	254	255
ATMs	302	312	316	322	316	320
PEOPLE						
Number of employees	959	965	963	948	947	956
PROFIT						
Net interest income	142,907	138,135	145,467	148,976	142,709	163,333
Gross income	217,372	206,911	222,115	214,270	229,915	255,422
Administrative expenses	86,322	88,971	87,389	89,447	93,010	97,102
Income from operating activities	90,557	N/A (1)	N/A (1)	N/A (1)	N/A (1)	115,163
Profit before tax	86,792	91,250	85,153	81,392	88,262	66,460
DISTRIBUTION OF WEALTH GENERATED						
1. Directly generated economic value	**278,345**	**229,554**	**247,063**	**241,767**	**258,364**	**289,547**
Gross income (excluding other operating expenses)	274,425	223,058	242,969	239,368	253,964	284,594
Proceeds of sales, property and equipment and foreclosed assets	3,920	6,496	4,094	2,399	4,400	4 952
2. Distributed economic value	**143,820**	**118,496**	**119,081**	**126,991**	**127,733**	**140,986**
Payments to suppliers (operating expenses)	83,248	43,525	47,409	52,288	52,206	56,396
- Other general administrative expenses	35,620	37,340	35,831	36,047	37,776	39,827
- Other operating expenses	47,628	6,184	11,578	16,241	14,430	16,569
Personnel expenses	50,702	51,631	51,558	53,400	55,234	57,275
Income tax	-1,518	11,793	9,163	10,768	8,987	12,876
Interest on investment capital	1,963	1,585	1,676	1,678	1,688	1,837
Investment/Donations to the community	9,425	9,963	9,275	8,857	9,619	12,603
- Education and Development Fund (EDF)	9,425	9,963	9,275	8,857	9,619	12,603
3. Retained economic value (1-2)	**134,525**	**111,058**	**127,981**	**114,777**	**130,631**	**148,560**

Financial information used for key figures has been extracted from the audited annual financial statements, which can be found at: www.cajaruraldenavarra.com (Institutional information)

CAJA RURAL DE NAVARRA CONSOLIDATED GROUP – KEY FIGURES

Companies comprising the Caja Rural de Navarra Group, which are wholly owned by the Bank and consolidated in the financial statements.

	2017	2018	2019	2020	2021	2022
TURNOVER						
Total assets	11,726,238	12,202,865	13,133,114	15,849,799	16,333,118	16,097,105
Shareholders' equity	1,049,187	1,122,515	1,223,266	1,313,888	1,409,555	1,557,086
Customer deposits	7,524,305	8,011,914	8,729,469	10,198,137	10,261,080	10,939,238
Loans and advances to customers	7,334,762	7,789,185	8,176,553	9,313,939	9,446,163	9,500,293
PROFIT						
Net interest income	140,947	135,957	143,634	147,007	140,924	160,065
Gross income	278,719	276,758	293,966	288,760	306,710	344,114
Administrative expenses	141,274	150,334	151,605	152,364	157,598	175,041
Income from operating activities	89,304	N/A (1)	N/A (1)	N/A (1)	N/A (1)	110,469
Profit before tax	92,418	93,502	98,449	86,935	91,386	69,512
DISTRIBUTION OF WEALTH GENERATED						
1. Directly generated economic value	**557,151**	**534,622**	**556,801**	**560,597**	**633,825**	**783,584**
Gross income (excluding other operating expenses)	553,231	528,126	552,707	558,197	629,425	778,632
Proceeds of sales, property and equipment and foreclosed assets	3,920	6,496	4,094	2,399	4,400	4952
2. Distributed economic value	**416,781**	**415,866**	**422,594**	**435,666**	**492,501**	**625,114**
Payments to suppliers (operating expenses)	334,442	316,211	324,151	333,759	388,548	508,890
- Other general administrative expenses	69,355	74,806	74,685	73,179	75,452	86 976
- Other operating expenses	265,087	241,405	249,466	260,580	313,096	421,914
Personnel expenses	71,919	75,528	76,920	79,185	82,146	88,065
Income tax	-968	12,579	10,571	12,187	10,501	13,719
Interest on investment capital	1,963	1,585	1,676	1,678	1,688	1,837
Investment/Donations to the community	9,425	9,963	9,275	8,857	9,619	12,603
- Education and Development Fund (EDF)	9,425	9,963	9,275	8,857	9,619	12,603
3. Retained economic value (1-2)	**140,370**	**118,756**	**134,207**	**124,930**	**141,323**	**158,471**
* This item was dropped from the income statment published in 2018						
Public Subsidies received	920	1,068	1,067	161	252	1,009

3.7 INFORMATION PROVIDED IN COMPLIANCE WITH REGULATION EU 2020/852 CONCERNING ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

In accordance with European Commission Delegated Regulation EU 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, Caja Rural de Navarra presents below the required disclosure including key quantitative results indicators and qualitative information to support this information and the market's understanding of these indicators.

In any event, the present section must be read alongside the rest of the information contained in this CSR Report and Non-financial Statements.

3.7.1 Proportion in total assets of exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities.

(In thousands of euros)	CAPEX	TURNOVER
GAR – covered assets in numerator or denominator	4,532,406	4,529,608
Total GAR	12,979,725	12,979,725
Total assets	16,381,272	16,381,272
% Eligible/Covered assets	34.92%	34.90%
% Eligible/Total assets	27.67%	27.65%

Note that all figures reported in this section on the taxonomy are gross carrying amounts for all items (as recommended by the European Commission).

Note too that exposures to undertakings that are not obliged to publish non-financial information pursuant to Articles 19a or 29a of Directive 2013/34/EU have been deducted from the balance of eligible assets.

No comparable figures are given for end-2021 (in this section or the next) since the methodology used to calculate the eligibility of exposures to legal persons and identify the obliged organisations changed this year, meaning that figures are not comparable across the two years. Similarly, there is no published data from legal entity counterparts prior to this date, which makes it impossible to construct a pro-forma comparison base.

Methodology: To measure total eligible assets in terms of exposures to legal persons, the Bank used an external service provider to collect eligibility data published by the obliged counterparties on eligible Turnover and Capex. Also included as eligible was the whole portfolio of loans and advances to households, for property and vehicle purchases essentially. Exposures to counterparties that might have been eligible based on their activity but are excluded from eligibility as they are not obliged to publish non-financial information under European law have been deducted from the total eligible assets based on the above criteria. On this point, it should be noted that in the case of subsidiaries of parent companies or heads of group that are obliged to publish non-financial information, based on its interpretation of the standard the Bank assigns them the eligibility data published by the parent. Similarly, exposures to sovereign issuers, the trading book, Central Banks and supranational issuers (Delegated Regulation EU 2021/2178 7.1) and other items specified in the same Regulation, have been excluded from the numerator and denominator.

Regarding companies that are not obliged to publish non-financial information under Articles 19a or 29a of Directive 2013/34/EU, foreign organisations or issuers of non-Spanish securities which provide no balance sheet or employee figures and whose obligation cannot therefore be evaluated are treated as non-obliged and hence ineligible. Off-balance sheet exposures are not included.

3.7.2 Proportion in total assets of exposures to central government, central banks and supranational issuers, derivatives and the trading book.

(importes en miles de euros)	Importe	% s/ Activo total
Emisores soberanos (AA.PP. Centrales y Supranacionales)	3.095.149	18,89%
Exposiciones frente a bancos centrales	300.033	1,83%
Resto Cartera de negociación y Derivados de negociación	6.365	0,04%
Activos Totales	16.381.272	20,76%

(In thousands of euros)	Amount	% Total assets
Sovereign issuers (local and central govt. & supranational)	3,095,149	18.89%
Central bank exposures	300,033	1.83%
Other trading book and trading derivatives	6,365	0.04%
Total assets	16,381,272	20.76%

Methodology used: This figure was calculated by adding together exposures in the Bank's following asset items:

- Central government
- Central banks
- Supranational issuers
- Derivatives and trading book (classed as non-eligible).

3.7.3 Proportion in covered assets of exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU.

(importes en miles de euros)	Importe	% s/ Activo total
Sociedades Financieras	1.088.702	8,39%
Sociedades No Financieras	4.069.740	31,35%
Contrapartes en países no miembros de la UE no sujetas a obligaciones de divulgación previstas en la DINF	0	0,00%
Total activos de la GAR	12.979.725	39,74%

(In thousands of euros)	Amount	% Total assets
Financial companies	1,088,702	8.39%
Non-financial companies	4,099,740	31.35%
Counterparties in non-EU countries not obliged to disclose non-financial information	0	0.00%
Total assets	12,979,725	39.74%

Methodology and criterion: This figure is derived by adding together exposures to legal entities with fewer than 500 employees in the last year on which data is available. It also applies the specific issue with identification explained in 1.1.

3.7.4. Proportion in covered assets of non-trading derivatives portfolio and on demand inter-bank loans.

(In thousands of euros)	Amount	% Total assets
Hedging derivatives	454	0.00%
On-demand interbank loans	636,121	4.90%
Total GAR assets	12,979,725	4.90%

Methodology: This figure was calculated by adding together exposures in the Bank's following asset items: "On-demand interbank loans" and "Hedging derivatives".

All balances in previous sections are gross figures.

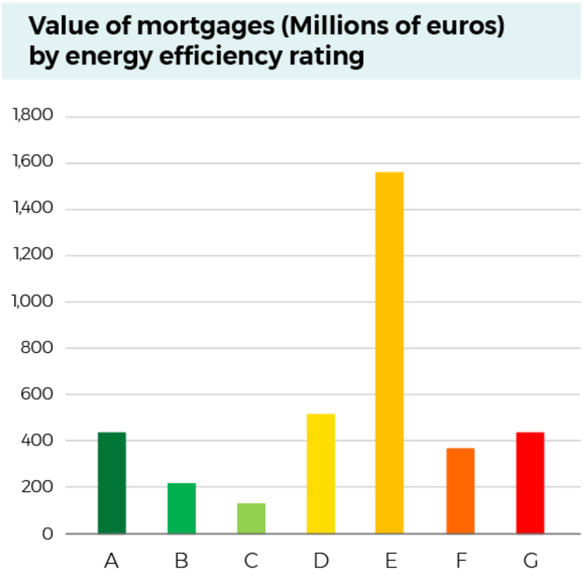
The Bank has a range of investment and financing products designed to channel capital flows into sustainable investments, which in the Bank's view will promote sustainable and inclusive growth. In addition to the specific features of each of these products, it is a primary aim of the Bank to promote the development of the region where it operates, thereby contributing actively to inclusive growth by facilitating access to banking services for populations and customers at risk of social exclusion.

To help manage the financial risks associated with climate change, natural disasters, the deterioration of the environment and social problems, the Bank has developed a range of initiatives including the following:

- **Obtaining energy efficiency certificates for almost the whole of the mortgage portfolio.** Mortgages make up around 50% of the Bank's total loan book and the Bank considers it important to establish how far the collateral underlying the mortgage portfolio meets European Taxonomy criteria, as a way to monitor and manage potential climate risks, both physical and transitional, particularly in areas such as funding rehabilitation of buildings to improve energy efficiency. Certificates are based either on direct information provided by customers, which has been automatically analysed by the Bank's systems for all new transactions since 2019, or on official records held by appraisal company Sociedad de Tasación. Sociedad de Tasación has also run a simulation of the certification process (for certifiable classes of property) on buildings that lack official certification.

Using the above methods the Bank obtained information on 75% of its mortgage portfolio (48,011 loans at end-December 2022) which it then ranked by the energy efficiency classification of the underlying properties. Of these, 61% are ranked based on estimates made by Sociedad de Tasación and 39% on data obtained individually from the borrower or searches of official records.

The rankings of the mortgage portfolio by energy efficiency certificates are as follows:



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

The Bank also assesses the impact of physical risks on its mortgage portfolio from river and sea flooding, fire, earthquakes and desertification, again using Sociedad de Tasación data.

At the end of 2022, Caja Rural de Navarra and Sociedad de Tasación continue to work on completing the data set on physical risks.

The table below shows data for physical risks to the mortgage portfolio available at February 2022.

	Inmuebles	
Riesgo de Inundación Fluvial	nº	%
Zona sin riesgo informado	40.703	89,5%
Zona inundable con alta probabilidad (T=10 años)	540	1,2%
Zona inundable con probabilidad frecuente (T=50 años)	978	2,2%
Zona inundable con probabilidad media u ocasional (T=100 años)	1.365	3,0%
Zona inundable con probabilidad baja o excepcional (T=500 años)	1.868	4,1%
Total	**45.454**	

	Inmuebles	
Riesgo de Desertificación	nº	%
Muy alto	29	0,1%
Alto	1.072	2,4%
Medio	1.860	4,1%
Bajo	6.427	14,1%
Láminas de agua		0,0%
Urbano	3.154	6,9%
Zonas húmedas y subhúmedas húmedas	32.912	72,4%
Total	**45.454**	

	Inmuebles	
Riesgo de Incendios	nº	%
De 1 a 5	10.426	22,9%
Entre 6 y 10	7.825	17,2%
Entre 11 y 25	11.872	26,1%
Entre 26 y 50	11.287	24,8%
Entre 51 y 100	1.949	4,3%
Entre 101 y 500	2.086	4,6%
Entre 501 y 1000	6	0,0%
Entre 1001 y 1511	3	0,0%
Total	**45.454**	

	Inmuebles	
Riesgo de Inundación Maritima	nº	%
Zona no inundable	45.135	99,3%
Zona inundable con probabilidad media u ocasional (T=100 años)	303	0,7%
Zona inundable con probabilidad baja o excepcional (T=500 años)	16	0,0%
Total	**45.454**	

	Inmuebles	
Riesgo Sismico	nº	%
Muy Alto	121	0,3%
Alto	25.325	55,7%
Medio	12.737	28,0%
Bajo	7.271	16,0%
Total	**45.454**	

	Buildings	
Risk of river flooding	No.	%
No reported risk of flooding	40,703	89.5%
Zone at high risk of flooding (10 years)	540	1.2%
Zone at frequent risk of flooding (50 years)	978	2.2%
Zone at average or occasional risk (100 years)	1,365	3.0%
Zone at low or exceptional risk (500 years)	1,868	4.1%
Total	**45,454**	

	Buildings	
Risk of desertification	No.	%
Very high	29	0.1%

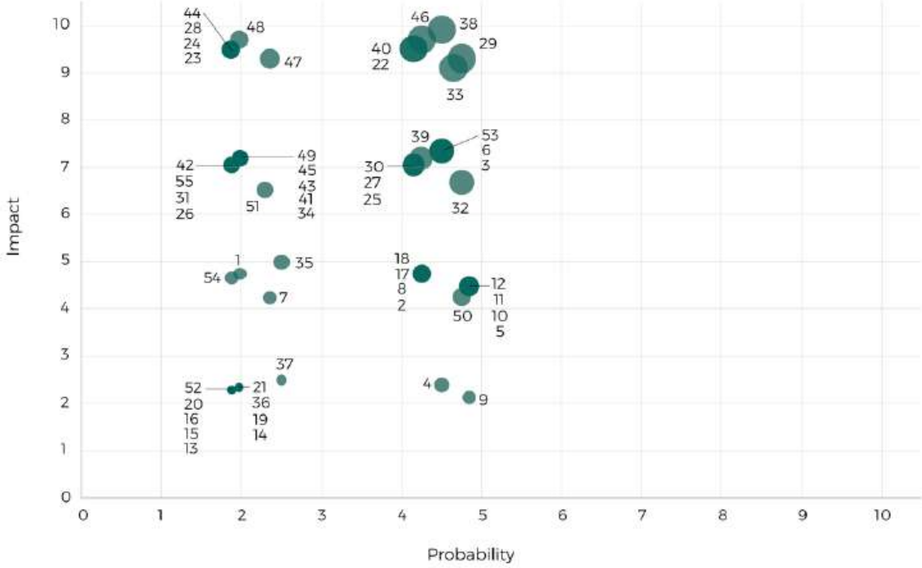
High	1,072	2.4%
Average	1,860	4.1%
Low	6,427	14.1%
Water layers		0.0%
Urban	3,154	6.9%
Wetlands	32,912	72.4%
Total	**45,454**	

	Buildings	
Risk of fires	No.	%
1 to 5	10,426	22.9%
6 to 10	7,825	17.2%
11 to 25	11,872	26.1%
26 to 50	11,287	24.8%
51 to 100	1,949	4.3%
101 to 500	2,086	4.6%
501 to 1,000	6	0.0%
1,001 to 1,511	3	0.0%
Total	**45,454**	

	Buildings	
Risk of sea flooding	No.	%
No risk of flooding	45,135	99.3%
Zone at average or occasional risk (100 years)	303	0.7%
Zone at low or exceptional risk (500 years)	16	0.0%
Total	**45,454**	

	Buildings	
Seismic risk	No.	%
Very high	121	0.3%
High	25,325	55.7%
Average	12,737	28.0%
Low	7,271	16.0%
Total	**45,454**	

- **Materiality self-assessment:** the Bank carries out regular materiality self-assessments through a questionnaire that quantifies the potential impact and probability of the key ESG risks.



Category	N1	IMPACT	N2	IMPACT	IMPACT	LIKELIHOOD	TIME HORIZON	SEVERITY
E. Environment and climate change	1	Non-compliance with regulations or standards	1	Non-compliance with environmental and/or climate-related regulations / sectoral best practices	4.75	1.98	3.00	9.38
			2	Slow adaptation to the new regulatory environmental and/or climate-related requirements	4.75	4.25	3.00	20.19
	2	Lack of a consolidated environmental and/or climate-related risk management system	3	Failure to include the environmental and climate change risks in the estimation of different financial ratios and risks, particularly with regard to credit risk (granting, monitoring, pricing and collaterals), market (instrument valuation), operational and others.	7.35	4.50	3.00	33.08
			4	Lack of or limited integration of an environmental operational efficiency strategy	2.40	4.50	3.00	10.80
			5	Lack of or limited control environment for the adaptation and mitigation of the impacts resulting from climate change	4.50	4.85	3.00	21.83
			6	Lack of environmental or climate change-related factors in the company's financing and investment policies	7.35	4.50	3.00	33.08
			7	Depreciation of balance sheet assets as a result of physical or regulatory risks	4.25	2.35	3.00	9.99
	3	Changes in market conditions resulting from environmental or climate-related impacts	8	Impossible to respond to the changes in customers' preferences by providing an option with more sustainable products due to a lack of such products in the entity's range	4.75	4.25	2.00	20.19
			9	Increase in stranded assets in the balance sheet due to a transition towards a low-carbon economy	2.13	4.85	4.00	10.31
			10	Changes in market trends due to climate change-related impacts	4.50	4.85	3.00	21.83
	4	Financings and investments in entities with poor environmental performance	11	Change in the valuation of a customer by data providers resulting in a portfolio impact	4.50	4.85	3.00	21.83
			12	Increased risk of payment default by financed customers due to their high exposure to environmental and/or climate-related consequences	4.50	4.85	3.00	21.83

Category	N1	IMPACT	N2	IMPACT	IMPACT	LIKELIHOOD	TIME HORIZON	SEVERITY
S. Employees	5	Inadequate action or misunderstandings in labour relations	13	Failure to promote diversity and equal opportunities	2.30	1.88	1.00	4.31
			14	Failure to attend to the advancement and well-being of employees, leading to a drop in productivity	2.35	1.98	1.00	4.64
			15	Non-compliance with fundamental human and labour rights, based on ILO conventions or similar	2.30	1.88	1.00	4.31
			16	Mass layoffs (ERE- Statutory Layoffs, ERTE - Temporary Layoffs, etc.)	2.30	1.88	1.00	4.31
			17	Difficulty to attract and retain talent	4.75	4.25	1.00	20.19
			18	Lack of agreement between the entity and the employees' representatives	4.75	4.25	1.00	20.19
	6	Shortcomings in HR policies or actions	19	Lack of or inefficiencies in the reconciliation, equality and diversity policies	2.35	1.98	1.00	4.64
			20	Lack of or inefficiencies in the policies on occupational health and safety, etc.	2.30	1.88	1.00	4.31
			21	Failure to adapt the corporate policies to employee demands	2.35	1.98	1.00	4.64
S. Customer	7	Inadequate and/or lack of transparency in the design and marketing of products	22	Lack of clarity in the description of the product and its contract clauses	9.50	4.15	3.00	39.43
			23	Complex products that are not in line with the customer's profile	9.50	1.88	2.00	17.81
			24	Drive an aggressive business culture that results in inadequate sales	9.50	1.88	2.00	17.81
			25	Failure to respect diversity and customer discrimination	7.05	4.15	2.00	29.26
			26	Lack of guarantees in the products marketed	7.05	1.88	2.00	13.22
	8	Policies and processes that are either inefficient and/or largely impracticable with regard to customer care and aftersales service	27	Inefficient equipment / processes with regard to dealing with and resolving customer complaints and claims and/or non-availability of the systems required to provide customer service	7.05	4.15	2.00	29.26
	9	Inability to meet customer needs	28	Inability to offer products and business lines that are attractive to customers	9.50	1.88	2.00	17.81
			29	The product range does not cover the changes in the social and/or demographic profile of customers	9.30	4.75	2.00	44.18
			30	Lack of solutions directed at customers at risk of social exclusion (vulnerable customers due to low income or other socio-economic situations, etc.)	7.05	4.15	2.00	29.26
			31	Difficulty adapting to the needs of customers with difficulties accessing bank services (financial inclusion)	7.05	1.88	2.00	13.22
			32	Depopulation (rural exodus) in the areas in which the entity operates, involving a loss of retail and business customers alike	6.68	4.75	2.00	31.71
			33	Ageing of the local population, leading to a loss of customers due to the inability to adapt to their needs	9.10	4.65	2.00	42.32
S. Society / local communities	10	Shortcomings in relations with local communities	34	Lack of policies and procedures to identify and assess the needs of the local communities in which the entity operates	7.20	1.98	2.00	14.22
			35	No contribution or inadequate contribution to the needs of the social environment (e.g. educational, healthcare needs, etc.)	5.00	2.50	4.00	12.50
			36	Lack of dialogue with the local communities in the areas in which the entity operates	2.35	1.98	4.00	4.64
			37	Loss of social legitimacy to operate in the different territories (social licence)	2.50	2.50	1.00	6.25

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Category	N1	IMPACT	N2	IMPACT	IMPACT	LIKELIHOOD	TIME HORIZON	SEVERITY
G. Governance, ethics and transparency	11	Shortcomings in the structure and management of the governing bodies and senior management	38	Structure of the Board not in accordance with good practices: independence, diversity, etc.	9.90	4.50	3.00	44.55
			39	Mistakes when designing the organisation's ESG strategy (suppliers, investments, etc.)	7.20	4.25	3.00	30.60
			40	Shortcomings in data management and protection and cybersecurity	9.50	4.15	1.00	39.43
			41	Low level of responsibility of Senior Management in relation to aspects of governance in ESG matters	7.20	1.98	2.00	14.22
	12	Scandals linked to senior management	42	Carrying out abusive operations or tax evasion (tax havens)	7.05	1.88	1.00	13.22
			43	No action taken by senior management to deal with scandals or controversies relating to the entity	7.20	1.98	2.00	14.22
			44	Inadequate, unethical or non-exemplary senior management policies or processes.	9.50	1.88	2.00	17.81
			45	Lack of transparency in the entity's governance model.	7.20	1.98	1.00	14.22
			46	Inadequate action or declarations against the Entity's ethical values (conduct that is not honest, cannot be seen as a role model and exemplary)	9.70	4.25	2.00	41.23
			47	Relationship or link of senior management with some scandal relating to corruption, fraud or other illegal activities.	9.30	2.35	1.00	21.86
			48	Confirmed cases of corruption, fraud, bribery and tax evasion by senior management.	9.70	1.98	1.00	19.16
			49	Relationship of senior management with the political power	7.20	1.98	1.00	14.22
G. Relationship with third parties	13	Relationships with third parties	50	Improper, controversial or scandalous practices by suppliers	4.25	4.75	1.00	20.19
			51	Connection to improper or controversial activities by customers associated with the company	6.53	2.30	1.00	15.01
			52	Irresponsible management of the supply chain (payment to suppliers, discriminatory practices in selection and operation, abusive clauses, etc.).	2.30	1.88	1.00	4.31
			53	Questionings due to the connection of the organisation, whether this be true or not, to political parties or leaders or to social mobilizations of a political nature. Active and visible positions of the organisation and its leaders in the political agenda	7.35	4.50	1.00	33.08
			54	Shortcomings in the communication and relationship with supervisors.	4.65	1.88	1.00	8.72
			55	Failure to attract investors due to poor performance of ESG indicators	7.05	1.88	1.00	13.22

- **Quarterly report valuing the wholesale fixed-income portfolio.** These reports are based on scoring by an external provider of recognised prestige in the industry and give a detailed analysis of each issuer/counterparty (ESG scores, Sustainable Development Goals).

Caja Rural de Navarra has an internal control framework for investment in its wholesale portfolio which prioritises issues with better ESG performance.

In December 2022, the EUR 4,882 million securities portfolio scored as follows on a scale of 1 (worst) to 100 (best):

- Environment (E): 68
- Social (S): 67
- Corporate Governance (G): 69
- Total ESG: 68

At the same date, the Bank's fixed-income portfolio had invested EUR 258 million in securities rated as “Social bonds” (EUR 30 million), “Green bonds” (EUR 142 million) and “Sustainable bonds” (EUR 86 million).

- On integrating ESG risks into its processes, the Bank is working on an action plan that will strengthen the consideration given to ESG risks and criteria in the processes of credit risk management: approvals, pricing, collateral, monitoring and reporting.

- On operational risk, the Bank considers ESG risks when designing and implementing contingency and business continuity plans. These are reviewed and approved annually by the Governing Board. The contingency and business continuity plans prescribe and assign functions, responsibilities and delegated powers to all Bank departments and areas involved or affected, detailing the corresponding activation procedures.

- In accordance with the Spanish Climate Change and Energy Transition Act, the Bank is currently analysing all available information and its alignment with the EU Taxonomy, in preparation for setting its **decarbonisation strategy and goals.**

- **Also, regarding qualitative information on the trading books**, these portfolios are immaterial for the Bank as there is no methodology for scoring them by ESG criteria for the purposes of the Taxonomy. Nevertheless, the Bank monitors all issuers of fixed-income securities and equities based on the ESG scores assigned by a reputable external provider.

4. CUSTOMERS

4.1 CAJA RURAL DE NAVARRA CUSTOMERS

The focus of the Bank's corporate activity is the customer in general and, particularly the member in their dual role as both owner and customer. For this reason, one of the core principles that has always run through the Bank's business is customer focus.

Customers have financial needs that they seek to address with the products and services offered by the Bank, but also have expectations on the service they expect from the Bank. The Bank's response on both issues (needs and expectations) is what differentiates us from the competition.

The **principles underlying** the Bank's relationships with its customers are as follows:

- To maintain a clear Communications and information policy.
- Not to use publicity that might be misleading, ambiguous or insufficiently clear for customers.
- To promote a socially responsible investment policy, by giving the right advice on customers' investment decisions, taking into consideration the customers' sustainability preferences in savings products and maintaining a set of lending policies based on sustainability criteria.
- To improve quality and accessibility for customers to the Bank and vice versa, promoting the use of new channels and technologies and developing innovative products and services.
- To protect the confidentiality of all data collected on customers as a consequence of business relationships.

The Bank took the following actions in this area in 2022:

Improving communication channels

One of Caja Rural de Navarra's priorities is to constantly improve our digital channels, without sacrificing our principals of local service and proximity to our customers. A big element here is the Bank's investment in technology to make it easier for customers who wish to conduct any transaction through digital channels.

<u>Notable advances in 2022 include:</u>

A new version of the Ruralvía digital banking service, available as an app and website. The new digital banking service was developed in the second and third quarters of 2021 and steadily rolled out through 2022. By the end of the year, more than 30% of users were accessing the latest version of Ruralvía.

New functionalities include a better navigating experience for users, new security systems such as device linking and others such as:

- The "Ruralvía Broker" securities trading tool
- Registration of tax residence using Ruralvía
- Request information on personal loans and mortgages from the Ruralvía digital banking app
- Optional dark mode (better vision in low light), secret mode (encrypt positions for greater privacy), in-app Bizum, and a chatbot to help deal with common issues.
- The new "My Wall" app lets certain customers contact their designated asset manager through a special section of the new Ruralvia

As well as the new digital banking service, we have continued to improve the digital tools available on the public-facing website (cajaruraldenavarra.com and ruralkutxa.com) to make day-to-day life easier for our customers.

<u>Digital tools for individuals:</u>

- "Become a customer" is an easy, agile and simple online process for users to sign up as a Caja Rural customers in just five minutes. Available on the website and app.
- Personal loan and mortgage simulators in the relevant sections of our public website: cajaruraldenavarra.com
- Home insurance price calculator with online subscription option (via phone call).

<u>Digital tools for companies and the self-employed:</u>

- Search engine for support and subsidies available to companies and self-employed, with a special focus on the European Next Generation funds.
- Online card and PoS terminal recommendation engine, available on our public website: cajaruraldenavarra.com.
- Recommender for loans, leasing and renting in the companies section of the website: cajaruraldenavarra.com
- A blog for companies including weekly articles on current events in the economy, and weekly reports on the main news on the currency markets.
- A specific website where confirming institutions can access, check and anticipate payments from their supplier.

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We also offer customers all the new payment systems: Bizum, Pay Gold, e-commerce with all its possibilities and, thanks to agreements with Apple, Google, Samsung and Ruralvía Pay, our customers can make payments using their mobiles.

On cybersecurity, the Bank has been working on two initiatives with **external customers:**

- A digital communications service on cybersecurity where customers can learn how to minimise the risk of fraud. Keeping customers regularly updated through all available channels (email, ATMs, public-facing website, Ruralvía digital banking, etc.)
- Corporate training on fraud prevention. Training can take the form of training days, such as that held with the *Asociación de Empresarios de la Ribera*, or by offering companies a free course developed by specialist firm Entelgy using a gamified methodology. More than 150 companies have signed up to this course so far.

Digital Transformation

The Bank's digital transformation has two aims: first, to make the banking system more accessible for customers by any channel as easily as possible, and, second, to combine this with the provision of personal advice services through its branch staff.

A special Digital Transformation manager is charged with coordinating the process across all Bank areas and for all Caja Rural Group companies.

Transparency in marketing

Caja Rural de Navarra has been a member of Autocontrol since January 2011. Autocontrol is an association that seeks to promote responsible advertising that is true, legal, honest and fair. In 2022,, Caja Rural de Navarra ran 32 communication projects, including 73 publicity items, of which 56 obtained copy advice approval from Autocontrol. The rest went through the Bank's internal control process.

Image

The new Corporate Identity Handbook was launched at the end of 2021, setting out Caja Rural de Navarra's communication strategy and purpose, based on the corporate values that make the Bank stand out in the market. In 2022 all communication actions by the Bank were tailored to comply with this Handbook.

Office communication media

To improve transparency and clarity in the way the branch network markets products and services, in-branch customer communications were updated monthly in 2022.

Product Committee

The Product Committee continued its work in 2022. It was set up in 2016 to bring all the products and services offered by the Bank under a validation process.

The Bank also continued to customise to the Bank's needs the documents highlighted and designed by BCE's Compliance Department and to update and approve standard documents such as the "Banking Product and Services Marketing Policy" and the Product Committee's own handbook.

This Committee met quarterly as planned, and there were also 27 sessions of the Permanent Committee to approve one-off measures that were subsequently ratified in a full Product Committee meeting. Overall, 40 internal product brochures and 44 other documents were approved and/or revised.

Quality surveys and Mystery Shopping

In January 2018, the Bank launched its "Measuring customer service in branches" project. The project involves all Banks in the Caja Rural Group and has two aims:

• To comply with regulations laid down by the European Banking Authority (EBA) and European Securities Markets Authority (ESMA) on criteria for defining and setting remuneration policies in the branch network so that they incorporate quality variables.

• To improve the customer experience by introducing procedures and methodologies to analyse contacts with new customers and set metrics for how to deal with existing customers.

The project is based on two methodologies, which run simultaneously:

• Mystery Shopping: The points tested, each of which is given a weighting in the overall score are: physical aspects of the branch, speed, treatment, explanation of products, sales approach. Scores in 2022 are as follows:

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	2020	2021	2022
Sales approach	62.93	67.70	60.69
Physical aspects	98.46	97.52	94.56
Explanation of products	57.80	63.22	55.71
Speed	94.63	93.34	90.48
Treatment	95.43	96.51	89.16
Total	**72.84**	**76.17**	**69.56**

• Satisfaction/Recommendation questionnaire: The points tested, each of which is given a weighting in the overall score are: emotional value = 20% service + 20% explanations + 20% documentation + 40% NPS recommendation.

The Bank's results in 2022 and comparison with prior years are as follows:

	2018	2019	2020	2021	2022
Service	9.1	9.1	9.2	9.2	9.4
Explanation of products	8.9	8.9	9.1	9.0	9.2
Documentation provided	8.8	8.8	8.9	8.9	9.0
NPS recommendation	60%	61%	66%	63%	69%
Emotional value	**78.0%**	**77.9%**	**80.7%**	**79.7%**	**82.6%**

A working group coordinated by the Bank is gradually incorporating improvements to both methodologies. These improvements focus on finding out first-hand from customers what they think and listening to what they have to say, to try and improve the experience of the Bank's customers.

CODE OF PRACTICE

When customers have difficulties paying their mortgage, the Bank applies Royal Decree-Law 6/2012 of 9 March on urgent measures to protect low-income mortgage debtors for borrowers in danger of exclusion, and Royal Decree-Law 19/2022, of 22 November, on mortgage borrowers at risk of vulnerability, who can show they meet the necessary requirements.

On 22 November 2022, Royal Decree-Law 19/2022 was published establishing a new Code of Practice for mortgage borrowers at risk of vulnerability and amending some aspects of Royal Decree-Law 6/2012.

Caja Rural de Navarra has been compliant with Royal Decree-Law 6/2012 since March 2012, and Royal Decree-Law 19/2022 since December 2022. It has taken advantage of Royal Decree-Law 6/2012 in 59 transactions with primary residence guarantees, involving a cumulative total of EUR 6,148,989.17. In 2022, 2 mortgages on homes with guarantee of primary residence were restructured.

Customers can get all the information they need on both codes at their branch, on the noticeboard of the Bank's website: www.cajaruraldenavarra.com, and from the Bank. The specific personal communications required by Royal Decree-Law 19/2022 have been sent out to mortgage customers informing them about each of the codes and the possibility of benefiting from their provisions.

SALE OF INVESTMENT FUNDS THROUGH INVESTMENT SERVICES MARKETED BY CAJA RURAL DE NAVARRA

In 2022, Caja Rural de Navarra continued to market Investment Funds through the same services as in 2021 and continued to prioritise service quality, transparency and investor protection. It pursues continuous improvement by taking any action that adds to or enhances the service for Caja Rural de Navarra customers.

The following services within the bank offer investment funds:

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- Non-independent advisory* service This offers customers advice* on investment funds managed by Gescooperativo, with a view to recommending the investment best suited to the knowledge, experience, financial resources, investment aims and sustainability preferences of the customer, following a suitability test and corresponding investment proposal. As part of our commitment to offer the best service, subscribers to investment funds recommended by our advisory* services also have an annual opportunity to review the suitability of their investments in the recommended funds to make sure their investment remains appropriate to their risk profile and sustainability preferences based on information provided through the suitability test. Accordingly, once a year, all investors in funds recommended by advisory services are sent a communication with the Bank's proposal on the best allocation of assets to suit their profile and sustainability preferences in the current state of the markets.

In this Caja Rural de Navarra service, all investment funds are marketed through a face-to-face channel (in branch).

The Bank's non-independent advisory* service also continued to market the investment funds of third-party managers in 2022. As in the non-independent advisory* service for in-house funds, we commit to recommending to our customers the investment funds best suited to their knowledge, experience, financial resources, investment aims and sustainability preferences, following a suitability test and corresponding investment proposal. Each year, the managers responsible for these customers also send them an annual reallocation proposal.

This service is only available to Private Banking customers via the face-to-face channel (Private Banking managers).

* Based on the definitions in Directive 2014/65/EU advice is given on a “non-independent” basis.

- Discretionary Portfolio Management service. Using this service, Caja Rural de Navarra customers can delegate management of their assets to the Bank, following an assessment of their investor profile and sustainability preferences by the Bank's professionals. Once they have subscribed for investment funds through this service, customers remain in continuous contact with Caja Rural to monitor the investments and check any changes to the instructions and limits in the investment management contract.

In this Caja Rural de Navarra service, all investment funds are marketed through a face-to-face channel.

- Marketing or RTO service. Through this service, Caja Rural de Navarra customers can access a wide range of investment funds offered by well-known third-party managers unconnected to the Bank. We also make available to our customers straightforward tools that provide objective information and help them choose the funds that best suit their needs. Similarly, customers can compare various alternatives to see how they differ and take their own decisions.

In this Caja Rural de Navarra service, all investment funds are marketed through the digital channel.

Transparency and investor protection in subscribing for investment funds

In 2022, Caja Rural de Navarra continued working to make sure that any funds offered through the various investment services are marketed with the maximum possible transparency and protection for the investor. It provides all necessary resources to improve precontractual, contractual and post-contractual information for our customers and ensures customers receive this information within the regulatory time limits.

Improvements to contracting and information on investment funds via digital channels

As in the previous section, Caja Rural de Navarra continued to make progress throughout 2022, making it easier for customers to conduct most of their investment fund transactions through digital channels, and receive all communications through these same channels, when regulations allow.

Socially responsible investment

In 2022, Caja Rural de Navarra continued to make progress on socially responsible investments on 3 different fronts:

- Sales
    - Pension Plans and Voluntary Social Welfare Plans (EPSVs), continued the trend of previous years, and this entire range of products is managed according to Socially Responsible Investment (SRI) criteria.
    - In May 2022, the Bank launched its first Impact Fund, **RURAL IMPACTO GLOBAL, FI,** an Article 9 fund under regulation EU 2019/2088. It is an investment fund directly invested in international equities whose investment policy seeks to pursue the UN Sustainable Development Goals (SDGs). To measure its sustainability outcomes, the fund takes advice from independent consultants **AFI Inversiones Globales, SGIIC,** which measures the portfolio's contribution to the Sustainable Development Goals, in accordance with the ESG

methodology developed for the fund. The fund ended 2022 with net assets of EUR 10 million.

- o At end-2022, the range of sustainable funds that the Bank offers is as follows: 5 funds promoting environmental and social issues, and an environmental and social impact fund.
  - Rural Rendimiento Sostenible, FI.
  - Rural Sostenible Conservador, FI
  - Rural Sostenible Moderado, FI Fondo Sostenible y Solidario
  - Rural Sostenible Decidido, FI
  - Rural Futuro Sostenible, FI Fondos Sostenible y Solidario. This fund changed its name at the start of 2023 to Rural Futuro ISR, FI.
  - Rural Impacto Global, FI.
- o This range of funds now makes up 21.58% of the Bank's total fund assets, down from 24% in 2021, as a result of the shrinking of fixed income and equity markets, which had a disproportionately greater impact on socially responsible investment funds.
- o A video and brochures explaining the socially responsible investment funds marketed by the Bank were made available to the commercial network and customers, completing a project begun in 2021.
- o In 2022, neither Gescooperativo nor RGA signed up the UN principles for responsible investment (PRI) as planned, but the Caja Rural Group continues working to achieve this in 2023.
- o This year, all the model portfolios used by the Discretionary Portfolio Management service transitioned to being managed according to socially responsible criteria.

- Regulations
  - o Regulatory requirements on socially responsible investment have been implemented, **following the principle of better compliance**, allowing for the lack of regulatory clarity that persists in the sector. Key actions in this area included the following:
    - Various policies were reviewed at Bank level.
    - Pre-contractual, contractual and post-contractual information on investment products (investment funds, discretionary portfolio management and IBIPs - insurance based investment products) was adapted.
    - Governance of investment products was also amended to update the target market and product brochures to the new requirements for socially responsible investment.
    - And most importantly, the measure that had the most impact in 2022 **was the development of the sustainability module within the MiFID Suitability Test** and its consequent impact on controlling sustainability percentages in fund portfolios, both advisory and those sold by GDC. The sustainability module for the IBIPs **knowledge and experience test** was also refined.

- Employee training
  - To align the commercial network with the new requirements for socially responsible investment, during 2022 we carried out a number of training and awareness initiatives on this theme:
    - As we mentioned, we made brochures and a sales video available to the whole commercial network, which explained the key features of our socially responsible fund range.
    - We also posted **a sustainable finances module** on our Bank intranet, which briefly presents sustainability and how it can be applied in conversation with customers. The aim is to give employees a clearer idea of how these regulatory changes can be applied on the ground in commercial relations with our customers.

Looking ahead to 2023, we have various initiatives planned in this area:

- To develop the sustainability module both for MiFID Suitability Tests and IBIP knowledge and experience tests, in accordance with the latest regulatory requirements.
- To put all the Bank's employees through a course on the new standards (Green MiFID). At the time of writing, the majority of employees have already taken the course.
- Possibility to further increase the range of socially responsible investment funds and create the Caja Rural Group's first impact pension plan.
- To include sustainability annexes required by regulations in socially responsible investment funds, **<u>to clarify the features of these funds to the Bank's customers</u>.** This has already been done at the time of writing.

4.2. PROFILE AND DISTRIBUTION OF CUSTOMERS

At 31/12/2022, Caja Rural de Navarra had a total of 641,192 customers. Of these 56,778 (8.86%) were classed as "Companies, institutions" and 584,414 (91.14%) were "Individuals".

The table below shows the breakdown by customer type:

SEGMENT	Customers
Individuals	584,414
Legal entities	56,778
COMPANIES	45,379
INSTITUTIONS	11,042
OTHER	357

TOTAL (individuals + legal entities)	641,192

The distribution of customers between the different provinces where the Bank operates and the associated business volumes are as follows:

Geographical area	Loans And Advances	Deposits	Customers
Navarre	43.98%	59.31%	51.64%
Basque Country	43.85%	31.00%	38.68%
La Rioja	10.70%	9.18%	9.65%
Madrid	1.48%	0.50%	0.03%
TOTAL	100.00%	100.00%	100%

4.3 DIALOGUE WITH CUSTOMERS

LISTENING AND PARTICIPATING IN SOCIAL NETWORKS

Caja Rural de Navarra uses the following methods to communicate with its stakeholders:

- cajaruraldenavarra.com/atencion-cliente
- blog.cajaruraldenavarra.com
- Facebook, Caja Rural de Navarra and Rural Kutxa pages
- Facebook, Joven In page – Caja Rural de Navarra
- Twitter, Caja Rural de Navarra and Rural Kutxa pages
- Instagram, Caja Rural de Navarra and Rural Kutxa pages
- Instagram, Joven In page – Caja Rural de Navarra
- YouTube, youtube.com/CajaRuralNavarra and Rural Kutxa channel
- LinkedIn, Caja Rural de Navarra and LinkedIn Rural Kutxa pages
- email: info@crnavarra

CUSTOMER SERVICES DEPARTMENT

The Customer Services Department is responsible for resolving all complaints and claims received from Caja Rural de Navarra customers.

The regulations governing Caja Rural de Navarra's Customer Services Department were created by Act 44/2002 of 22 November, on Measures to Reform the Financial System, and Ministerial Order ECO/734/2004 of 11 March, on customer services departments or services of financial institutions and other applicable rules.

There are several channels that customers can use to make submissions to this Service: post, burofax, fax, email, official forms of the Autonomous Regions where Caja Rural de Navarra operates or through the Bank's official documents and online forms.

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In 2022, this Service received 2,548 complaints or claims. These were resolved as shown in the table below, which includes a comparison with the previous year.

CONCLUSION OF COMPLAINTS AND CLAIMS		
Type of conclusion	2022	**2021**
Not accepted	421	363
Rejected	1,485	2,359
Fully upheld	540	709
Partly upheld	102	185
Claims addressed	2,548	3,616

Unlike in 2021, complaints and claims received during 2022 dropped sharply, reflecting a fall-off in the number of claims about "mortgage administration costs". In 2021, these made up 63.83% of the total but in 2022 this proportion had fallen to 42.47%.

The Customer Services Department prepares an annual report for the Governing Board in accordance with Article 17 of Ministerial Order ECO/734/2004, including a summary of all complaints and claims received, the processes applied by the Bank following their reception, the general criteria applied when resolving complaints and claims and the recommendations and suggestions made during the year. The report is available to the Supervisor.

In addition, any critical concerns identified in the year are brought to the attention of the Governing Board. In 2022, no critical complaint or claim was identified as having to be reported up to the Board.

Every four months, there is a meeting of the Quality Committee, which is the forum used to review how complaints and claims were dealt with, identify possible risks, decide on criteria to apply and make appropriate recommendations. The Committee is attended by people from a range of departments.

We analyse a number of specific issues below:

1.- Fraudulent use of payment media, phishing and product security

The Customer Services Department received 48 claims for fraud perpetrated through cards, transfers and Bizum payments, or retailers' PoS terminals. Of these, 22 were upheld in full or in part in favour of the customer. 9 were not accepted for processing because they lacked essential data requested from the claimants or because they had already been resolved. Finally, 17 were not upheld, on the grounds either that the transactions in question had been authorized by the customers and therefore were not a fraudulent use of the payment media in question or that the customer had not kept the payment media sufficiently secure, in which circumstances regulations say claims cannot be accepted.

Two of the above claims were received through the Bank of Spain. One of them had already been resolved in favour of the client before it was sent to the supervisor. The second is currently pending resolution.

There were no penalties, warnings or cases of non-compliance in this area in 2022.

2.- Information on products and services

No complaints were received in this section in 2022.

There were no penalties, warnings or cases of non-compliance in this area in 2022.

3.- Publicity for products and services

The Customer Services Department received one complaint about the advertising for a gift promotional campaign targeting children with live accounts. In this case there had been a mistake in the branch, where the gift was meant to be collected. The problem was solved by the giving of one of the gifts in the brochure to the holder of the savings book.

There were no penalties, warnings or cases of non-compliance in this area in 2022.

4.- Breach of data protection rules

In 2022 the Department dealt with 1,644 requests not to receive marketing communications and 34 customers asked to delete and cancel their personal data held by the Bank. The Department also received 3 complaints, 7 requests and 1 suggestion related to data protection. Two files were also referred to the Spanish Data Protection Agency (AEPD).

There were no penalties, warnings or cases of non-compliance in this area in 2022.

4.4 CUSTOMER RELATION CHANNELS

1. BRANCH NETWORK

The branch is the usual place for conducting relationships with the customer in accordance with a business model based on local service and advice. Caja Rural de Navarra had 255 branches to serve its business at the end of 2022, distributed among the Autonomous Regions as follows (aside from the one in Madrid):

140 in Navarra, 90 in the Basque Country. 24 in La Rioja

Access to financial services is identified as a fundamental factor in social cohesion. In Spain, the erosion of branch networks in the banking industry over recent years could increase levels of financial exclusion in the regions.

Caja Rural de Navarra stands out against this trend, as the number of branches in locations with fewer than 3,000 inhabitants is 73 and none has closed in recent years. The Bank's presence in these locations is fundamental to its provision of a full financial service, which unquestionably helps sustain economic activity and so over the medium term helps prevent depopulation in these areas. This is part of the Bank’s social commitment to the rural world, the market where it began many decades ago.

Architectural barriers to accessibility:

At Caja Rural de Navarra we have long been aware of the need to have an accessible network of branches, not only to comply with Accessibility Regulations but also to benefit our employees and customers.

There are now no architectural barriers in most branches. However, some, due to the features of the building where it is located, do present some minor accessibility problems. Whenever a branch undergoes renovation work, we take the opportunity to make improvements designed to improve its accessibility. In 2022, we carried out such work on 1 branch.

2. PAYMENT MEDIA (cards, PoS terminals and ATMs)

At the end of the year, the Bank had 320 ATMs, of which 308 were in branches and 12 elsewhere.

It also had 28,127 PoS terminals in 23,049 stores and other businesses.

We have begun installing PoSs based on Android, which will allow customers to install value-added apps and, in the future, text or email paperless receipts to their customers.

The Bank continues to modernise its ATMs so that they can accept deposits, payments for receipts and non-domicilable taxes, by card or in cash (customers and non-customers).

During the year the Bank continued to issue cards in recycled plastic, taking forward our CSR policy.

3. DIGITAL

Caja Rural de Navarra's digital banking service is branded as Ruralvía. A Ruralvía contract allows the customer to access a wide range of financial products and services as well as conducting nearly all banking operations online through a computer, tablet or smartphone (Ruralvía móvil).

To guarantee secure delivery of financial services Ruralvía, Rural Servicios Informáticos (RSI) is developing security protocols that comply with legal standards.

Caja Rural de Navarra offers its customers a number of apps, including;

Rvía Pay: lets customers make payments on Android devices and make small transfers free of charge using Bizum.

Ruralvía Móvil: mobile version of our remote banking “Ruralvía” application. This app offers customers the DIMO option to withdraw cash from ATMs using their mobile number.

Mi Negocio; an app to help traders with their day-to-day banking by managing data.

4.5 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 Navarra[3].

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 issues" Caja Rural de Navarra some years ago created a sustainability framework[4] (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 activities[5] and with the United Nationals Sustainable Development Goals (SDGs)[6].

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[3] https://www.cajaruraldenavarra.com/es/informacion-inversores

[4] https://www.cajaruraldenavarra.com/sites/default/files/files/2017-Sustainability-Bond-Framework-Caja-Rural-de-Navarra.pdf

[5] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

[6] https://sdgs.un.org/goals

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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 Sustainalytics[7] whose "Second-Party Opinion"[8] (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[9]).

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"[10] and "Social Bond Principles"[11] 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)[12] 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.

The Green Bond Principles

[7] https://www.sustainalytics.com/
[8] https://www.cajaruraldenavarra.com/sites/default/files/info-inversores/Sostenibilidad/Sustainalytics/crn-sustainability-bond-framework-second-party-opinion-2021.pdf
[9] https://www.aenor.com/certificacion/certificado/?codigo=220390
[10] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/
[11] https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/
[12] https://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

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.

OBJETIVOS DE DESARROLLO SOSTENIBLE

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.

COVERED BOND · LABEL ·

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 Label[13] 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 .

DZ BANK SEAL OF QUALITY FOR SUSTAINABILITY

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.

EeMAP Energy efficient Mortgages Action Plan

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:

13 https://coveredbondlabel.com/issuers/directory

- **EeMAP-EEMI**[14] ("Energy Efficient Mortgage Action Plan-Energy Efficient Mortgage Initiative")

- Energy efficient mortgage label

[14] https://energyefficientmortgages.eu/

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
Number of borrowers				
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

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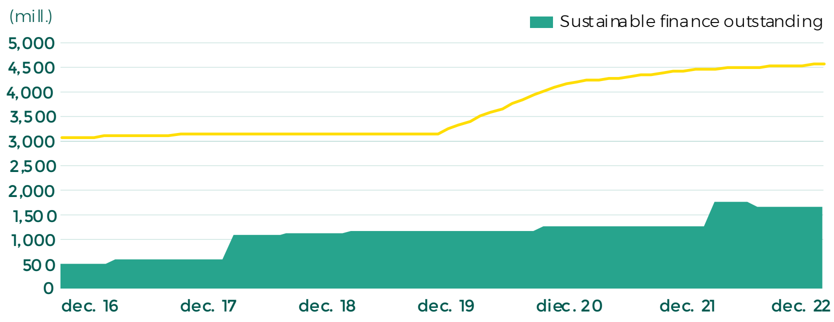
Caja Rural de Navarra is committed to growing its most sustainable credit lines and therefore seeks to improve the “additionality” of its sustainability framework. This means that the total of outstanding sustainable loans made by Caja Rural de Navarra since launch of the Framework has exceeded its issuance 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:

(EUR)	2022	2021	2020	2019	2018	2017
4	26,509,565	25,041,131	26,747,946	24,028,003		
7	1,606,250,824	930,394,552	623,854,030	504,305,152	482,853,904	281,168,595
8	2,345,593,478	2,748,036,910	2,725,578,705	1,777,932,762		
10	51,678,727	50,905,439	56,650,785	50,888,474		

	372,471,552	519,940,487	595,814,908	628,560,131	2,533,004,109	2,685,353,502
	134,287,351	146,381,150	130,044,118	157,603,620	132,415,063	87,934,406
	1,433,587	1,681,489	1,274,623	1,298,688		
	4,538,225,085	**4,422,381,157**	**4,159,965,114**	**3,144,616,831**	**3,148,273,076**	**3,054,456,504**

BREAKDOWN OF SUSTAINABILITY LINES[15]

1. 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	1,220	808
Number of borrowers	1,285	1,435	1,265	1,284	963	671

[15] 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.

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 CO2 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%

2. RENEWABLE ENERGY

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:

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	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

3. 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:

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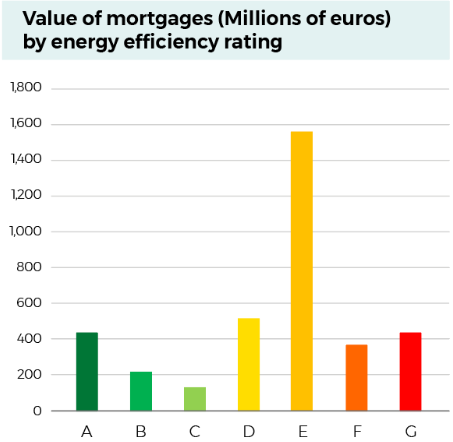

Note: No information on energy efficiency ratings is available for 30% of mortgages.

4. 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) which guarantees that products are sourced from well-managed woodland that provides environmental, social and economic benefits.

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

6. 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.

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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. First, 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	6,410	7,047	7,165	7,127	8,178
Number of borrowers	4,615	6,224	6,827	6,930	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	
Younger than 25	0.2%
25 to 30	3.6%
30 to 35	10.9%
35 to 40	21.2%
40 to 45	25.7%
45 to 50	18.9%
Over 50	19.6%
NA	0.0%

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	
None	66.1%
1 child	16.4%
2 children	14.6%
3 children	2.5%
4 children	0.2%
More than 4 children	0.1%

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.

POP. PER TOWN/VILLAGE	
less than 5,000	15.8%
5,000 to 10,000	9.0%
10,000 to 25,000	29.6%
25,000 to 50,000	8.2%
50,000 to 100,000	2.0%
100,000 to 150,000	1.2%
150,000 to 200,000	5.3%
More than 200,000	24.2%
NA	4.8%

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

AVERAGE INCOME PER PERSON	
Less than EUR 12,000	5.7%
EUR 12,000 to 25,000	58.0%
EUR 25,000 to 50,000	29.4%
More than EUR 50,000	2.3%
NA	4.6%

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.

7. 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.

- Sport: 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.

8. EDUCATION

4.4 ***"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).

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9. 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	46,370	37,329	38,274	34,556
Number of borrowers	35,715	39,109	39,682	31,895	32,771	28,980

This category includes loans that meet the following requirements:

A. **Small loans** 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.

B. Loans to **entrepreneurs** (for details see section "8 – Our relationship with wider society").

C. Loans to **SMEs** as defined by the European Union[16]

[16] Commission Regulation (EU) 651/2014

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

A. 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	29,480	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.

B. 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
Loans outstanding (Millions of euros)	1,011.7	1,393.0	1,448.4	1,344.4	1,159.7	1,179.0
Number of loans	4,697	6,399	6,572	5,775	4,539	3,759
Number of borrowers	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	Less than EUR 2 million	Less than EUR 2 million

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Small	10 to 49	Less than EUR 10 million	Less than EUR 10 million
Medium-sized	50 to 249	Less than EUR 50 million	Less than EUR 43 million
Large	Over 250	More than 50 million	More than 43 million

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	
Less than 1 year	6.0%
1-5 years	38.2%
5-10 years	27.7%
10-20 years	19.7%
+20 years	8.4%

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	
less than 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%
More than 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	
Less than 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 or more	0.7%

NUMBER OF EMPLOYEES	
Less than 10	79.5%
10 to 50	15.2%
50 to 100	3.4%
100 to 150	1.0%
150 to 200	1.0%
More than 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%

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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.

C. 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.

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5. THE TEAM

5.1 THE TEAM

The people who make up the Caja Rural de Navarra team are the bedrock of the Bank, along with our customers, suppliers and the wider society where we live and work. For this reason, we seek to help the people in all these stakeholder groups, which constitute the heart of the Company, to develop and evolve personally and professionally.

The corporate culture and the values we bring to work every day reflect this focus on people, their well-being, and our general determination to stand with our people, “always close”. Maintaining existing branches and opening new ones shows our determination to stay close to society in all urban and rural areas, and represents a guarantee of support for business in all zones, with particular emphasis on less populated areas that are of great importance in the integral development of our region.

Responsibility is a key element in how we see our environment, with high levels of continuous training tailored to individual circumstances and the people involved. This approach extends throughout Spain and internationally, thanks to our national and European alliances, in partnership with the European Union cooperative banking sector.

We see ourselves as partners with our team and customers, working together with the whole of wider society and our community.

We are a diverse and egalitarian team. We include all ages and there is collaboration between those starting out and experiencing the world of work for the first time and people with long track records and experience. Collaboration is a learning process for both sides, about advice and business focus on the one hand and about digitisation of the business and innovations in customer relationships on the other. An egalitarian workforce, with increasingly homogeneous access to managerial responsibilities. A team with very different backgrounds and diverse options that strive to integrate and work together every day.

A team that is constantly evolving and developing, where the engine of progress is personal and professional development, supporting our social engagement and the well-being of society, thanks to our diligence and hard work, with demanding standards and mutual trust.

5.2 DISTRIBUTION OF STAFF AND TYPES OF CONTRACT

5.2.1. TOTAL HEADCOUNT AND BREAKDOWN BY SEX, AGE, COUNTRY AND PROFESSIONAL CLASSIFICATION

2020

Total employees	948

1. By sex

Sex	Employees	% of total
Men	496	52.32%
Women	452	47.68%

2. By age

Age range	Sex	Employees 2020	% of total
Under 30	Men	114	12.03%
	Women	148	15.61%
	Total	**262**	**27.64%**
30 to 50 years	Men	296	31.22%

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	Women	277	29.22%
	Total	**573**	**60.44%**
Over 50	Men	86	9.07%
	Women	27	2.85%
	Total	**113**	**11.92%**

3. By professional classification

Professional category	**Sex**	**Employees**	**% of total**
Group I	Men	1	0.11%
	Women	0	0.00%
	Total	**1**	
Group II Grade 1	Men	10	1.05%
	Women	0	0.00%
	Total	**10**	
Group II Grade 2	Men	8	0.84%
	Women	0	0.00%

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	Total	**8**	
Group II Grade 3	Men	1	0.11%
	Women	0	0.00%
	Total	**1**	
Group II Grade 4	Men	10	1.05%
	Women	3	0.32%
	Total	**13**	
Group II Grade 5	Men	15	1.58%
	Women	3	0.32%
	Total	**18**	
Group II Grade 6	Men	163	17.19%
	Women	61	6.43%
	Total	**224**	
Group II Grade 7	Men	99	10.44%
	Women	139	14.66%
	Total	**238**	

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Group II Grade 8	Men	40	4.22%
	Women	62	6.54%
	Total	**102**	
Group II Grade 9	Men	35	3.69%
	Women	40	4.22%
	Total	**75**	
Group II Grade 10	Men	111	11.71%
	Women	144	15.19%
	Total	**255**	
Group III Assistants	Men	3	0.32%
	Women	0	0.00%
	Total	**3**	

* Professional classification has three groups: Group I is the Managing Director, who prepares for and works with the Governing Board in its decision-making when defining and proposing the business strategy, drawing up the Annual Operating Plan, setting targets for the income statement and expansion of the Bank and monitoring budgets.

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Group II is administrative and management personnel. This group involves heads of department and other executives responsible for carrying through the day-to-day business in the different areas. Group III, support staff, includes employees doing tasks that are not specifically related to banking but are support roles, such as qualified staff drivers and maintenance personnel.

Group II is divided into a number of pay grades. There are 10 pay grades for different functions within the same group. In addition to these 10 grades there are two starting grades, first-year entry and second-year entry. There is a professional promotion system within the Group II grades that means workers pass from grade 10 to 9, 9 to 8 and 8 to 7, and in the case of managers from 7 to 6 based on time served and the completion of commercial tasks.

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2021			
Total employees	947		
1. By sex			
Sex	**Employees**	**% of total**	
Men	483	51.00%	
Women	464	49.00%	
2. By age			
Age range	**Sex**	**Employees 2021**	**% of total**
Under 30	Men	100	10.56%
	Women	148	15.63%
	Total	**248**	**26.19%**
30 to 50 years	Men	294	31.05%
	Women	289	30.52%
	Total	**583**	**61.56%**
Over 50	Men	89	9.40%
	Women	27	2.85%
	Total	**116**	**12.25%**

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3. By professional classification			
Professional category	**Sex**	**Employees**	**% of total**
Group I	Men	1	0.11%
	Women	0	0.00%
	Total	**1**	
Group II Grade 1	Men	9	0.95%
	Women	0	0.00%
	Total	**9**	
Group II Grade 2	Men	8	0.84%
	Women	0	0.00%
	Total	**8**	
Group II Grade 3	Men	1	0.11%
	Women	0	0.00%
	Total	**1**	

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Group II Grade 4	Men	10	1.06%
	Women	2	0.21%
	Total	**12**	
Group II Grade 5	Men	15	1.58%
	Women	3	0.32%
	Total	**18**	
Group II Grade 6	Men	166	17.53%
	Women	64	6.76%
	Total	**230**	
Group II Grade 7	Men	117	12.35%
	Women	159	16.79%
	Total	**276**	
Group II Grade 8	Men	27	2.85%
	Women	44	4.65%
	Total	**71**	

Group II Grade 9	Men	32	3.38%
	Women	52	5.49%
	Total	**84**	
Group II Grade 10	Men	94	9.93%
	Women	140	14.78%
	Total	**234**	
Group III Assistants	Men	3	0.32%
	Women	0	0.00%
	Total	**3**	
* Professional classification has three groups: Group I is the Managing Director, who prepares for and works with the Governing Board in its decision-making when defining and proposing the business strategy, drawing up the Annual Operating Plan, setting targets for the income statement and expansion of the Bank and monitoring budgets. Group II is administrative and management personnel. This group involves heads of department and other executives responsible for carrying through the day-to-day business in the different areas. Group III, support staff, includes employees doing tasks that are not specifically related to banking but are support roles, such as qualified staff drivers and maintenance personnel. Group II is divided into a number of pay grades. There are 10 pay grades for different functions within the same group. In addition to these 10 grades there are two starting grades, first-year entry and second-year entry. There is a professional promotion system within the Group II grades that means workers pass from grade 10 to 9, 9 to 8 and 8 to 7, and in the case of managers from 7 to 6 based on time served and the completion of commercial tasks.			

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2022			
Total employees	956		
1. By sex			
Sex	**Employees**	**% of total**	
Men	482	50.42%	
Women	474	49.58%	
2. By age			
Age range	**Sex**	**Employees 2022**	**% of total**
Under 30	Men	108	11.30%
	Women	153	16.00%
	Total	**261**	**27.30%**
30 to 50 years	Men	284	29.71%
	Women	292	30.54%
	Total	**576**	**60.25%**
Over 50	Men	90	9.41%
	Women	29	3.03%
	Total	**119**	**12.45%**

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3. By professional classification			
Professional category	**Sex**	**Employees**	**% of total**
Group I	Men	1	0.10%
	Women	0	0.00%
	Total	**1**	
Group II Grade 1	Men	7	0.73%
	Women	0	0.00%
	Total	**7**	
Group II Grade 2	Men	8	0.84%
	Women	0	0.00%
	Total	**8**	
Group II Grade 3	Men	1	0.10%
	Women	0	0.00%
	Total	**1**	
Group II Grade 4	Men	8	0.84%
	Women	2	0.21%
	Total	**10**	
Group II Grade 5	Men	15	1.57%
	Women	2	0.21%
	Total	**17**	
Group II Grade 6	Men	169	17.68%
	Women	72	7.53%

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	Total	**241**	
Group II Grade 7	Men	110	11.51%
	Women	168	17.57%
	Total	**278**	
Group II Grade 8	Men	20	2.09%
	Women	23	2.41%
	Total	**43**	
Group II Grade 9	Men	45	4.71%
	Women	68	7.11%
	Total	**113**	
Group II Grade 10	Men	94	9.83%
	Women	137	14.33%
	Total	**231**	
Group II Access to Profession I	Men	2	0.21%
	Women	1	0.10%
	Total	**3**	
Group III	Men	2	0.21%
	Women	1	0.10%
	Total	**3**	

* Professional classification has three groups: Group I is the Managing Director, who prepares for and works with the Governing Board in its decision-making when defining and proposing the business strategy, drawing up the Annual Operating Plan, setting targets for the income statement and expansion of the Bank and monitoring budgets.

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Group II is divided into a number of pay grades. There are 10 pay grades for different functions within the same group. In addition to these 10 grades there are two starting grades, first-year entry and second-year entry. There is a professional promotion system within the Group II grades that means workers pass from grade 10 to 9, 9 to 8 and 8 to 7, and in the case of managers from 7 to 6 based on time served and the completion of commercial tasks.

*** Employee data is taken at 31/12 of the year analysed**

5.2.2. TOTAL HEADCOUNT AND BREAKDOWN BY TYPE OF EMPLOYMENT CONTRACT

2020

Total employees	948

1. Type of contract

	Description	Employees	% of total
	Permanent F/T	740	78.06%
	Permanent P/T	2	0.21%
	F/T fixed-term work or services	7	0.74%

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	F/T circumstances of production	57	6.01%
	P/T circumstances of production	0	0.00%
	Temporary F/T	10	1.05%
	Apprenticeship F/T	131	13.82%
	Work experience P/T	1	0.11%
	Total	**948**	100.00%

*F/T: Full time
* P/T: Part time

2021

Total employees	947

1. Type of contract

	Description	Employees	% of total
	Permanent F/T	772	81.52%
	Permanent P/T	2	0.21%
	F/T fixed-term work or services	0	0.00%
	F/T circumstances of production	40	4.22%

	P/T circumstances of production	0	0.00%
	Temporary F/T	11	1.16%
	Apprenticeship F/T	121	12.78%
	Work experience P/T	1	0.11%
	Total	**947**	100.00%

*F/T: Full time
* P/T: Part time

2022

Total employees	

1. Type of contract

	Description	Employees	% of total
	Permanent F/T	803	84.00%
	Permanent P/T	1	0.10%
	F/T fixed-term work or services	0	0.00%
	F/T circumstances of production	0	0.00%
	P/T circumstances of production	0	0.00%

	Temporary F/T	14	1.46%
	Apprenticeship F/T	137	14.33%
	Work experience P/T	1	0.10%
	Total	**956**	100%

*F/T: Full time
* P/T: Part time

* *The breakdown by sex and number of contracts is similar for both full-time and part-time contracts.*

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5.2.3. ANNUAL AVERAGE OF PERMANENT/TEMPORARY CONTRACTS

Total employees 2021	94 7

	2022	2021	2020
Total permanent contracts	804	774	742

	Description	2022	2021	Employees 2020
	Permanent F/T	803	772	740
	Permanent P/T	1	2	2

1. By sex

Sex	Employees 2022	% of 2022 total
Men	420	52.24%
Women	384	47.76%

2. By age

Age range	Employees 2022	% of 2022 total
Under 30	114	14.18%

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30 to 50 years	571	71.02%
Over 50	119	14.80%

3. By professional classification

Professional category	Employees 2022	% of 2022 total
Group I	1	0.12%
Group II Grade 1	7	0.87%
Group II Grade 2	8	1.00%
Group II Grade 3	1	0.12%
Group II Grade 4	10	1.24%
Group II Grade 5	17	2.11%
Group II Grade 6	241	29.98%
Group II Grade 7	278	34.58%
Group II Grade 8	43	5.35%
Group II Grade 9	113	14.05%
Group II Grade 10	82	10.20%
Group III	3	0.37%

4. By province

PROVINCE	Employees 2022	% of 2022 total
ÁLAVA	46	5.72%
GUIPÚZCOA	107	13.31%
LA RIOJA	66	8.21%

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MADRID	2	0.25%
NAVARRE	474	58.96%
VIZCAYA	109	13.56%
Total	804	100.00%

	2022	**2021**	**2020**
Total temporary contracts	152	173	206

	Description	**Employees 2022**	**Employees 2021**	**Employees 2020**
	F/T fixed-term work or services	0	0	7
	F/T circumstances of production	0	40	57
	Temporary F/T	14	11	10
	Apprenticeship F/T	137	121	131
	P/T circumstances of production	0	0	0
	Work experience P/T	1	1	1

1. By sex

Sex	**Employees 2022**	**% of total**
Men	62	40.79%
Women	90	59.21%

2. By age

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Age range	Employees 2022	% of total
Under 30	147	96.71%
30 to 50 years	5	3.29%
Over 50	0	0.00%

3. By professional classification

Professional category	Employees 2022	% of total
Group II Grade 10	149	98.03%
Group II Access to Profession I	3	1.97%

PROVINCE	Employees 2022	% of 2022 total
ÁLAVA	7	4.61%
GUIPÚZCOA	27	17.76%
LA RIOJA	19	12.50%
MADRID	0	0.00%
NAVARRE	82	53.95%
VIZCAYA	17	11.18%
Total	152	100.00%

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
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5.2.4. DEPARTURES BY SEX, AGE, COUNTRY AND PROFESSIONAL CLASSIFICATION

2020

Total departures	10

1. By sex

Sex	Employees	% of total
Men	6	60.00%
Women	4	40.00%

2. By age

Age range	Employees	% of total
Under 30	2	20.00%
30 to 50 years	3	30.00%
Over 50	5	50.00%

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3. By professional classification

Professional category	Employees	% of total
Group II Grade 6	5	50.00%
Group II Grade 7	2	20.00%
Group II Grade 9	2	20.00%
Group II Grade 10	1	10.00%

2021

Total departures	4

1. By sex

Sex	Employees	% of total
Men	3	75.00%
Women	1	25.00%

2. By age

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Age range	Employees	% of total
Under 30	1	25.00%
30 to 50 years	1	25.00%
Over 50	2	50.00%

3. By professional classification

Professional category	Employees	% of total
Group II Grade 6	1	25.00%
Group II Grade 7	1	25.00%
Group II Grade 8	1	25.00%
Group II Grade 10	1	25.00%

2022

Total departures	10

1. By sex

Sex	Employees	% of total

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Men	6	60.00%
Women	4	40.00%

2. By age

Age range	Employees	% of total
Under 30	0	0.00%
30 to 50 years	5	50.00%
Over 50	5	50.00%

3. By professional classification

Professional category	Employees	% of total
Group II Grade 4	1	10.00%
Group II Grade 5	1	10.00%
Group II Grade 6	2	20.00%
Group II Grade 7	3	30.00%
Group II Grade 8	1	10.00%
Group II Grade 10	1	10.00%
Group II Grade 2	1	10.00%

5.2.5. EMPLOYEES AT YEAR-END, BY PROVINCE

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

2020

PROVINCE	EMPLOYEES
NAVARRE	564
VIZCAYA	124
GUIPÚZCOA	126
LA RIOJA	81
ÁLAVA	52
MADRID	1
TOTAL	948

Province	Sex	Employees
ÁLAVA	Men	29
	Women	23
	Total	**52**
GUIPÚZCOA	Men	64
	Women	62
	Total	**126**

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LA RIOJA	Men	43
	Women	38
	Total	**81**
MADRID	Men	1
	Total	**1**
NAVARRE	Men	301
	Women	263
	Total	**564**
VIZCAYA	Men	58
	Women	66
	Total	**124**
Total		948

Province	Age range	Employees

ÁLAVA	Under 30	17
	30 to 50 years	34
	Over 50	1
	Total	**52**
GUIPÚZCOA	Under 30	38
	30 to 50 years	82
	Over 50	6
	Total	**126**
LA RIOJA	Under 30	24
	30 to 50 years	55
	Over 50	2
	Total	**81**
MADRID	30 to 50 years	1
	Total	**1**

NAVARRE	Under 30	139
	30 to 50 years	323
	Over 50	102
	Total	**564**
VIZCAYA	Under 30	44
	30 to 50 years	78
	Over 50	2
	Total	**124**
Total		**948**

2021

PROVINCE	**EMPLOYEES**
NAVARRE	553
VIZCAYA	119
GUIPÚZCOA	135
LA RIOJA	82

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

ÁLAVA	55
MADRID	3
TOTAL	947

Province	**Sex**	**Employees**
ÁLAVA	Men	33
	Women	22
	Total	**55**
GUIPÚZCOA	Men	69
	Women	66
	Total	**135**
LA RIOJA	Men	37
	Women	45
	Total	**82**
MADRID	Men	3
	Total	**3**

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

NAVARRE	Men	289
	Women	264
	Total	**553**
VIZCAYA	Men	52
	Women	67
	Total	**119**
Total		947

Province	**Age range**	**Employees**
ÁLAVA	Under 30	15
	30 to 50 years	39
	Over 50	1
	Total	**55**
GUIPÚZCOA	Under 30	42

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Tel.: 948 168 100

	30 to 50 years	88
	Over 50	5
	Total	**135**
LA RIOJA	Under 30	22
	30 to 50 years	59
	Over 50	1
	Total	**82**
MADRID	Under 30	1
	30 to 50 years	2
	Total	**3**
NAVARRE	Under 30	133
	30 to 50 years	313
	Over 50	107
	Total	**553**
VIZCAYA	Under 30	35
	30 to 50 years	82

	Over 50	2
	Total	**119**
Total		**947**

2022

PROVINCE	EMPLOYEES
NAVARRE	556
VIZCAYA	126
GUIPÚZCOA	134
LA RIOJA	85
ÁLAVA	53
MADRID	2
TOTAL	956

Province	Sex	Employees
ÁLAVA	Men	33
	Women	20

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

	Total	**53**
GUIPÚZCOA	Men	68
	Women	66
	Total	**134**
LA RIOJA	Men	41
	Women	44
	Total	**85**
MADRID	Men	2
	Total	**2**
NAVARRE	Men	286
	Women	270
	Total	**556**
VIZCAYA	Men	52
	Women	74
	Total	**126**
Total		956

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Province	Age range	Employees
ÁLAVA	Under 30	11
	30 to 50 years	41
	Over 50	1
	Total	**53**
GUIPÚZCOA	Under 30	41
	30 to 50 years	84
	Over 50	9
	Total	**134**
LA RIOJA	Under 30	25
	30 to 50 years	56
	Over 50	4
	Total	**85**
MADRID	30 to 50 years	2
	Total	**2**

NAVARRE	Under 30	145
	30 to 50 years	308
	Over 50	103
	Total	**556**
VIZCAYA	Under 30	39
	30 to 50 years	85
	Over 50	2
	Total	**126**
Total		**956**

* Employee data is taken at 31/12 of the year analysed

5.2.6 INTEGRATED REPORT 2022

EXPERIENCE (AVERAGE SENIORITY) 2022	13.65
EXPERIENCE (AVERAGE SENIORITY) 2021	13.66
EXPERIENCE (AVERAGE SENIORITY) 2020	13.32

DIVERSITY	**Employees 2022**	**% of 2022 total**	**% of 2021 total**	**% of 2020 total**
Men	482	50.42%	51.00%	52.32%

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Women	474	49.58%	49.00%	47.68%

University graduates	**Employees 2022**	**% of 2022 total**	**% of 2021 total**	**% of 2020 total**
Non-graduates	49	5.13%	5.91%	6.75%
Graduates	907	94.87%	94.09%	93.25%
Total	956			
	2022	**2021**	**2020**	
People with disabilities	5	5	4	

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5.3. REMUNERATION POLICY

The core aim of remuneration policy is to align the actions of teams with the long-term aims of the Bank.

The Legal Representation of Employed People (LREP) is involved in designing and planning remuneration policy through the National Collective Agreement for Credit Cooperatives, management of the Bank and has the approval of the Remuneration Committee and, finally, the Governing Board.

Long-term aims include the need to generate financial profit but also take account of other key issues for a cooperative organization with strong local roots, such as growing its customer base, increasing the number of products held by each customer, building customer loyalty and fostering a positive market image of the services and value we provide.

The basic criteria that flow from this core aim are as follows:

A. Individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.

B. variable remuneration, which is discretional and non-obligatory, shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It will create no direct incentives to sell specific projects, such as discounts or fee reversals.

C. Variable remuneration must be capped as a proportion of fixed income and can never be more than 100 % of fixed remuneration, as required by regulations in force.

D. It should always be based on the qualitative issues most closely related to long-term performance (maintenance of the customer base, customer satisfaction, balanced growth, etc.).

E. Part of variable remuneration shall be deferred for between 3 and 5 years, tied to completion of the Strategic Plan for this period.

F. Customer satisfaction data feeds into the design of remuneration policy.

G. Variable remuneration shall include a clawback clause allowing the Cooperative Back to retrieve sums paid in the event of fraud, disciplinary dismissal or misconduct that causes serious damage to the Bank.

H. Before agreeing any payment, the Bank must make sure that minimum solvency requirements will continue to be met so its solvency is not imperilled and check it against the detailed indicators in the Risk Appetite Framework.

Basic pay structure is set out in the Collective Agreement of Cooperative Credit Institutions, agreed between the employers of the National Union of Cooperative Credit Institutions and the unions, which sets the standard for all employees.

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Once regulatory requirements have been met, the remuneration of each employee is set individually based on their individual career. Fair treatment is ensured by looking at a set of standardised functions for which they are responsible.

In accordance with Caja Rural de Navarra's Equality Plan and applicable regulations, the salary gap is analysed and conclusions drawn on reducing gender pay gaps. Also, a new Equality Plan is being negotiated through the Negotiating Committee.

Data from individual pay awards are aggregated to check they match the Bank's budget and ensure there is no overrun during the year.

1. REMUNERATION SYSTEM

Caja Rural de Navarra structures its remuneration system to achieve an internal coherence between the elements of remuneration and the posts and responsibilities being rewarded, and gender equality, which is tailored to the realities of the market and provides a path of professional progress and promotion for its staff.

DISTRIBUTION OF ELEMENTS OF REMUNERATION

	2022	**2021**	**2020**
Collectively negotiated salary	67.39	69.99	65.51
Voluntary salary	21.61	20.71	19.10
Incentives	11.01	9.30	15.38

* 2020 includes incentive payments on the Strategic plan

Caja Rural de Navarra has approved its Remuneration Policy linked to Risk management which is designed to fulfil its stated obligations.

The Policy is based on a number of principles, including the following:

• Fixed individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.

• Variable remuneration is discretionary and shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It is based on a qualitative assessment, taking into account aspects relating to the quality and performance of their work.

All salary information refers to the **Average Labour Index** for the Caja Rural de Navarra.

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Average remuneration by professional classification:

Category	Average Salary 2022	Average Salary 2021	Average Salary 2020
Group II Grade 1	3.06	2.91	3.00
Group II Grade 2	2.25	2.28	2.29
Group II Grade 4	1.97	1.98	1.97
Group II Grade 5	1.85	1.85	1.83
Group II Grade 6	1.34	1.35	1.36
Group II Grade 7	0.99	0.99	0.99
Group II Grade 8	0.93	0.89	0.89
Group II Grade 9	0.77	0.74	0.76
Group II Grade 10	0.57	0.55	0.57
Group II Access to Professio n I	0.49		
Group III Assistant s	0.75	0.83	0.84

** Data based on average labour index

2020

Minimum starting salary EUR/h		
22,634.18	1,700	13.31

Minimum starting salary EUR/NMW 2020		
22,634.18	13,300.00	1.70

*NMW = Spanish national minimum wage in 2020

2021

Minimum starting salary EUR/h		
22,917.18	1,700	13.48

Minimum starting salary EUR/NMW 2020		
22,917.18	13,510.00	1.70

*NMW = Spanish national minimum wage in 2021

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Category	Average Salary 2022	Average Salary 2021	Average Salary 2020
Group II Grade 1	3.34	3.16	3.26
Group II Grade 2	2.45	2.47	2.49
Group II Grade 4	2.16	2.15	2.14
Group II Grade 5	2.02	2.00	1.98
Group II Grade 6	1.46	1.46	1.48
Group II Grade 7	1.08	1.07	1.08
Group II Grade 8	1.02	0.96	0.97
Group II Grade 9	0.84	0.80	0.83
Group II Grade 10	0.62	0.60	0.61
Group II Access to Profession I	0.54		
Group III Assistants	0.82	0.90	0.91

2022

Minimum starting salary EUR/h		
19,735.83	1,700	11.61

Minimum starting salary EUR/NMW 2022		
€ 19,735.83	€ 14,000.00	1.41

*NMW = Spanish national minimum wage in 2022

** Data based on average salary

2. AVERAGE REMUNERATION AND BREAKDOWN BY SEX AND AGE

Sex:	**AVERAGE SALARY 2020**	**AVERAGE SALARY 2021**	**AVERAGE SALARY 2022**
MEN	1.15	1.16	1.15
WOMEN	0.84	0.83	0.85

Age:	AVERAGE MEN'S SALARY 2020	AVERAGE MEN'S SALARY 2021	AVERAGE MEN'S SALARY 2022	AVERAGE WOMEN'S SALARY 2020	AVERAGE WOMEN'S SALARY 2021	AVERAGE WOMEN'S SALARY 2022
Under 30	0.58	0.58	0.60	0.58	0.57	0.59
30 to 50 years	1.24	1.21	1.20	0.95	0.94	0.95
Over 50	1.62	1.64	1.66	1.03	1.11	1.11

3. AVERAGE SALARY GAP BY FUNCTION, MEN vs. WOMEN

By function:	AVERAGE MEN'S SALARY 2020	AVERAGE MEN'S SALARY 2021	AVERAGE MEN'S SALARY 2022	AVERAGE WOMEN'S SALARY 2020	AVERAGE WOMEN'S SALARY 2021	AVERAGE WOMEN'S SALARY 2022
Head of Area/Zone	2.60	2.57	2.60	2.22	2.05	2.15
Manager of Branch/CS	1.39	1.38	1.39	1.13	1.13	1.15
Administration-Sales/CS	0.90	0.92	0.91	0.75	0.75	0.77

* CS: Central Services
* Data based on average labour index

AVERAGE SALARY GAP

Sex:	AVERAGE SALARY 2020/Mean	AVERAGE SALARY 2021/Mean	AVERAGE SALARY 2022/Mean

MEN	1.25	1.26	1.26
WOMEN	0.91	0.90	0.92

Age:	**AVERAGE SALARY MEN 2020/Mean**	**AVERAGE SALARY MEN 2021/Mean**	**AVERAGE SALARY MEN 2022/Mean**	**AVERAGE SALARY WOMEN 2020/Mean**	**AVERAGE SALARY WOMEN 2021/Mean**	**AVERAGE SALARY WOMEN 2022/Mean**
Under 30	0.63	0.63	0.66	0.63	0.61	0.65
30 to 50 years	1.34	1.31	1.31	1.03	1.02	1.04
Over 50	1.76	1.78	1.81	1.12	1.21	1.21

By function:	**AVERAGE SALARY MEN 2020/Mean**	**AVERAGE SALARY MEN 2021/Mean**	**AVERAGE SALARY MEN 2022/Mean**	**AVERAGE SALARY WOMEN 2020/Mean**	**AVERAGE SALARY WOMEN 2021/Mean**	**AVERAGE SALARY WOMEN 2022/Mean**
Head of Area/Zone	2.82	2.78	2.84	2.41	2.22	2.35
Manager of Branch /CS	1.51	1.50	1.51	1.23	1.22	1.26
Administration - Sales/CS	0.98	1.00	0.99	0.82	0.81	0.84

* CS: Central Services
* Data based on average salary

4. SALARY DISTRIBUTION 2022

	2022	**2021**	**2020**
Ratio of best-paid person's salary vs. mean employee salary (excluding the top earner)	**6.67**	**6.31**	**5.89**

MEAN % PAY RISE	1.76	1.25	0.31
Ratio of % increase best-paid person's salary vs. mean % increase	**0.15**	**0.95**	**3.21**

5. AVERAGE REMUNERATION OF DIRECTORS AND MANAGERS

BOARD

IGNACIO TERÉS LOS ARCOS

PEDRO JESÚS IRISARRI VALENCIA

MARCELINO ETAYO ANDUEZA

FERMÍN ESANDI SANTESTEBAN

MANUEL GARCÍA DÍAZ DE CERIO

IGNACIO ZABALETA JURIO

AINHIZE MURATORI IRURZUN

PEDRO JOSÉ GOÑI JUAMPÉREZ

GABRIEL URRUTIA AICEGA

JOSÉ JOAQUÍN RODRÍGUEZ EGUILAZ

JESÚS MARÍA DEL CASTILLO TORRES

ALBERTO ARRONDO LAHERA

CARLOS SÁNCHEZ DIESTRO

ANA MARÍA IZAGUIRRE LARRAÑAGA

FERNANDO OLLETA GAYARRE

ALATZ SALVATIERRA ECHEVERRIA

Gross total remuneration of the Board was EUR 67,775.27

Annual average remuneration per person: € 4,235.95

MANAGEMENT BOARD

ARRIETA DEL VALLE IGNACIO (A.D.)

MAEZTU ZAPATERIA IGNACIO (A.D.)

AYECHU REDIN JUAN MARIA (A.D.)

GARCIA DE EULATE MARTIN MORO M (A.D.)

RODRIGUEZ LASPIUR FRANCISCO J. (A.D.)

TURRILLAS RECARI ALBERTO (A.D.)

SOLA ARRESE FELIX (A.D.)

SAGASETA GARCIA CARLOS ALBERTO (A.D.)

SOTRO BELZARENA RODOLFO (F.D.)

BERAZALUCE MINONDO FRANCISCO J. (F.D.)

CAMPOS JIMENEZ FERNANDO (F.D.)

TABOADA PLATAS SERGIO (F.D.)

MORIONES ARAMENDIA MARIA (F.D.)

MENA SOLA IGNACIO (F.D.)

URDANGARIN TOLOSA MIKEL (F.D.)

SORBET LAMPEREZ IÑAKI (F.D.)

VERTIZ SUBIZAR JAVIER (O.F.)

IBAÑEZ CORCUERA ANE (O.F.)

SANZ NICUESA ALBERTO JOSE (O.F.)

Gross total remuneration EUR 2,260,252.00

Annual average remuneration per person: € 118,960.63

5.4 CORPORATE PROFIT FOR THE YEAR

BENEFITS IN KIND – FINANCIAL PRODUCTS

- Subsidised loans

  Employee primary home loan (personal guarantee or mortgage)

  Home loan under collective agreement (personal guarantee or mortgage)

  Employee payments (personal guarantee)

  Loans for other purposes (personal guarantee or mortgage)

  Second home loans (personal guarantee or mortgage)

  Pledges

  Loans

- Subsidised current or savings account
- Subsidised cards and Via-T cards
- Special conditions on international transactions.
- Regular free transfers
- Securities: special terms for employees, spouses and non-adult children
- Car and home insurance with special discounts for employees
- Employee discount on Guuk basic package

5.5 CONCILIATION MEASURES

WORK-LIFE BALANCE BENEFITS

- Digital disconnection policies
- Flexible working hours
- Paid and unpaid permits and licenses
- Maternity leave
- Shorter working day
- Medical support
- Voluntary leave and leave for care of children under 3

OTHER BENEFITS

- Support with children's studies
- Support with employees' studies
- Family support for children
- Additional orphan's pension for children of deceased employees
- Life and casualty insurance for employees
- Right to receive 100% of real salary for 18 months temporary disability leave

5.6 RIGHT TO DISCONNECT

The right to digital disconnection is a labour law that seeks to adapt the workforce to the new realities of the digital age while ensuring respect for the rights to rest time, leave and holidays, outside legal working hours, and for the personal and family life of workers, creating a healthy work/life balance, goldplating statutory requirements in this area.

The measure also helps prevent risks at work, by reducing mental overload that can result in inattention at work. Hyperconnectivity and a constant attention to and preoccupation with work can cause stress and anxiety. Better time management leads to greater employee motivation and better results in terms of productivity and performance.

Accordingly, in line with the regulations in Article 20a of the Labour Code, the Bank and employees' representatives signed an agreement recognising that workers have the right to digital disconnection to make sure that, outside legal or negotiated working hours, their free time, leave and holidays and their personal and family life are respected.

Article 69.1 of the National Collective Agreement for Credit Cooperatives sets out the agreements regarding the right to disconnect digitally and from work.

5.7 GOING BEYOND PERSONAL DEVELOPMENT

Professional development is based on a combination of personal habits (commitment, effort, responsibility, etc.) and the development of the skills that professional activity demands. When both are working together the result is work satisfaction and better productivity.

The Bank has calculated an overall skills level for itself, this being the sum of the skills of each team member projected as a Talent Map for Caja Rural de Navarra.

This analysis allows us not only to balance the team to meet current needs but also to adjust strategy as we go along to meet the Bank's long-term targets.

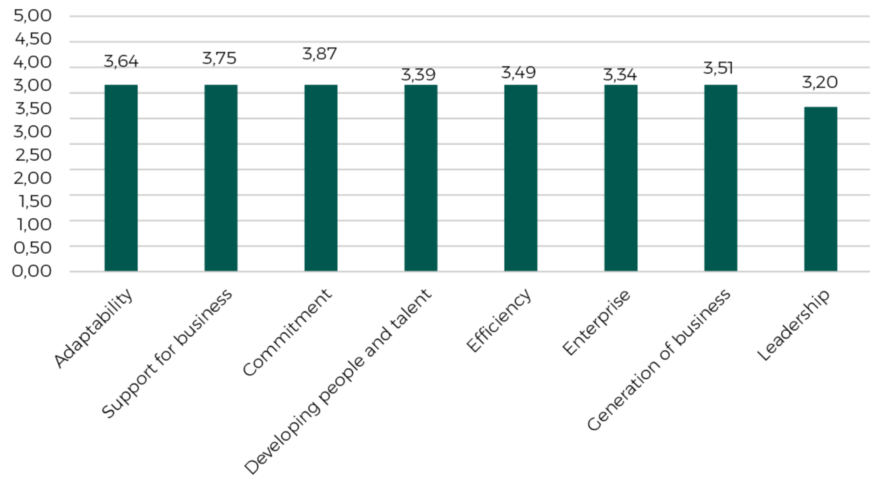
The Talent Map is based on three main levels:

- **A solid Management Structure**, that leads the development of the business and teams
- Professionals working in teams with the potential to **take on new responsibilities**
- **Integration of Talent** with high potential and scope to develop further

The process used to assess performance and produce the diagnostic cited above, is the Improvement Plan.

Competences assessed during the process are linked to the Bank's values. And we lay especial emphasis on Leadership, as we consider that the managerial function is key to the personal development of Bank employees.

in 2022, the average score for each skill was as follows:



The whole assessment process takes as its starting point a formula that will evolve through different phases, which will involve the person being assessed, the head of department, Zone and Area Managers and Human Resources, who have a coordinating role in the process.

The phases of the Improvement Plan are as follows.

The key phase is the one-on-one interview when the line manager meets each member of the team to share the assessment and provide feedback. This is where the improvement targets are set.

RURAL ERASMUS

This year, following the pandemic, we have revived an initiative that pulled together the different areas with central services, sharing knowledge and adding value to professional development.

Five people took part in the programme this year. The programme moves participants to a new area where they have to join in the work of a branch with very different features and environment to what they are used to. During their stay, they can experience the working patterns of different areas of Central Services.

5.8 STRUCTURES FOR DIALOGUE WITH EMPLOYEES

As a Credit Cooperative, Caja Rural de Navarra is overseen by its Governing Board and this body includes one person representing workers, who therefore takes part in corporate governance decisions and has access to all the Bank's management and strategic information.

He/she also sits on the Remuneration Committee, where the Bank’s remuneration policy is analysed before being passed on to the Governing Board for approval.

Similarly, the way the Bank organises its human resources means employees have a voice in their day-to-day activities. First, it promotes teamwork so that the branch office is the Company’s core operational unit. Accordingly, targets set by the company are all team targets. The criteria to achieve, whether in terms of financial growth, customers or general functioning of the branch, are common goals shared by all.

The company’s communications system is also based on team meetings and coordinated decision-making by managers with the participation of all those involved. All the committees and meetings feed into the branch meeting, which is the core forum for the team and requires the collaboration of the whole group.

Relations with the workers’ representation bodies are continuous, providing for consultation and participation in decisions. They are conducted via permanent structures such as the Health and Safety

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Committee and the Equality Plan Negotiating Committee, and through ongoing communications as part of the Bank's normal conduct of its business.

The collective agreement governing terms and conditions in the sector is negotiated for all credit cooperatives by the UNACC, which includes the Bank, and by ASEMEC on the management side and by the unions Comisiones Obreras (CC.OO.) and Unión General de Trabajadores (UGT) on the workers' side. This sets the basic regulations for the activity of cooperative credit institutions and as such applies directly to 100% of Caja Rural de Navarra employees.

However, in addition to the above negotiation and application of the collective sector agreement, there are other areas which are regulated by internal agreements between employees' legal representatives and management, addressing specific issues that improve on the terms in the collective agreement or regulate matters not covered by the general regulations.

Current agreements in force cover, first, distribution of working hours in light of work-life balance and employees' right to decide some of their working hours, so that work is done at the best time for the business and the employee and coordinated with the working team. It also covers extra holidays.

Secondly, employee benefits such as loans for various purposes, various types of insurance protection and support for families with children.

5.9 TRAINING POLICIES

At Caja Rural de Navarra we are committed to the professional development of the entire workforce so that everyone has the opportunity to pursue a professional career and develop as they take on different roles.

This commitment to personal development demands major investments in terms of both money and the time we all give to training, being trained and ultimately making this professional development possible. We foster an environment of continuous learning. Our policy of generational diversity among the staff proves useful here, as it is a fundamental feature of people from different generations working alongside each other that they learn from each other in an organic and sustainable way, transferring our values of proximity, commitment and responsibility.

Also, we make a particular effort with people who join the Bank on the work experience programmes that we help run with Universities every year, investing time and resources to support their personal development and financial education that will be useful in their future lives.

The Caja Rural de Navarra training plan lays the groundwork for the actions that are run during the year with the aim of evolving as an organisation in terms of personal and professional growth, matching the needs of the workforce with our need to adapt to market situations or regulatory changes with the right training for each group.

Training Areas have been highly diverse in 2022, with a strong emphasis on the Bank's current focus on Advisory services, which requires certification of the entire workforce. There is also an Experience Programme that includes two of the three official certifications (MiFID 2 and Mortgage Act) which we run to develop the skills of new recruits. We also run annual refresher programmes to keep the knowledge of qualified advisors up to date.

Training courses in cybersecurity and regulatory training regarding Insurance, Prevention of Money Laundering, Compliance and Data Protection make up the rest of the programmes delivered by the Bank.

We should also mention the launch of the creativity groups in the company. These offer an introductory training in dynamisation that is helping us to innovate and focus creatively.

Elsewhere, we have our own Virtual Classroom with a wide range of e-learning programmes that are open to the whole workforce.

In 2022, a total of 106,419.75 training hours were delivered as follows:

Sex	Training hours	% Total hours
Men	52,989.00	49.79%
Women	53,430.75	50.21%
Total	106,419.75	100.00%

By age

Age range	Training hours	% Total hours
Under 30	31,964.00	30.04%
30 to 50 years	63,829.50	59.98%

Over 50	10,626.25	9.99%
Total	106,419.75	100.00%

In 2022, average training hours per person were 111.32 hours, ensuring the workforce was kept permanently updated on major issues.

By type of training

Type of training	Training hours	% Total hours
Regulations	87,123.00	81.87%
Other	19,296.75	18.13%
Total	106,419.75	100.00%

Finally, we would point out that 92.96 % of training hours in 2022 were delivered via video-conferencing or e-learning, improving work-life balance and, by reducing travel time, sustainability.

By training format

Type of training	Training hours
Online	98,932.50
Face-to-face	7,487.25
Total	106,419.75

5.10 ABSENTEEISM INDEX AT CAJA RURAL DE NAVARRA

TYPE OF ABSENTEEISM	2020	2021	2022
Common illness	32,190.00	26,077.50	33,382.50
Covid-19 illness	17,805.00	17,085.00	11,130.00
Non-work accident	1,267.50	1,605.00	1,950.00
Accident at work/Work-related illness	555.00	1,807.50	262.50
Maternity	12,667.50	12,705.00	12,915.00
Paternity/full or part time	7,230.00	10,785.00	10,353.75
Paid leave	N/A	6,187.50	6,545.03
TOTAL HOURS OFF WORK	**71,715.00**	**76,252.50**	**76,538.78**
ABSENTEEISM INDEX	**4.45%**	**4.33%**	**4.42%**

5.11 MEASURES TO PROMOTE GENDER EQUALITY OF TREATMENT AND OPPORTUNITIES

At Caja Rural de Navarra we are implementing an Equality Plan. However, since late 2021 we have been negotiating with the workers' legal representatives to make changes that would embed measures strengthening our commitment to policies of equal treatment and opportunities for men and women.

We see equal management as one of our Corporate and Human Resources principles as well as a key strategic principle. We promote a culture of gender equality throughout the workforce, and act as an equalities trailblazer in the community.

The workforce is evenly split between men and women, and 36.67 % of branch managers, a key role in the Bank, are women. This is one of the highest ratios in the sector.

5.12 **A PROFESSIONAL OPPORTUNITY**

Our commitment to employment begins at university. We look at the training environment, the pool of talent available to the Bank, and in the spirit of proximity that is our hallmark we take part in various activities to help ease people into the world of work.

Job fairs

We are present at events held in our community, to try to stay close to young talent and communicate our project and professional offering.

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This year we attended the following events:

Navarre: Jobs fairs at the Universidad de Navarra and Universidad Pública de Navarra, in Tudempleo and Navarrajobs.
Gipuzkoa: Jobs fair at the Universidad del País Vasco and Gipuzkoa Chamber of Commerce.
Vizcaya: Deusto jobs fair and Career Days run by the Vizcaya Chamber
Álava: Emleogune, organised by Vitoria local authorities and the Universidad del País Vasco.

Practical experience

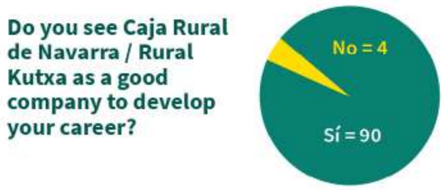
Our internship programmes are also an example of the commitment to introducing people to working life and building up young talent in our community. They give an opportunity to put into practice acquired knowledge and to develop skills linked to the business.

For Caja Rural de Navarra, these programmes are the main channel for recruiting talent.

The summer internship programme run during July and August welcomed 106 students from the following universities:

Universidad Pública De Navarra
Universidad Del País Vasco
Universidad De La Rioja
Universidad De Deusto
Universidad De Navarra
Universidad De Mondragón
Universidad De Valladolid
Universidad De Zaragoza
Universidad Carlos Iii
Universidad Rey Juan Carlos
Universidad Francisco De Vitoria
Universidad de Vigo

Each year, we ask for feedback on the lived experience of this group. This anonymous survey also allows us to analyse broad factors related to the Bank's image as an employer. For instance, these two questions which we put to students and the conclusions we drew.



Experience programme

The Experience Programme has a dual format. Recent graduates work in our teams where they can put into practice the knowledge of the Customer Experience Expert while also training for MiFID 2 and Mortgage Act qualifications.

The programme is our "school" for financial advisory professionals. 119 people went through it this year.

CRN Tutoring Programme

Guidance and feedback are key to personal development processes, particularly when onboarding inexperienced young people into the Bank. To provide this, we assign an experienced internal tutor whose functions include:

- Welcoming new recruits
- Organizing their work
- Supporting them in fulfilling their role
- Overseeing, guiding and controlling the development of their work experience

This year, we have launched a training course for branch managers, who will go on to tutor new recruits. 171 people completed it out of 231 who signed up.

A positive environment

We are always aware of the motivation that comes from working in a committed company, which is appealing to customers and those we train in the team.

Proximity implies a commitment to our community, partners, customers, suppliers and, of course, the people who working our team.

Stability is a feature of Caja Rural de Navarra's culture. In 2022, there were 10 voluntary resignations among people on permanent contracts and, in the spirit of sustainable growth, 56 new people were hired on permanent contracts.

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5.13 PROTOCOL ON SEXUAL AND GENDER HARASSMENT AND AGAINST ANY KIND OF DISCRIMINATION

Caja Rural de Navarra is firmly committed to zero tolerance of any discrimination based on sex, gender, race, age, nationality, religion, sexual orientation, disability, family origin, language, political ideology, political or trade union affiliation or any other characteristic that is not objectively related to working conditions or whose consideration for these purposes is prohibited by law.

Management will ensure the working environment remains healthy and safe for all employees and that no-one experiences any harassment of any kind, whether sexual, labour, personal or gender-based. They will also act to prevent any behaviour creating an intimidating, hostile, humiliating or offensive environment within the work teams.

It is vital to remember that a workplace culture that respects people's right to physical and psychological integrity is the responsibility of all employees of the Bank, particularly when it comes to reporting such behaviour.

5.14 OCCUPATIONAL HEALTH AND SAFETY: PREVENTING WORK RELATING RISKS

To comply with applicable Regulations on the prevention of work-related risks and to guarantee the health and safety of its employees, Caja Rural has an In-house Prevention Service which works on prevention and embraces the specialist areas of Safety, Ergonomics and Applied Psychosociology. Industrial Hygiene and health monitoring are coordinated with the external prevention consultants Preving Consultores.

The system for management and prevention of work-related risks is based on the Prevention of Work-related Risks Plan as regards procedures and associated record-keeping. The purpose of the system is to ensure compliance with Caja Rural de Navarra's health and safety policy incorporating preventative actions in all aspects of management and at all levels of the company.

The key elements are as follows:

Prevention structures at Caja Rural de Navarra.

Risk assessment at workstations and other work areas.

Prevention planning.

Health research and measurements.

Training and informing employees.

Emergency and evacuation plans.

Documentation of work teams and premises.

Documentation of the Health and Safety Committee.

Health monitoring: certificates of standards and medical protocols applied.

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To achieve the objectives in the annual plans within the Prevention plan, the following actions were taken in 2022:

The Prevention plan was revised and updated.

Health monitoring actions were carried out.

Internal checks were carried out on branches. In some cases, furniture was changed or workstations were overhauled.

Regular maintenance was carried out on fire detection systems and air conditioning.

In addition, in response to Covid-19, from March 2020, Caja Rural de Navarra drew up an Action protocol, which is continually updated, following the recommendations and standards laid down by the health authorities and providing the necessary measures and means to safeguard the health of employees and customers at all times. At the moment, given the new situation, it is no longer necessary to update it.

In 2022, there were a total of 12 workplace accidents at Caja Rural de Navarra, involving 7 women and 5 men, of whom 3 required time off work. Of the accidents resulting in time off work 1 took place in the usual workplace during the working day and only 1 when travelling to or from work. There are no recognised occupational illnesses for the industry

2022 indicators are as follows:

Frequency rate (number of accidents per million hours worked): 7.38

Severity rate (working hours lost per 1,000 hours worked): 0.02

There is also a difference between men and women:

Frequency rate - Men: 6.10

Frequency rate: - Women: 8.68

Severity rate - Men: 0.02

Severity rate: - Women: 0.02

The following actions are planned for 2023:

Training of new staff members.

Continued coordination across business.

Meeting the targets in the annual plan.

Continuation of the Healthy Company group.

Continuation of the actions set out in the Covid-19 action protocol for as long as necessary.

At Caja Rural de Navarra we have a Health and Safety at Work Committee representing all employees. It meets quarterly to deal with all actions designed to prevent work-related risks.

5.15 HUMAN RIGHTS

At Caja Rural de Navarra we have a Code of Conduct that governs how we go about our business. Compliance with the Code of Conduct is how we address Human Rights in our business. We ensure compliance, implementing our values of proximity, commitment and responsibility in the different fields of communication with our employees.

To achieve this, it is important we all be aware that it is essential to be aware and work together to avoid and correct any type of inappropriate conduct.

During the induction process, new employees are given a guide to policies that workers must comply with and apply as members of Caja Rural de Navarra, and which is available to all for consultation as necessary.

The Bank's management and employees must always act in accordance with ethical principles and behaviour for the service and benefit of all, which, fundamentally, is the reason the Bank was founded and the basis for all its actions.

Part of this comes down to the people who work in the Bank every day, in the way they behave at work and outside.

Ethical behaviour of employees in the way they relate to other colleagues, members, customers and suppliers is one of the fundamental ways to maintain and improve the Bank’s reputation. Again, at the Bank we seek to support various projects to promote cooperation on international development, so fomenting respect for human rights.

We also believe that such ethical behaviour is good for the Bank’s growth and profitability over the long term. Therefore, besides the moral and human imperative, ethics must be included as a basic part of our business policies and objectives.

6. SUPPLIERS

6.1. SUPPLIER AND EMPLOYEE RELATIONS

Caja Rural de Navarra seeks to maintain with its suppliers and partner companies a close, respectful, trusting and transparent relationship which promotes in-depth knowledge of the companies we contract with and confidence in the quality of the services provided. Relationships always comply with the confidentiality provisions of Organic Law 15/1999, of 13 December, on Personal Data Protection (LOPD).

Caja Rural also has a Suppliers Handbook, approved by the Governing Board which sets, among other internal rules, the criteria for selecting suppliers. In general, supplier selection procedures must meet criteria of objectivity, impartiality and equality of opportunities.

Processes must also give due weight to the qualities imposed by the following ethical principles defined by the Bank:

1. FIT AND PROPER PERSON PRINCIPLE

In no circumstances shall the Bank contract with third-parties which are known to be under investigation for, charged with or guilty of criminal activities.

2. MORALITY AND ETHICS AT WORK

Suppliers shall be eliminated from the selection process if they are known or widely reputed to breach workers' rights recognised in the labour standards or their legal obligations as a business.

3. RECOGNISED EXPERIENCE AND QUALITY

Before being contracted, any new supplier must provide accreditation of their technical qualifications and experience in providing the services to be contracted. Accreditation may be by quality standards certificates (ISO) or similar, or by any other means that the Bank finds acceptable in the circumstances. To this end, a supplier may be contracted without providing the documentation indicated above when their experience and quality has been publicly recognised in the course of trade.

Caja Rural sets out in the Handbook a number of criteria which prevent suppliers from being selected if any of the following circumstances apply:

• There has been a serious incident in the course of providing a service to the Bank. Any exceptions must be authorised by General Management and the financial officer.

• In the provision of specific services or the supply to be contracted, suppliers who are undergoing bankruptcy proceedings are excluded if it is considered that this could have adverse consequences for the Bank.

• The candidate supplier is not up to date with their social security contributions and/or taxes.

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• The candidate supplier has been found guilty of an offence relating to their professional morality (e.g. against their employees), or there are convincing indications of their involvement in money laundering, terrorist financing or similar offences.

6.2. CONTROL AND MONITORING OF SUPPLIERS

Each area contracts with suppliers as its needs and demands dictate.

All areas follow the procedure set out in the Suppliers Handbook, which sets the following rules to ensure companies obtain a range of offers from potential suppliers depending on the size of the contract:

• Up to EUR 10,000: at least one quotation or invoice
• EUR 10,001 to EUR 50,000: at least two quotations
• EUR 50,001 and higher: at least three quotations

Any exceptions must be authorised by the Procurement and Outsourcing of Services Committee.

Having each department contract its own suppliers ensures better quality control of services provided. Each Area head has first-hand knowledge of any incidents or irregularities.

On cost control, General Management approves annual expense budgets for each Area. Expenses are checked monthly by the Management Committee and two six-monthly controls are run each year by the Procurement and Outsourcing of Services Committee.

Caja Rural de Navarra is fully aware of the importance of a certain group of suppliers on whose services it depends for a significant part of the quality perceived by employees and customers. The Bank has identified the IT, back office and insurance departments as critical services. These services are therefore provided by companies in which Caja Rural de Navarra has an equity stake and which form part of the Caja Rural Group.

In the services the Bank considers most significant, including outsourced services overseen by the Bank of Spain, it requires audits and meetings between the parties, which review service quality and the flow and clarity of communications, to ensure the satisfactory delivery of final tasks and provide for business continuity for the Bank where services are outsourced. Conclusions from these reviews are presented to the Governing Board in the first half of the following year.

Final quality depends as much on the buyer of the service as on the supplier. Non-economic factors are considered where they affect service quality.

Caja Rural de Navarra complies with the Spanish General Disabilities Act (LGD). It contracts services from special employment companies to promote the social inclusion of these persons in line with its commitment to Corporate Social Responsibility.

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6.3. FUTURE PLANNING

Caja Rural de Navarra has implemented a paperless office policy. This is an objective that should improve the productivity of employees while simultaneously reducing the volumes of paper and toner used. Production of both comes with environmental costs.

Caja Rural de Navarra has drawn up a document that is systematically sent out with any request to the service provider. The document is a small survey about suppliers' commitment to social, gender equality, environmental and workforce issues. Caja Rural de Navarra's corporate governance standards ensure this requirement is passed on to bought-in services improving the general quality of suppliers working with the Bank. The effect is wealth-generating, as suppliers deliver a higher quality of service.

Caja Rural de Navarra checks that its critical suppliers are aligned with the Bank's commitments on CSR issues.

6.4. PERCENTAGE FINANCING OF LOCAL SUPPLIERS

The biggest suppliers in the financial sector are institutions' own creditors, who are the source of funding for their business (along with equity capital). Also, one of the peculiarities of banking is that the same individual can appear as a customer (consuming financial and other intermediation services) and as a supplier/creditor (providing funds to the institution as a depositor).

Looking at the figures for local suppliers, the total expense (2022 billings) is EUR 125.7 million, of which 62.6 million are purchases from suppliers in Navarre, the Basque Country and La Rioja (49.80%).

7. CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

The Rural Credit Cooperatives grew out of the agricultural and credit cooperatives of over a century ago and certain values have been maintained over time.

We view the natural environment as the place where we live, where our parents lived and where we want future generations to live. We are aware of the changing nature and fragility of the environment and the need to make our contribution, with sensitivity and the right focus.

As in the past, in 2022 Caja Rural de Navarra has commissioned a detailed analysis of its carbon footprint which appears in this chapter.

Caja Rural de Navarra conducted its business in 2022 with a sense of responsibility toward the environment, successfully meeting a series of general targets that can be summarised as follows:

- Direct actions to improve the environment (generation of renewable energy, planting trees, etc.)
- for our customers in sustainability projects: renewing transport fleets, energy renovation of buildings, production of renewable energy, design and manufacture of equipment to produce renewable energy, etc.
- Support for cooperativism and the traditional farming sector, which sustains the rural population and ensures farming is done in a way that respects nature.
- We do not see rural communities as an unchanging bucolic place for tourists to visit at weekends but as a place where people want to live with dignity and adequate services.
- Optimising resource consumption (energy, plastics, paper, etc.). Reduce, remove and recycle.
- Provision of essential services to customers with face-to-face service in all branches. This is most important in small communities, where there is a higher proportion of older people. Although opening times were streamlined, no branches were closed in small towns.

We expand on these points below.

RESOURCE CONSUMPTION AND IMPROVEMENT PLANS

Banking is usually thought of as running bureaucratic and largely inflexible structures. This is not true of Caja Rural de Navarra. Caja Rural de Navarra's own management model of lightweight structures close to the customer further reduces the need for paper and makes it easier to introduce systems for electronic processing of data. Although, for regulatory reasons, we are still far from being a paperless organization, over the year we have continued and intensified our strategy of digitising document management internally between the Bank's departments and branches and with customers. This process has many advantages, making management faster and more efficient while reducing storage space and the need for meetings and travel. It has additional environmental benefits such as less fuel used for travel and less consumption of paper.

We sincerely believe that we are developing an increasingly efficient and sustainable branch model with lower energy use.

With this in mind, the Bank has acted to minimise its environmental impact in the following areas:

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RESOURCE CONSUMPTION

PAPER AND TONER

At Caja Rural de Navarra, we have an internal policy to minimise paper use and, where customers permit, communicate by email, significantly reducing the volume of paper used by branches. In 2022, the process of digitising branches and central departments was completed. Branches now use a document management system that digitises internal processes. Paper is the main commodity used in providing financial services, both in terms of cost and in its environmental impact, especially A4 paper printouts. For many years now, this paper has had Forestry Stewardship Council certification FSC C015403, which guarantees it has been made using a more environmentally respectful production process.

Over the year, we have continued to roll out procedures to save paper consumption in internal communications and with customers, with a huge increase in virtual mailbox use by customers. The general circumstances created by the onset of Covid-19 have tended to accelerate this process, accelerating adoption of digital banking channels.

For instance, total paper consumption has continued the general downward trend of recent years.

Paper consumption	2016	2017	2018	2019	2020	Actual kg/2021	Forecast kg/2022	Actual kg/2022	Forecast kg/2023
Chlorine-free paper (sheets)	**65,656**	**63,278**	**58,349**	**50,800**	**45,825**	**49,387**	**49,000**	**46,512**	**47,000**
PoS thermal paper	**340**	**332**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
ATM paper	**294**	**148**	**277**	**1,533**	**1,415**	**1,428**	**1,400**	**1,352**	**1,250**
Envelopes	**4,214**	**3,568**	**3,767**	**2,576**	**3,618**	**3,692**	**3,500**	**951**	**2,000**
Brochure and poster paper	**4,565**	**4,300**	**4,200**	**1,195**	**416**	**435**	**450**	**4,119**	**2,000**
Total paper consumption	**75,069**	**70,894**	**66,593**	**56,104**	**51,274**	**54,942**	**54,350**	**52,934**	**52,250**

Paper consumption per employee in 2022 (at 31 December the headcount was 956) was 55.37, lower than the ratio of 57.91 in 2021, and previous years, such as 54.08 in 2020.

Toner use has continued to decline, but not very significantly in our view, partly because of the current transparency rules and banking regulations which oblige us to include a lot of information in new customer contracts. However, we are in the midst of a process to reduce the documentation sent out to customers' addresses. Most documentation is now sent via the web, by email and other digital communications channels.

Toner consumption figures:

Toner consumption (units)	2017	2018	2019	Actual 2020	Actual 2021	Forecast 2022	Actual 2022	Forecast 2023
Recycled toner	**3,276**	**3,368**	**1,957**	**3,183**	**3,378**	**3,100**	**2,526**	**2,400**
Original toner	**251**	**229**	**106**	**82**	**78**	**80**	**31**	**50**

Toner consumption per employee in 2022 was 2.64 in recycled toner and 0.03 in original toner, compared to 2021 figures of 3.56 recycled toner and 0.08 original toner.

ENERGY

Caja Rural's branch network consumes no fossil fuels directly. The only energy supply is electricity which means it has no direct emissions. Also, in 2022, nearly all electricity was supplied from renewable sources.

2022 consumption data show a continuing downward trend thanks to the energy efficiency measures in place. The uptick in 2022 was due to the resurgence in customer footfall and activity in the branches compared to the Covid-blighted years of 2020 and 2021.

Consumption was as follows:

Electricity consumption kw/h.	2017	2018	2019	Actual 2020	Actual 2021	Forecast 2022	Actual 2022	Forecast 2023
	5,557,303	**5,814,696**	**5,307,239**	**4,870,619**	**4,567,736**	**4,900,000**	**4,578,442**	**4,700,000**

Energy consumption per employee during the year was 4,789 KWh, compared to 4,823.37 KWh in 2021.

There is another indirect source of consumption, which is the fuel used by employees in the vehicles they use for their day-to-day work (not including journeys to and from home).

Consumption from this source was 3,921 GJ in 2017, 4,280 GJ in 2018, 4,026 GJ in 2019 , 2,282.50 GJ in 2020 2,411.98 GJ in 2021, and 3,297 GJ in 2022, an increase on 2021 which remained an exceptional year due to Covid. Nevertheless, the figures showing in a general downtrend over the years (based on a conversion rate of 1 KWh= 0.0036 GJ, and 1 litre of diesel = 10kwh)

The main energy efficiency measures put in place in 2022 were:

- Air conditioning

Replacement of the oldest and least efficient units by inverter heat pumps using variable refrigerant volume technology, which have a nominal consumption 40-50% lower than traditional heat pumps.

In 2022, we replaced units in 9 branches.

- Lighting

We continued to replace fluorescent with LED lighting, which is much more efficient and lower consumption. In 2022, much more office lighting was changed than the previous year, specifically in 20 offices.

- External signage

Traditional signs use fluorescent tubes. For more than 10 years we have been gradually replacing these with LED tubes and also reducing and optimising the length of signs as well as reducing the programming for the hours they are lit. In 2022, 18 signs were replaced.

- Computers and ATMs.

We have planned no actions on this point as it is immaterial.

- Travel

We continued to reduce face-to-face meetings with employees and customers, promoting videoconferencing, web-cams on executives' computers and the use of a virtual classroom for online training. Covid-19 gave a huge boost to videoconferencing between employees, at training meetings and even when dealing with customers.

WATER

Water in Caja Rural de Navarra's branches comes from the municipal supply and is basically used for toilets in branches and cleaning. We have no buildings or premises with gardens so use no water for irrigation.

Water consumption in the branch network was as follows:

Water consumption m^3	2017	2018	2019	Actual 2020	Actual 2021	Forecast 2022	Actual 2022	Forecast 2023
	12,810	**12,220**	**9,830**	**8,519**	**7,428**	**8,000**	**5,851**	**7,000**

Water consumption per employee in 2022 (at 31 December the headcount was 956) was 6.12 m^3 compared to 7.84 m^3 in 2021.

This consumption data was derived from adding up the real consumption of the 7 Central Services offices, plus an estimate of consumption by the branch network based on their real consumption, classifying branches into different types according to the number of employees and extrapolating the branch consumption to all offices of this type.

WASTE MANAGEMENT

Caja Rural de Navarra conducts its business through its branch network and the waste it generates is managed in accordance with current best practice, considering both mandatory regulations and ways of reducing, reusing or recycling waste.

This is an extensive network of 255 branches which are mostly small in size and therefore similar to urban offices. As such they require no special waste disposal measures (except for toner) but can use local waste collection services. In this sense, to help cleaning services with separating waste, this year special bins for each type of waste were installed in all branches.

Most of the waste generated is managed as follows:

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- Waste paper generated in the branches, and organic, plastic and packaging waste are deposited by cleaning services in special containers outside in the street.
- Used toner cartridges are collected by a company licensed to recycle and reuse them.
- Fluorescent tubes and empty batteries are collected either by the maintenance and cleaning services which take them to a recycling centre or by a licensed waste manager.
- Computer hardware which cannot be reused is donated or returned to the supplier whenever possible. Otherwise the equipment is passed to licensed waste managers.

The volume of toner collected for recycling by a licensed waste manager across the branch network was as follows:

Consumption (units)	2017	2018	2019	Actual 2020	Actual 2021	Forecast 2022	Actual 2022	Forecast 2023
Toner removed	**2,280**	**684**	**3,162**	**3,277**	**3,035**	**2,950**	**3,054**	**3,060**

ATMOSPHERIC EMISSIONS

The activity in branches does not generate direct atmospheric emissions. Branches do not cause lighting or noise emissions, so no specific measures need be taken.

Emissions due to electricity consumption in tonnes of CO^2 equivalent, were calculated at 34.65 kg per employee in 2022 and zero in 2021, as the consumption of the Caja Rural is practically all renewable, as confirmed by the corresponding certificates of origin. The certificates are provided as part of a long-term supply agreement struck by the Caja Rural Group's flour companies with an energy supplier, which guarantees to supply all the consumption of the Group's centres and plants with renewably sourced electricity, and supports the building of the Campoliva II and Dehesa de Mallén wind farms, located in Aragon and owned by third parties.

In 2022, this has prevented the emission of 14,190 tonnes of CO_2 (average emission factor of our electricity supplier: 0.258). Of these savings, 1,148 tonnes correspond to Caja Rural de Navarra and the rest to its equity investments.

The vast majority of air-conditioning units in branches use R-407 or R-410 refrigerant gases which have less of a greenhouse effect. The remainder, which use other types of gas, are being replaced by newer units as part of the regular annual renovation plans.

WASTE WATER

The only waste water is from the toilets in branches and waste water is therefore not a significant item. It is recycled through the municipal water system.

There has never been any spill or leak which produced any environmental pollution.

EMISSIONS AND CARBON FOOTPRINT

Aware of the need to improve our environment, Caja Rural de Navarra decided to map the GHG emissions generated by its business activities in 2022 and investigate ways of reducing them.

The mapping process involved the following steps:

- Calculate the carbon footprint
    - Define which activities generate most emissions
    - Calculate the footprint based on the GHG protocol
    - Issue the emissions report
- Draw up plan for reducing the carbon footprint

The carbon footprint, included as annex 1 of this document, was calculated using the GHG Protocol methodology on the following scopes:

Scope 1

This includes direct emissions due from the Bank's own business, which basically means emissions from the Bank's own vehicles and air-conditioning units

Scope 2

Indirect emissions generated by consumption of electricity

Scope 3

Emissions induced by the Bank's business. In detail:

- Emissions caused by employees travelling to work. This figure was obtained through a mobility survey of employees
- Emissions caused by employees travelling for work purposes. This figure is for travel reported by the company's workers
- Emissions caused by IT processing in its own in-house and subcontracted systems. This figure is derived from the carbon footprint study carried out by Rural de Servicios Informáticos in 2021
- Emissions caused by third parties in transporting goods for the Bank: couriers and cash delivery services, based on an estimate made by the courier company

We are unable to calculate a number of types of emissions that come under scope 3, such as the energy consumed by Caja Rural de Navarra customers communicating with the Bank or conducting e-banking transactions, by outsourced services dealing with IT incidents and by the work-related travel of outsourced services (legal, cleaning, etc.).

It is reckoned that these uncalculated emissions would not exceed 2% of the total calculated footprint.

We also wish to state that from 2023, Act 7/2021 requires that credit institutions set specific decarbonisation targets for their loan and investment portfolio, aligned with the Paris Agreement, in their Non-Financial Reporting, which will oblige the Bank to set metrics for the carbon footprint of its loan book. Or, otherwise, under the Greenhouse Gas Protocol, the Bank will have to assign loans a portion of the customer's CO_2 equivalent emissions as though they were its own, under scope 3, in accordance with the ECB's Guide on Climate-related and Environmental Risks.

Caja Rural's scope 3 emissions in 2022 do not include any carbon footprint from the loan portfolio. In 2022 the Bank of Spain published its estimate of the carbon footprint in the corporate loan portfolios of credit institutions in Spain in 2019, which was 860T CO_2 eq. per million euros (occasional documents No. 2220, October 2022). However, the focus on corporate lending (excluding mortgages and personal loans) and the sector weighting of this macro-scale Spanish portfolio makes the outcome very different from that of Caja Rural's portfolio. For instance, loans to energy supply companies represent 22% of the total calculation. But Caja Rural de Navarra's loans in this area are concentrated on renewable energy producers.

As Annex 1 shows, Caja Rural de Navarra's carbon footprint for 2022 is calculated at 1,489 T CO_2eq (1,728 T CO_2eq in 2021), or 1,558 kg CO_2eq per employee (1,827 kg CO_2eq in 2021), representing a 14% absolute terms improvement over the year. The largest component of the footprint is commuting.

Scope 1 and 2 carbon footprints were also calculated for subsidiaries more than 50% owned by Caja Rural de Navarra in 2021; and scope 1, 2 and 3 for subsidiaries comprising the group at year-end 2022. These are the companies in Annex I of this Report.

This distinction is made in order to make a reasonable year-on-year comparison. Caja Rural de Navarra's portfolio of investee companies is largely unchanged from last year, but there was one significant corporate transaction. In 2021, the Group included eleven bakery flour manufacturing and marketing companies. In September 2022 these were merged into Harinera del Mar SXXI, S.L., which thereby took over the flour mills of Pontevedra (formerly Reyes Hermanos), Puerto de Sevilla (formerly Haribéricas), Noain, Navarra (Harivasa) Tardienta, Huesca (Harinera de Tardienta) in addition to the one it has always owned in Almenara, plus the business and assets of Harinas Selectas (Tardienta), Transnoain (logistics) and other auxiliary activities. All the absorbed companies were extinguished during the merger process.

In addition, in December 2022, the flour businesses of the Vall Companys group – spun off into Harinera la Meta, a company that had previously taken over the flour mills Harinera Palentina, Harininas de Torija and Molinos Harineros del Sur – were merged with Harinera del Mar, and a new company created, MHM

Grupo, S.L., which owns 100% of the share capital of both Harinera La Meta, S.A. and Harinera del Mar, SXXI, S.L., which, in turn, is jointly owned by Inversión Fenec (50.01%) and Caja Rural de Navarra (49.99%). As a result, neither MHM Grupo nor its subsidiaries Harinera del Mar and Harinas la Meta were fully consolidated in the Caja Rural de Navarra Group at the end of 2022. However, until December Harinera del Mar was part of the Group and for comparative purposes with last year it was considered appropriate to include their scopes 1 and 2 to give a fair picture of the progress of the Group. Data for Harinera del Mar has been included for the full year 2022.

In total, these companies had a carbon footprint in scopes 1 and 2 of 12,949 tonnes in 2022 (10,813 tonnes in 2021).

Scope 1:

Emissions and particulates emitted into the atmosphere, waste from the Bank's own activities, including owned vehicles used to transport people (healthcare) and goods (flour companies)

Scope 2:

Indirect emissions generated by consumption of electricity. Electricity consumption rose because of increased production at all factories and the launch of a new factory producing pearls, oat flakes and flour in Etxarren (Navarre).

13,042 T CO_2eq of carbon footprint was avoided by buying renewable source energy.

This comparison does not include scope 3 emissions, which were not measured in 2021 either.

Carbon footprint	2022		2021	
T CO_2 Eq.	Caja Rural de Navarra	Subsidiaries	Caja Rural de Navarra	Subsidiaries
Scope 1	131.58	5,029.7	30	6,004
Scope 2	33.13	7,919.59	0	4,809
Scope 3	1,324.72	N/A	1,698	N/A
Total	1,489.43	12,949.30	1,728	10,813

Also, as part of the process to continuously improve measurement of the carbon footprint, scopes 1, 2 and 3 were measured in 2022 for Caja Rural de Navarra and its group of subsidiaries at the end of 2022. Both the supply of cereal and the delivery to the customer were included in the calculation of scope 3.

The results (taken from Annex I) are:

Carbon footprint	2022	
T CO_2 Eq.	Caja Rural de Navarra	Subsidiaries
Scope 1	131.58	2,925.21
Scope 2	33.13	1,194.56
Scope 3	1,324.72	47,906.85

Total	1,489.43	512,026.63

Carbon footprint calculations have not been verified by the external auditor.

The carbon footprint reduction plan set a number of targets:

		Data 2021	Data 2022	Improvement
Caja Rural de Navarra, parent company, financial activity	A 5% reduction in carbon footprint by 2024	1,728	1,434	-13.0%
	A 2% annual reduction in emissions from travel to/from work	799.6	1,199.7	-33.5%
	Double kilometres travelled in electric vehicles in 2022 (vs. 2021)	8,100	25,612	316.2%
Caja Rural de Navarra, subsidiaries	5% reduction in carbon footprint by 2024 compared to 2022 (scopes 1, 2 and 3)(1)		45,999.0	N/A
	A 3% reduction in carbon footprint in 2022 compared to 2021	10,813.0	13,042.7	20.6%

(1) Scope 3 was not measured last year and its scope has since changed. In any case, including the supply of cereal in scope 3 (about 400 grams of CO_2 eq. per kg of cereal) means the carbon footprint is automatically linked to production, and whether the target is hit depends not on our internal efficiency but on the scale of activity, farming processes and consumer demand for organic food with a lower carbon footprint.

To manage this, Caja Rural de Navarra planned the following measures for its employees:

a) A campaign to incentivise urban mobility by bicycle. Done.

b) A campaign to incentivise the acquisition of plug-in hybrid and pure electric vehicles and to encourage the installation of photovoltaic roofs in homes. Not done.

The following measures are proposed for employees in 2023, focused on reducing the carbon footprint of work travel:

a) Campaign to incentivise the acquisition of plug-in hybrid and pure electric vehicles.

b) Intranet campaign to encourage cycling and car sharing when commuting to work.

The 2025 macro carbon footprint intensity targets are set out in the annex to the 2022 carbon footprint calculation

DESIGN OF BRANCHES AND MANAGEMENT OF FIXTURES AND FITTINGS

Branches are designed to help minimise the environmental impact of the business by various means, including the following:

- The network consists of a large number of small offices, which means customers do not need to travel far to receive services.

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- Also, our employees tend to live in the same village or nearby, which again reduces mobility. This is an important point, particularly as the current trend in the banking industry is to close more branches every year, particularly in rural areas..

The design, construction and renovation of Caja Rural de Navarra's branches takes into account the formal considerations, regulations for building, fixtures and fittings and an adequate quality of materials to create pleasant working environments, which are comfortable for employees and customers, with ergonomic workstations and environmentally efficient fixtures.

Building materials used for branches and their furnishings are bought from local suppliers in the area where we operate, which contributes to the sustainability of the region and reduces the environmental footprint.

The branch network has a programme of corrective and preventative maintenance to optimise the control and functioning of the fixtures and create healthy and safe working spaces..

7 INITIATIVES TO REDUCE WASTE AND CONSUMABLES IN 2023

- 6 air-conditioning units in branches replaced. By installing new units with VRV technology, we achieved better results with less electricity usage. Note that new and renovated branches are all rated A for energy and emissions.
- Replacement of fluorescent lighting with LEDs in branches. This generates better lighting with less electricity. It is planned to re-equip 15 more branches in 2023.
- New signage. There are plans to change 7 luminous displays, replacing them with lower-consumption LED displays.
- Monitoring of guidelines and recommendations in the carbon footprint reduction plan.

8. CAJA RURAL DE NAVARRA AND SOCIETY

8.1. Regional value

Caja Rural de Navarra is a regionally based financial institution with 255 branches and employing 956 people at 31 December 2022. Legally constituted as a credit cooperative, it is strongly rooted in the regions where it is active, Navarre, the Basque Country and La Rioja.

Its activity has a direct and indirect impact in developing the local communities where it operates and the well-being of wider society, as well as supporting the social, economic, cultural and linguistic environments.

The local presence and strong commitment to the local community is part of the powerful base formed by its members and customers. The social footprint allows the Bank to interact with the social reality, making it an important social actor. It is a clear competitive advantage, providing a direct line to the real demands and needs of the community. Equally, having local decision centres mean we can offer a swift and flexible response thanks to our knowledge of the territory and its people.

All of which makes it easier for the Bank to maintain close relationships with economic and social agents, which it always seeks to deal with fairly by applying the Corporate Social Responsibility principles in its articles of association.

8.2. Social and environmental value

Caja Rural de Navarra uses its **Education and Development Fund (EDF)** as the main driver for its *Acción Social*. This is used to return part of its profits from its financial activity to the community as what we consider to be a social dividend. Each year, it mounts a major effort to support value-generating projects which help improve quality of life in our community, providing solutions to different social, environmental, sporting and cultural needs.

PRINCIPLES AND GUIDELINES

The EDF follows these guidelines according to its articles of association:

- 10 per cent of the available surplus (profit) each year is donated to the Fund.
- Support activities that fulfil one of the following aims:
  a. Training and education of Caja Rural members and employees in the principles and values of the cooperative movement or in specific matters relating to its corporate or labour-related activity and other cooperative activities.
  b. Promoting the cooperative model and fostering relationships between cooperative entities.

c. Cultural, business and welfare initiatives serving the local area or community in general, initiatives that enhance quality of life, promote community development and/or protect the environment.

- Working in conjunction with other companies and entities in pursuit of the Fund's objectives, in such cases providing either full or partial funding.

Our **social commitment** seeks to address the needs of the community and is channelled through the **four areas of activity**:

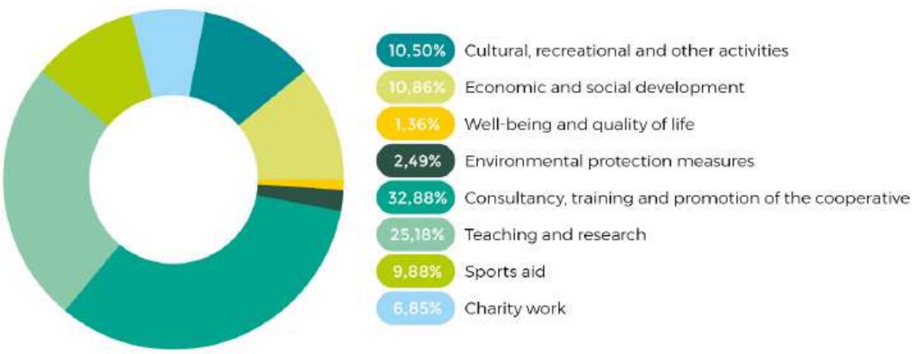
1. The promotion of people's health and quality of life.
2. The drive for education and technology, supporting different processes of digitisation.
3. Support for entrepreneurship and innovation to help drive social progress.
4. Protection of the environment and development of local communities where it is active.

ALLOCATION OF BUDGET

We set out below the main budget lines of the EDF approved by the General Meeting for financial year 2022 and their allocation:

- **Consultancy, training and promotion of the cooperative model**: EUR 2,059,565.22 (32.88%)
- **Teaching and research**: EUR 1,577,150.43 (25.18%)
- **Sports aid**: EUR 618,763.18 (9.88%)
- **Charity work**: EUR 1,429,287.35 (6.85%)
- **Cultural, recreational and other activities**: EUR 657,473.98 (10.50%)
- **Economic and social development**: EUR 680,120.65 (10.86%)
- **Well-being and quality of life**: EUR 85,458.00 (1.36%)
- **Environmental protection measures**: EUR 156,037.17 (2.49%)

TOTAL: EUR 6,263,855.98



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The table shows allocations by the EDF over recent years:

(In thousands of euros)	**2022**		**2021**		**2020**		**2019**	
Consultancy, training and promotion of the cooperative model	2,059	32.88 %	1,924	44.09 %	1,788	42.86 %	1,737	41.15 %
Teaching and research	1,577	25.18 %	1,050	24.06 %	769	18.44 %	1,291	30.59 %
Sports aid	618	9.88%	301	6.91%	84	2.00%	152	3.60%
Charity work	429	6.85%	147	3.36%	380	9.10%	132	3.13%
Cultural, recreational and other activities	657	10.50 %	363	8.31%	412	9.88%	263	6.23%
Economic and social development	680	10.86 %	579	13.27 %	739	17.12 %	645	15.28 %
Well-being and quality of life	85	1.36%	-	-	-	-	-	-
Environmental protection measures	156	2.49%	-	-	-	-	-	-
TOTAL	**6,263**	**100%**	**4,364**	**100%**	**4,172**	**100%**	**4,221**	**100%**

Each year, we renew our commitment and provide continuity to many projects we have worked with for years. It is a source of great satisfaction that we continue to organise, sponsor and work with hundreds of institutions and initiatives that are now achieving a scale unimaginable just a few years ago. Caja Rural de Navarra works tirelessly to adapt to new social needs, channelling its contributions to the most in-demand projects at any time.

Through the EDF, Caja Rural de Navarra does its bit to help create a fairer society with greater solidarity. To achieve this, it is a reassuring to work with institutions that have for decades been working for the most disadvantaged segments of society, such as Fundación Ilundain – Haritz Berri, Cáritas, the Asociación Nuevo Futuro, Proyecto Hombre Navarra, Aspace, etc.

INITIATIVES AND PROJECTS SUPPORTED

The most prominent projects supported in 2022 under each of the Fund's guidelines were as follows:

COOPERATIVE MOVEMENT AND LOCAL DEVELOPMENT

- **The "VIVID" Academy**: a training program developed in San Martín de Unx focusing on wine, viticulture and depopulation. The aim is to attract young people to rural areas and stimulate job opportunities in these spaces through innovation, while building up the local agri-food sector.
- **RADS project** "Rural, Agrarian, Digital and Sustainable" is an initiative to support agro-sustainable digitisation of farming and stock-raising in La Rioja, led by ARAG-ASAJA and AERTIC.
- **Support for the cooperative movement**, especially in the primary sector, by signing collaboration agreements with farming and stock-raising cooperatives and their representative bodies such as UCAN, the Navarre agricultural cooperatives union, to develop effective training and professionalisation programmes.
- **Entrepreneurship Days**, to encourage young people into the farming sector, run jointly with the public sector company INTIA. The primary aim is to address the problem of next-generation farmers, prevent rural depopulation and promote the empowerment of women.
- Advice to customers on processing PAC aid, through a dedicated team of experts.

SOCIAL, CHARITY AND SPORTING PROJECTS

- **Training in family care**: practical courses on different aspects of care and management of unforeseen events (falls, rehabilitations, etc.), aimed at family members with elderly dependants, who may be fragile or in the process of becoming dependent.
- **Solera Rural**: pilot social innovation project developed in partnership with Fundación Solera and the Government of Navarre, in the towns of Arguedas and Goizueta. The aim is to improve the quality of life for older people in rural areas, by diagnosing needs and implementing action plans that allow them to access high-quality care and services, maintaining the local population.
- **National Registry of Patients Affected by Amyotrophic Lateral Sclerosis (AKS)**: support for the creation of an organised information system promoted by the Luzón Foundation, to help research ways in which the lives of people affected by this disease can be improved.
- Issue, management and promotion of the Carné Joven Project in Navarre and La Rioja. Caja Rural de Navarra renewed its partnership agreement with the Navarre and La Rioja regional governments to provide the Carné Joven for another year. Through this initiative, we provide thousands of young people between 14 and 30

with access to services and discounts on accommodation, transport, culture, stores and insurance among other things, through deals struck in Spain and more than 40 other countries which together give them discounts at more than 50,000 establishments.

- Support for grass roots sports through dozens of cooperation agreements with clubs in our region, helping boost quality of live and healthy habits.
- Social and leisure activities for various groups and organizations of older people.

RESEARCH, EDUCATION, TECHNOLOGY AND EMPLOYMENT

- **Digitisation for older people**: 165 digital skills training workshops were held in 2022, spread across different locations and neighbourhoods in Navarre, the Basque Country and La Rioja. A total of 1,287 older adults took part, with the aim of closing the digital divide and facilitating their financial inclusion
- **Soziala Digitala**: a new programme to support investment in digitisation for social centres working with disability. A total of EUR 30,102 direct subsidies were granted to 41 organisations.
- **CIMA scholarships**: EUR 45,000 contributed to the Centre for Applied Medical Research to help build up the research activities of this leading national and international centre of the University of Navarre.
- **Universities**:
    - **International scholarships**: despite Covid-19 restrictions on travel, Caja Rural de Navarra continued to support students at the Universidad de Navarra and Universidad Pública de Navarra through its scholarship programmes, helping them pursue their studies and research in countries around the world. Programmes included Erasmus, Palafox, Martín de Rada, ISEP USA, ISEP Internacional, bilateral arrangements and Alumni UN.
    - **Other activities**: the Bank also promotes activities with the university community in the fields of sustainability, dissemination of scientific knowledge, volunteering, sport and health.
    - **Creation and support of an area of enterprise**, which can finance special activities that drive and develop enterprise and start-ups throughout the university community.
- **Professional training**:
    - Support and development of Erasmus Plus, through various international scholarships in collaboration with the Government of Navarre. Students benefit from Professional Training stays in other EU countries which allows them to experience cultural, social and working conditions different from their usual environment.
- **Work Experience at Caja Rural de Navarra**: these are part of our commitment to training and employment and are designed to complement student training, introducing participants to the reality of the financial world, enhancing their

knowledge, developing skills and making them more employable. Through these programmes, we have contributed to training more than a thousand students in these last ten years.

CULTURE AND SOCIETY

- **Place names in Aralar**: installing plaques to preserve the traditional place names on the Gipuzkoa side of this natural park, together with geolocation codes for emergencies, in collaboration with the Mountain Federation of Gipuzkoa.
- **II Navarre Book Fair**: promoting reading and boosting the sector thanks to the fair organised by the Navarre Bookstore Association.
- **Music, theatre and dance festivals**: support for the cultural sector through collaborations with the Flamenco on Fire, Confluencias de Estella-Lizarra, Teatrodix and Navarra en Danza festivals.
- **Huertas Solidarias Project**: in this project the Bank deploys resources so that retired people with the knowledge can cultivate allotments, donating the produce to social projects.
- **Bodas de Oro Navarra**: recognition for all married couples in Navarre who celebrated their 50th wedding anniversary in 2022 and are customers of CRN.
- **Kilometroak and Nafarroa Oinez**: support for the ikastolas festival in Gipuzkoa and Navarre, that works to promote euskera (the Basque language) and defend people's linguistic diversity.
- **VIII. Caja Rural de Navarra photography competition**: the latest competition was held in 2022 attracting hundreds of entries.

ENVIRONMENT

- **Forest Plan:** preparation and cleaning of 68.05 hectares, plus replanting of 56.88 hectares through a series of initiatives in Navarre and the Basque Country, which will partly offset CO_2 emission and help generate new woodland areas, encouraging biodiversity.
- **Environmental education**: 8 days of training and awareness-raising for young people and adults. More than 382 people took part.
- **"Hau da Green"**: support for an environmental education competition to promote eco-friendly and sustainable behaviour among young people, instilling values of care and respect for the environment and their own natural surroundings. 468 school students from Álava and Bizkaia took part in 82 projects.
- **"Project Kafea"**: a circular economy initiative that recycles coffee leftovers from cafes, restaurants and caterers in San Sebastián to re-use as new products.
- **Aula de la Naturaleza de Fundación Ilundain – Haritz Berri**: environmental education project, helping sustain it. This is an educational resource visited by 5,000 schoolchildren each year.

- **Pamplona electric bicycle service**: support for sustainable mobility in the city, contributing EUR 45,000 to develop a range of initiatives that introduce new users to this service.

ENTREPRENEURSHIP:

CSR REPORT 2022 – LÍNEA INICIA ENTREPRENEURS

Support for entrepreneurship in all its forms is a key element in Caja Rural de Navarra's strategy. This is why since 2007 Caja Rural de Navarra has been running the “Línea Inicia” programme, designed to support entrepreneurship.

The Bank’s Línea Inicia advisors analyse the viability of the business, the experience of the workers and their commitment. Besides more technical points, they gauge enthusiasm and commitment to the projects.

We advise on finance and propose customised solutions, adapting to the specific needs of each project and making sure they are eligible for all types of support and subsidies. To facilitate this action, there are collaboration agreements with development agencies, other business organizations and universities.

“Línea Inicia” solutions are as diverse as people’s needs and the forms of finance are adapted to each enterprise project.

Caja Rural de Navarra’s aim is that everyone presenting a sound project should have initial support and the finance they need to start developing their business. Enterprise is one of the engines of the Navarre economy and in this way Caja Rural de Navarra is supporting the entrepreneurs and SMEs of the near future.

Since its inception, it has provided financial support for 2,487 projects and dealt with 4,299 initial partners. Of these, 181 projects were supported in 2022, led by 343 entrepreneurs who together received total financing of EUR 10 million in 2022.

The typical customer and project profile of a Línea Inicia partner is a man, around 40 years old, with university studies, who is starting a project in the service sector with the legal form of a S.L. The average financing requested is EUR 55,000 and it should be noted that they mostly come from previous employment, most not being unemployed before they start their business.

It is especially important for entrepreneurs to have a network of business agents to help them in the different phases of the start-up of their business and also in the first years of “business consolidation”. For this reason, Línea Inicia for entrepreneurs has collaboration agreements with different agents working on different aspects of business, who can support entrepreneurs in the early stages with specialized training, support through the first steps of the business and passing on experience built up over many years in business. Some of the programmes and resources we made available to entrepreneurs in 2022 were:

- **Promotion of cooperative entrepreneurship and the social economy:**
  - Collaboration with ANEL (Asociación Navarra de Empresas de Economía Social).
    - https://blog.cajaruraldenavarra.com/caja-rural-de-navarra-renueva-el-acuerdo-de-colaboracion-con-anel/
  - Collaboration with Konfekoop (Confederation of Cooperatives of the Basque Country).
  - Collaboration with ASLE (Asociación Sociedades Laborales de Euskadi).
    - https://blog.cajaruraldenavarra.com/adinberri-caja-rural-de-navarra-y-berriup-lanzan-la-silver-economy-call/

- **Mentoring and training support for innovative projects:**
  - Collaboration with CEIN (Impulso Emprendedor programme).
    - https://blog.cajaruraldenavarra.com/siete-proyectos-participan-en-la-decima-edicion-de-impulso-emprendedor-con-caja-rural-de-navarra-como-colaborador/
  - Collaboration with Consorcio Eder (Ribera Nexo programme).
    - https://blog.cajaruraldenavarra.com/tudela-ayudara-a-emprendedores-de-la-ribera-a-desarrollar-sus-negocios/
  - Call for start-ups selection and acceleration: "Silver Economy Call" by Berriup, Adinberri and Fundación Solera.
    - https://blog.cajaruraldenavarra.com/adinberri-caja-rural-de-navarra-y-berriup-lanzan-la-silver-economy-call/

- **Promotion of entrepreneurship among young university students:**
  - Final Degree and Master's Degree in Entrepreneurship prizes (Public University of Navarre).
    - https://blog.cajaruraldenavarra.com/inigo-herrero-y-juan-gangoiti-ganadores-de-los-vi-premios-a-trabajos-fin-de-estudios-con-proyectos-de-emprendimiento-de-la-upna-y-caja-rural-de-navarra/
  - Innovation Day 2022 (University of Navarra).

- **Promotion of entrepreneurship among young people:**
  - Mondragon City Challenge project for high school and university students.
    - https://blog.cajaruraldenavarra.com/rural-kutxa-caja-rural-de-navarra-empresa-mentora-en-la-primera-edicion-de-mondragon-city-challenge/
  - Entrepreneurial skills camps in Excaray (La Rioja), for young people under 30.

- **Training for entrepreneurs starting businesses in traditional sectors:**
  - Collaboration agreement with Grupo Integra, to train new entrepreneurs and business consolidation program.

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- **Promotion of entrepreneurship and digitisation in rural areas:**
  - Collaboration with the E-Sports team from Rioja Capacitanes.
    - https://www.youtube.com/watch?v=iLVJpyWjA-U

PROFILE OF ENTREPRENEURS/COMPANIES CREATED

TYPICAL PROFILE BY REGION							
REGION	SEX	AVERAGE AGE OF PROJECT PROMOTERS	QUALIFICATIONS	EMPLOYMENT STATUS	LEGAL FORM	SECTOR OF ACTIVITY
NAVARRE	Men	38.6 years	University	Better job	Ltd. co.	Services (54%)
	Women					Services (51%)
BASQUE COUNTRY	Men	40.2 years	University	Better job	Ltd. co.	Services (58%)
	Women					Services (39%)
LA RIOJA	Men	42.1 years	University	Better job	Ltd. co.	Services (86%)
	Women					Services (78%)
SUB-ZONES						
GUIPÚZCOA	Men	40.2 years	University	Better job	Ltd. co.	Services (75%)
	Women					Services (50%)
ÁLAVA	Men	37.7 years	University	Better job	Ltd. co.	Services (41%)
	Women					Services (25%)
VIZCAYA	Men	41.2 years	University	Better job	Ltd. co.	Services (56%)
	Women					Services (33%)

PROJECTS SUPPORTED		PARTNERS (JOBS CREATED)			
		TOTAL	MEN	WOMEN	LEGAL ENTITIES
NAVARRE	63	126	77	43	6
LA RIOJA	13	23	14	9	0

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GUIPÚZCOA	37	65	32	30	3
ÁLAVA	19	39	22	12	5
VIZCAYA	49	92	61	24	7
TOTAL	181	345	206	118	21

PARTNERS (without Legal Entities)	
MEN	64%
WOMEN	36%

AVERAGE AGE
39.81 years

LEGAL FORM	
LIMITED COMPANY	50%
SELF-EMPLOYED	38%
COOPERATIVE	9%
IRREGULAR COMPANY	3%

REASON FOR STARTING COMPANY	
UNEMPLOYMENT	6%
BETTER JOB	66%
DIVERSIFY	28%

SECTOR OF ACTIVITY	
INDUSTRY	9%
SERVICES	58%

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COMMERCE	17%
HEALTH/SPORT	15%

WERE THEY CRN CUSTOMERS?	
NON-CUSTOMERS	70%
CUSTOMERS	30%

BUSINESS FRANCHISE
44 franchises (24% of total transactions)

REGION	INVESTMENT TOTAL	EQUITY	%	FINANCE	%
NAVARRE	€4,931,500	€1,216,500	25%	€3,668,000	75%
LA RIOJA	€1,130,000	€310,000	27%	€820,000	73%
GUIPÚZCOA	€2,815,000	€972,400	35%	€1,981,600	65%
ÁLAVA	€2,698,000	€699,200	26%	€1,989,800	74%
VIZCAYA	€2,390,600	€828,000	35%	€1,562,600	65%
TOTAL	€13,956,100	€4,026,100	29%	€10,022,000	71%

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FINANCE DATA			
	TOTAL	**PER PROJECT**	**%**
INVESTMENT	**€13,956,100**	**€77,105**	**100%**
FINANCE	**€10,022,000**	**€55,370**	**71%**
EQUITY CONTRIBUTION	**€4,026,100**	**€22,823**	**29%**

ADDITIONAL DATA

- **Línea Inicia NPL ratio:**

- Doubtful/Asset + Guarantees
- NPL ratio at end-2021: EUR 617,000/ (88,375,000 + 1,786,000) = **0.68%**

- **Total projects and direct jobs generated:**

INICIA: CUMULATIVE ANNUAL PROJECTS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PROJECTS IN YEAR	21	76	116	125	132	135	151	170	185	194	199	220	229	156	197	181
CUMULATIVE TOTAL	**21**	**97**	**213**	**338**	**470**	**605**	**756**	**926**	**1111**	**1305**	**1504**	**1724**	**1953**	**2109**	**2306**	**2487**

INICIA: CUMULATIVE ANNUAL JOBS GENERATED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
JOBS GENERATED	50	160	200	230	240	220	254	290	260	299	330	381	391	284	367	343
CUMULATIVE TOTAL	**50**	**210**	**410**	**640**	**880**	**1100**	**1354**	**1644**	**1904**	**2203**	**2533**	**2914**	**3305**	**3589**	**3956**	**4299**
AVE JOBS/PROJECT	2,38	2,11	1,72	1,84	1,82	1,63	1,68	1,71	1,41	1,54	1,66	1,73	1,71	1,82	1,86	1,90

- **Survival rate of projects supported (in years, at 3 years and 5 years):**

INICIA: CUMULATIVE ANNUAL PROJECTS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PROJECTS IN YEAR	21	76	116	125	132	135	151	170	185	194	199	220	229	156	197	181
CUMULATIVE TOTAL	**21**	**97**	**213**	**338**	**470**	**605**	**756**	**926**	**1111**	**1305**	**1504**	**1724**	**1953**	**2109**	**2306**	**2487**

INICIA: CUMULATIVE ANNUAL JOBS GENERATED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
JOBS GENERATED	50	160	200	230	240	220	254	290	260	299	330	381	391	284	367	343
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AVE JOBS/PROJECT	2,38	2,11	1,72	1,84	1,82	1,63	1,68	1,71	1,41	1,54	1,66	1,73	1,71	1,82	1,86	1,90

	2016	2017	2018	2019	2020	2021
PROJECTS SUPPORTED	195	197	220	228	156	197
DISCONTINUED	76	59	56	35	20	7
SURVIVAL RATE (%)	61%	70%	75%	85%	87%	96%

	2020	2021	2022
5 YEAR SURVIVAL RATE	70%	75%	83%
3 YEAR SURVIVAL RATE	76%	82%	89%

(*) Success rate calculated in 2022 using project data at end-2021

By these and other actions, Caja Rural de Navarra is keeping its commitment to local economic development, now and in the future, contributing to the region's sustainability.

8.3. Institutional value

Caja Rural de Navarra's business means it is constantly in direct contact with society. As a result, we need to agree policies with different public and private players in the region in order to take effective action. The Bank has therefore struck a range of agreements with public and private sector institutions, the most important of which are listed below:

AGREEMENTS WITH PUBLIC AUTHORITIES AND OTHER AGENCIES

GOVERNMENT OF NAVARRE – MANAGEMENT OF THE NAVARRE CARNÉ JOVEN SCHEME

GOVERNMENT OF NAVARRE – INCOME TAX AND PAC

GOVERNMENT OF NAVARRE – EDUCATION DEPARTMENT (PROFESSIONAL TRAINING)

GOVERNMENT OF NAVARRE – MANAGEMENT OF THE LA RIOJA CARNÉ JOVEN SCHEME

BASQUE GOVERNMENT – R&D&I

BASQUE GOVERNMENT – LANGUAGE RIGHTS

GOVERNMENT OF ARAGON – PAC

REGIONAL GOVERNMENT OF VIZCAYA – VIA T REMOTE TOLL SYSTEM

UNIVERSITY OF NAVARRE

PUBLIC UNIVERSITY OF NAVARRE

FUNDACIÓN PARA LA INVESTIGACIÓN MÉDICA APLICADA

ALTUBE UNIVERSITY ASSOCIATION

OFFICIAL CHAMBER OF COMMERCE AND INDUSTRY IN NAVARRE

ELKARGI SDAD. GARANTÍA RECÍPROCA

IBERAVAL, SDAD. DE GARANTÍA RECÍPROCA

ANEL

ASSOCIATION OF WORKERS SOCIETIES OF EUSKADI (ASLE)

CONFEDERATION OF COOPERATIVES OF EUSKADI (ERKIDE)

GARAPEN – DEVELOPMENT AGENCIES OF EUSKADI

GRUPO INTEGRA SOCIAL

UEMA (MANCOMUNIDAD DEL EUSKERA) – GIA

SOCIALLY RESPONSIBLE PRODUCTS AND SERVICES

In 2022, Caja Rural de Navarra struck agreements or partnership agreements that included social criteria with a number of Institutions:

INSTITUTIONS	SCOPE OF OPERATIONS	AIMS
Public University of Navarre	**Navarre**	**To promote international student mobility, entrepreneurship and dissemination of scientific knowledge.**
University of Navarre	**Álava Vizcaya Guipúzcoa Navarre La Rioja**	**Promote international student mobility, enterprise, volunteering, sport and health.**
Professional associations	**Álava Vizcaya Guipúzcoa Navarre La Rioja**	**To support events, associations and financial benefits for their members.**
Trade Associations	**Álava Vizcaya Guipúzcoa**	**To support events, collegiality and financial benefits for their members.**

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	Navarre **La Rioja**	
Small trader associations	**Álava** **Vizcaya** **Guipúzcoa** **Navarre** **La Rioja**	**To support customer loyalty, associations and financial benefits for their members.** **Support for digitization at both association and member level by providing the WE ARE YOUR BUSINESS market place.** **Digitalizate project: Digitize yourself p training to help retailers and hospitality businesses make the digital transformation.**
Affinity cards	**Álava** **Vizcaya** **Guipúzcoa** **Navarre** **La Rioja**	**Issue of affinity cards and promotion of customer loyalty. The Bank makes financial contributions to the associations to help them run promotional and loyalty programmes for their customers.**
Promueve programme, closer, simpler	**Álava** **Vizcaya** **Guipúzcoa** **Navarre** **La Rioja**	**The programme gives the self-employed, professionals and businesses financial benefits and helps support enterprise.**

9. MAIN IMPROVEMENT CHALLENGES AND OBJECTIVES

9.1 Environment

ISSUE	OBJECTIVE 2022	DEGREE OF ACHIEVEMENT2022	OBJECTIVE 2023
Energy efficiency	Continue as an active member of EeMAP-EEMI (Energy Efficient Mortgage Action Plan) and EEML (Energy Efficient Mortgage Initiative).	**Objective achieved** As a member of the EEML, we published our first Harmonised Disclosure Template (HDT) report, in which lenders with the Mortgage Energy Efficiency Label disclose data on their energy-efficient mortgage products, and continue to work with other members on improving the template."	Continue playing an active part in these initiatives, which help encourage funding for energy efficiency.
	Continue marketing specific products for funding energy efficiency improvements to homes.	**Objective achieved** Full implementation of the financing model for all entities involved in energy efficiency improvements for buildings."	Consolidate our status as a model funder for communities of home-owners formed to improve energy efficiency.
Volunteering	Continue developing the volunteering strategy	**Objective achieved.** The following volunteering schemes were run as part of various initiatives we support: - Ballariain: 43 CRN colleagues - Bergara: 18 CRN partners - Lapoblación: 20 CRN colleagues and 44 school students. - Lesaka: 50 school students - Sartaguda: 50 school students - Uztarroz: 47 CRN colleagues - Vitoria: 110 colleagues and neighbours. TOTAL VOLUNTEERS: 382"	We plan to carry out environmental projects in the following municipalities: Uztarroz, Lesaka, Baztan, Bera, Bergara, Cortes, Goizueta, Güesa, LaPoblación, Tafalla, Torralba del Río, Huarte Araquil, Ciordia, Genevilla, Vitoria, and Portugalete. These projects also include volunteering initiatives involving colleagues from the Bank, local people and schoolchildren. The expected number of volunteers is 906. In April 2023, a number of projects were run, involving 486 volunteers"
Environmental actions in our community	Continue with the Plan for Reforestation activities.	In 2022, 56.88 hectares were planted and we also supported clean-up, clearing and preparatory work on a further 68.05 hectares of mountainside.	In 2023, we have budgeted to plant 64.74 hectares and clean-up or prepare another 438.
Waste in CRN branches	Continue to improve the recycling of solid urban waste from branches.	**Objective achieved** Elimination of individual bins at Central Services workstations to encourage everyone to use the sorted bins in each working area."	
CRN carbon footprint	Continue to measure the carbon footprint. Reduce carbon footprint for employees travelling to and from work (scope 3) "	**Objective achieved** A campaign was run to encourage cycling in the city."	Continue to measure and reduce the carbon footprint from employees travelling to and from work. The following measures are proposed for employees in 2023, focused on reducing the carbon footprint of work travel: a) Campaign to incentivise the acquisition of plug-in hybrid and pure electric vehicles. b) Intranet campaign to encourage cycling and car sharing when commuting to work.
Group CRN carbon footprint	Extend measurement of scope 3 (induced emissions) to all subsidiaries.	**Objetivo cumplido** Measurement scope was changed to include scope 3.	Continue to measure and reduce carbon footprint. Note: Including the supply of cereal in scope 3 (about 400 grammes of CO2 eq. per kg of cereal) means the carbon footprint is automatically linked to production, and whether the target is hit depends not on our internal efficiency but on the scale of activity, farming processes and consumer demand for organic food with a lower carbon footprint.
Capital market finance	Issue a green mortgage covered bond under the sustainability framework which complies with the European Union Taxonomy	**Objetivo cumplido** CRN's (and Spain's) first green mortgage covered bonds issued successfully in February 2022	Issue another green-format mortgage covered bond under the sustainability framework which complies with the European Union Taxonomy if the mortgage portfolio permits.
Investment products Gescooperativo funds - New products	Market the first sustainable impact fund (SFDR Article 9 fund)	**Objetivo cumplido** In May 2022 the Group began marketing the Rural Impacto Global, FI fund, which qualifies as an Article 9 fund under the SFDR"	Based on the success of the fund, demand from customers, and responses to the sustainability module in the Suitability Test, review whether there is a need to increase the range of impact funds. Investigate the marketing of funds with an exclusively social theme.
Investment products Gescooperativo funds - Current range	"Convert existing funds in the range into SFDR Article 8 and/or 9 funds This objective will be conditional on customers' responses to the sustainability question that will be included in the Suitability Test."	"There have been no changes in the SFDR Article 8 fund range.	Strike a balance between the range of funds with sustainable features (SFDR Article 8 funds), the demand for such funds among our customers and the requirements of sustainability regulations.
Investment products Gescooperativo funds - Regulatory requirements	Continue complying with all regulatory requirements set for 2022, including the introduction of a sustainability question to the Suitability Test.	**Objetivo cumplido** An open question was incorporated following the principle of better compliance, in line with the specifications of sustainability regulations.	Develop the sustainability module in the Suitability Test, following ESMA's requirements. Update the Suitability Test for all customers to include the new sustainability module. Create a procedure to manage this process. Adjust the IBIP knowledge and experience tests to the new regulatory requirements.
Investment products Gescooperativo funds - Marketing materials	Finalise drafting of marketing materials and disseminate them through the commercial communication channels.	**Objetivo cumplido** Video material and marketing brochures were released to offices and customers in the first quarter 2022.	Continue marketing communications, internally and externally, on our range of socially responsible funds, our two solidarity funds and the support for non-profit organisations enabled by these socially responsible funds.
Investment products Third-party funds	Continue to expand the range of Third-Party manager Article 8 and 9 funds.	**Objetivo cumplido** More qualifying funds were added to the range.	Strike a balance between the range of funds with sustainable features (SFDR Article 8 funds), the demand for such funds by our clients and the requirements of sustainability regulations.
Productos de inversión Gestión de Carteras	Reconvertir las carteras actuales a carteras sostenibles. Este objetivo es dependiente de la respuesta de los clientes a la pregunta de sostenibilidad que se incluirá en el test de idoneidad a partir del 01 de agosto.	**Objetivo cumplido** Todas las carteras del servicio de GDC cumplen con los criterios de inversión socialmente responsable (art. 8 SFDR).	

ISSUE	OBJECTIVE 2022	DEGREE OF ACHIEVEMENT2022	OBJECTIVE 2023
Investment products **Portfolio management**	Convert existing portfolios to sustainable portfolios. This objective will be conditional on customers' responses to the sustainability question that will be included in the suitability test from 1 August.	**Objective achieved** All GDC (portfolio management service) portfolios meet the criteria for socially responsible investment (SFDR Article 8).	
Investment products pension plans and EPSV	Market the first pension plan and ESPV to meet Article 9 sustainability criteria	**Objective achieved** We did not manage to introduce a SFDR Article 9-compliant pension plan	Market the first pension plan and ESPV to meet Article 9 sustainability criteria
Investment products **PRI**	Sign up to the UN principles for responsible investment (PRI) on behalf of the group (Gescooperativo and RGA)	**Objective achieved** This project was not completed due to discrepancies on how to proceed between RGA, BCE and Gescooperativo	Sign up to the UN principles for responsible investment (PRI) on behalf of the group (Gescooperativo and RGA).
Sustainable finance loans **Own consumption**	Launch and continue working on sustainable financing lines for own consumption.	**Objective achieved** In 2022 we worked at full capacity with two solar panel installers. We have brought in more installers to offer the best possible service in all provinces.	Give specific training by area, appoint product managers in each branch and increase commissions four-fold in 2022.
Sustainable mobility loans **Electric vehicle financing**	Continue financing electric cars.	**Objective achieved** We continue to offer a discounted price for e-vehicle finance.	Assess the option of running a special communication campaign
Sustainable renovation loans **Renovation financing**	An attractive financing line for sustainable renovation projects.	**Objective achieved** We are already doing sustainable renovation with façades. Creating specific lines and rates for small-scale renovations could over-complicate maintenance and management.	

9.2. Social

ASUNTO	OBJECTIVE 2022	DEGREE OF ACHIEVEMENT 2022	OBJECTIVE 2023
Financial inclusion	Implement the Plan for Digital Training of Older People to make sure they are financially included, through training workshops run in retired peoples' associations and clubs in three distinct areas: mobiles, digital banking and ATMs.	**Objective achieved** More than 167 courses were taught, with 1,287 people taking part, through clubs and associations of retirees from our areas of operation (Navarre, the Basque Country and La Rioja) with the aim of combating the digital divide.	Continue the Plan for Digital Training of Older People, making sure they are financially included and can get on with new technologies.
Environmental education	Continue supporting various activities that help raise environmental awareness among new generations.	**Objective achieved** Development of awareness-raising activities such as the Hau da green competition to promote green and sustainable behaviour among young people. 468 school students from 19 schools in Álava and Bizkaia took part in 82 projects.	Continue to support initiatives that bring citizens closer to values of respect and care for the environment, as well as their own natural surroundings.
Social action	Creation of the Gainditu Awards for social contributions, honouring best practice and projects run by Bizkaia organisations in various categories.	**Objective achieved** We held the first Gainditu Awards, publicly recognising the work of four organisations working for inclusion and protection of vulnerable families in Bizkaia.	Continue to organise and promote the Gainditu Awards.
Volunteering	Continue to highlight volunteering actions.	**Objective achieved**	Integrate the Mueve-T blog into the Bank's new intranet and continue to promote volunteering by staff.
	Continue developing the volunteering strategy Increase volunteering actions in the areas of support for children and older people via the CRN choir, Share a Smile, the Solera seniors' walk, digital training for older people, etc.	**Objective achieved** Various environment volunteering initiatives in Bergara, Uztarroz, Jundiz, Lapoblación, Aralar and Ballariain The Share a Smile initiative with 397 presents for underprivileged children. Digitisation courses for older people Volunteering in the CRN Choir, singing carols for older people in Solera.	Continue with environmental volunteering actions, digital training for older people and the Share a Smile initiative.
Digitisation of schools	Launch a follow-up programme to Eskola Digitala to improve connectivity between educational institutions and families, thanks to agreements with a telephony operator.	We encountered problems with launching this programme as originally conceived.	Continue to support the digitisation of educational institutions and families.
Digitisation of social organisations	Call for applications for grants for third sector organisations working in the field of disability in the Basque Country, coupled with a financing line, to facilitate investment in equipment and resources.	**Objective achieved** Successfully organised an application process for grants to support the digitisation of 41 disability organisations in the Basque Country.	Continue to support the professionalisation and competitiveness of the third sector.
Employability and integration to the labour market for young people	Continue the Experience Programme with UNIR and other collaboration agreements with universities	**Objective achieved**	Continue the Experience Programme with UNIR and other collaboration agreements with universities

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ASUNTO	OBJECTIVE 2022	DEGREE OF ACHIEVEMENT 2022	OBJECTIVE 2023
Older people			https://www.fundacionvital.eus/adapta-tu-bano (adapt your bathroom) An idea we want to explore to see if we can replicate it in-house. But for the moment there is nothing to report.
Dialogue with and development of local communities	Maintain dialogue with all stakeholders in Caja Rural de Navarra and all the companies reported as equity investments	**Objective achieved.** Dialogue continued with stakeholder groups, without launching an exhaustive analysis process, but keeping two-way channels open.	Revise the materiality analysis, again opening up the consultation to all stakeholders.
Investment products	Donate the promised percentage of management fees to non-profit organisations and report to customers on donations made. Investigate the feasibility of converting some Article 6 funds into Article 8 or 9 funds, as defined by the EU's SFDR regulation. Article 6 applies to funds whose investment process takes no account of sustainability. Article 8 (promotion of environmental or social characteristics) applies when a financial product promotes, among other features, environment or social characteristics, or a combination of the two, provided the companies they invest in have good corporate governance. Article 9 (products with sustainable investment as its objective) covers products intended for sustainable investments and applies when a financial product has sustainable investment as its objective and has designated a benchmark index.	**Objective achieved** with donations to non-profit organizations and external communications. The second objective was not achieved. The range of social funds remained the same.	Attempt to market funds with an exclusively social theme.
Introduction of the loyalty module in local businesses	Implement phase 1 in online marketing and the Somos tu Comercio marketplace.	**Objective achieved.** Roll-out of phase 1 completed with loyalty coupons and discounts for Associations.	Implement phase 2 in online marketing and roll-out the Somos tu Comercio marketplace for traders.
Human resource management (equality and diversity, health and safety etc.)	Continue supporting various initiatives to promote the physical and mental well-being of employees.	**Objective achieved** the Bank's Equality Plan was negotiated during 2022. Work continues on the Healthy Company project.	Launch the Bank's Equality Plan and implement it for staff.
Employee affinity groups, diversity councils or networking groups	Publicise the Alumni group and enhance content for Affinity groups.	**The Bank Choir took part in and won the inter-company competition.**	Hold an event involving employees and their families. Hold a sports competition for employees.
Diversity initiatives	Complete negotiations on the Equality plan and start implementing its measures.	Negotiations continue on the Equality Plan.	Complete negotiations and launch the Equality Plan. Create a Diversity Plan for the Bank.
Equal pay	Consolidate the salary recording process.	Objective achieved. The Bank carries out annual gender pay audits.	Continue with annual salary audits.

9.3 Economic, financial and corporate governance

ISSUE	OBJECTIVE 2022	DEGREE OF ACHIEVEMENT 2022	OBJECTIVE 2023
Training **Sustainable practices**	Continue the same policy. Personalised advice is a key part of our focus on proximity to customers.	**Objective achieved** In 2022 special training was given to employees responsible for advising customers. We posted an intranet training module on Sustainable Finance, which presents sustainability and shows how it can be applied in commercial relationships with customers.	Continue training new hires in giving investment advice. Maintain the continuous learning programme for all employees qualified to provide customer advice. Specifically, the Banco Cooperativo Español platform will be delivering a Green MiFID course.
Training	Continue digital training in all fields for the Bank's staff.	**Objective achieved** All staff went through a special course on cybersecurity. The number of virtual training hours vastly exceeds face-to-face training. New employees take specific courses in using Microsoft 365 tools as part of the onboarding process.	We are delivering a level two training course on cybersecurity for all staff in 2023.
Time register	Consolidating reporting software. Apply flexibility in self-management in collaboration with the team.	**Objective achieved** Transition from the Woffu app to E-tempo, which allows better monitoring of employees' working hours.	Consolidate the extraction of more specific and accurate data. Apply flexibility in self-management in collaboration with the team.
Customer-focused services	Maintain dialogue with customers through the channels provided by the Bank.	**Objective achieved** Dialogue continued with customers through the channels provided by the Bank.	We are maintaining the objective of gathering data on customer service quality, and user experience of the products and services the Bank offers.
Socially responsible investment	Maintain the Sustainability Framework	**Objective achieved** No revision to the Sustainability Framework was necessary in 2022.	Maintain the Sustainability Framework
	Maintain a positive Second-Party Opinion from Sustainalytics on the Sustainability Framework for issuance of sustainable bonds.	As there were no changes to the Sustainability Framework in 2022 there were no revisions to the Sustainalytics report.	Maintain a positive Second-Party Opinion from Sustainalytics on the Sustainability Framework for issuance of sustainable bonds.
	Complete the project to record energy efficiency data in the system, covering as much as possible of the mortgage loan book. Also analyse the possibility of including data on physical climate risk.	**Objective achieved** Energy efficiency data was successfully incorporated into the system. Data were obtained on physical climate risk.	Set frequency for updates to energy efficiency data and use of physical climate data.
	Continue identifying energy renovation projects on buildings.	**Objective achieved** A distinct Housing-Renovation area was set up within the Housing Area, with energy renovation projects as part of its remit.	N/A
Sustainable products	Continue marketing specific financing products for energy efficiency improvements to homes.	**Objective achieved** Full implementation within the financing model for all firms and other entities involved in improving energy efficiency.	Continue marketing specific new products.
	Continue to adapt to the new sustainability regulations and requirements.	**Objective achieved** Based on the best execution principle given the lack of specific regulatory guidance in several areas.	Continue to adapt to the new sustainability regulations and requirements for savings/investment products.

ISSUE	OBJECTIVE 2022	DEGREE OF ACHIEVEMENT 2022	OBJECTIVE 2023
Suppliers	Include sustainability policies and progress by our suppliers as a weighting element when contracting products and services, which they must set out when proposing a budget.	**Objective achieved** Drafting of a supplier introduction letter in which we ask them to report on their social, environmental and governance commitments.	Including the supplier introduction letter every time a new service contract is offered. Collect this information from the Bank's largest existing suppliers.
Regulatory compliance, corporate governance and transparency	Maintain a high ESG risk rating by Sustainalytics. Explore ESG risk ratings offered by other agencies.	**Objective achieved** In 2022, the Bank renewed its ESG risk rating. The resulting score of 9.8 indicates insignificant exposure to ESG risk and is among the best in the sector. We looked at ratings from other providers and concluded that, for now, the current provider is the one that best meets our needs.	Maintain a high ESG risk rating by Sustainalytics. Explore ESG risk ratings offered by other agencies.
	Continue with the areas for action identified in the Strategic Plan, stabilising actions already in place and, most importantly, completing testing tasks in a more regular and planned fashion. We have also made it a priority to complete the other objectives under this three-year plan outstanding or not yet fully implemented. On this point, our work continues to develop, from a function closely focused on advising the business on regulatory changes and their impact on the Business into a function whose responsibility for testing which allows us to measure how far regulations have been implemented and are being followed by employees/ processes/controls, etc., in the Bank.	**Objective achieved** The targets set were broadly met. Documentation of policies and procedures was compliant in all sections. The process of evaluating sections has begun with a very positive assessment for the Bank. The different sections of the Compliance Engine have been regularly reviewed and a general scorecard has been created to monitor the Bank's compliance risk.	Define the Strategic Plan for the next four years. Enhance the Regulatory Compliance Engine to document the methodology. Upgrade advisory and consultation systems between the Banco Cooperativo Español and the Cajas Rurales it supports.
	Appoint another woman to the Board as employee representative, raising the total number of women members to three by the end of 2022.	**Objective achieved** Alatz Salvatierra was appointed as a representative Director for the Bank's employees.	At the election to be held at the 2023 General Meeting, the aim is to have a new female director elected to the Governing Board, such that by end-2023 the number of female directors will be 4, 26.6% of the total.
	Establish automatic calculations for the risk appetite framework (RAF) or lower reporting levels.	**Objective achieved** The most appropriate metrics were identified in 2022 and the specifications for their implementation were defined (calculation engine, data sourcing, etc.). As a result, in 2023 four indicators will be included in the RAF.	Incorporate 4 level 2 indicators in the Risk Appetite Framework, two classifying property collateral based on physical risk certificates and another two for, respectively, investments in green, social and sustainable bonds, and for exposure to carbon-intensive sectors.
	Record sustainability factors for mid-sized companies and large corporates.	**Objective achieved** A methodology and calculation tool were devised for scopes 1, 2 and 3 carbon footprints.	Calculate exposure to carbon-intensive sectors.
Regulatory compliance, corporate governance and transparency	Publish these ratios as part of the Bank's external reporting, adapting measurement to meet the newly published standards.	**Objective achieved** The following data was calculated and published in the Non-Financial Statements: * Proportion of total assets exposed to eligible and non-eligible economic activities * Proportion of total assets exposed to companies that are not obliged to publish non-financial information pursuant to Article 19a or 29a of the Accounting Directive * Proportion of total assets exposed to central government, central banks and supranational issuers, and derivatives and the trading book * Proportion of hedging derivatives and interbank demand loans in total assets.	

ANNEX I

GRI INDICATOR TABLE (MANDATORY AND MATERIAL)

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
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GRI STANDARDS – MANDATORY INDICATORS		
INDICATORS		LOCATION IN THIS REPORT
2-1	Details of the organisation	
2-2	Entities included in the scope of sustainability reporting	The scope of the report covered by GRI standards is Caja Rural de Navarra, rather than Caja Rural de Navarra Group. However, the organization prepares consolidated financial statements and the information on companies consolidated within the Caja Rural de Navarra Group is given in Chapter 3.5 *(page 38)* with full information reported in Annex II *(page 144)*
2-3	Reporting period, frequency and contact	This report, which was verified in April 2023, and the financial report, cover the period from 1 January to 31 December 2022. This report is prepared on an annual cycle. For any questions about this report please contact Caja Rural de Navarra at: c*omite.sostenibilidad@crnavarra.com*
2-4	Restatement of information	No information has been restated
2-5	External assurance	Caja Rural de Navarra's practice is to submit both the Non-Financial Statements and the CSR Report to an independent auditor for review. In 2022, this review was carried out by Aenor. Annex IV: Independent Assurance Report. The Governing Board commissions the external assurance review each year.
2-6	Activities, value chain and other business relationships	CHAPTER 3: About us. There were no significant changes to Caja Rural de Navarra's business operations in 2022
2-7	Employees	CHAPTER 5: THE TEAM, *(page 77)*
2-8	Workers who are not employees	CHAPTER 5: THE TEAM, *(page 77)*
2-9	Governance structure and composition. Nominating and selecting the highest governance body	CHAPTER 3.3: GOVERNING BODIES , *(page 23)*
2-10	Appointing and selecting the highest governance body	The Bank's articles of association can be found on its website: *https://www.cajaruraldenavarra.com/sites/default/files/gobierno-coorporativo/ESTATUTOS-Caja%20Rural%20de%20Navarra-2022.pdf (in Spanish)*
2-11	Chair of the highest governance body	CHAPTER 3.3: GOVERNING BODIES AND FURTHER INFORMATION: *(page 23)* *https://www.cajaruraldenavarra.com/sites/default/files/gobierno-coorporativo/ESTATUTOS-Caja%20Rural%20de%20Navarra-2022.pdf (in Spanish)*
2-12	Highest governance body's role in supervision of impact management	CHAPTER 3.3.2: INTERNAL CONTROL FRAMEWORK , *(page 29)*
2-13	Delegation of responsibility for impact management	CHAPTER 3.3.2: INTERNAL CONTROL FRAMEWORK AND SUSTAINABILITY POLICY , *(page 29)* *https://www.cajaruraldenavarra.com/sites/default/files/gobierno-coorporativo/politica-de-sostenibilidad-v2.pdf*
2-14	Highest governance body's role in sustainability reporting	CHAPTER 3.3: GOVERNING BODIES AND SUSTAINABILITY POLICY: , *(page 23)* *https://www.cajaruraldenavarra.com/sites/default/files/gobierno-coorporativo/politica-de-sostenibilidad-v2.pdf*
2-15	Conflicts of interest	Caja Rural de Navarra's Governing Board is obliged to define a system for corporate governance that guarantees sound and prudent management and addresses the issue of conflicts of interest.

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GRI STANDARDS – MANDATORY INDICATORS		
INDICATORS		LOCATION IN THIS REPORT
2-15	Conflicts of interest	Caja Rural de Navarra has put in place a series of measures to identify different types of conflict of interest. Caja Rural de Navarra's supervisory policy for its Compliance Function includes a section on Conflicts of Interest. The policy gives detailed guidance on the following issues: definition of a conflict of interest, scope of application, situations likely to generate conflicts of interest, measures to prevent, remedy or mitigate conflicts of interest, notification and registration of a conflict of interest, register of conflicts of interest, and review and maintenance of the policy on conflicts of interest.
2-16	Communication of critical concerns	CHAPTER 3.3 GOVERNING BODIES, *(page 23)* As well as: Sustainability Policy, Sustainability Committee, Anti-Corruption: Internal Audit control, Corporate Governance
2-17	Collective knowledge of highest governance body	Risk Management, Sustainability Management, Environmental Issues; Sustainability Committee, Appointments Committee
2-18	Performance evaluation of the highest governance body	CHAPTER 3.3: GOVERNING BODIES, *(page 23)* Appointments Committee. Review of the Board and its committees.
2-19	Remuneration policy	CHAPTER 5: THE TEAM, *(page 77)*
2-20	Process for determining remuneration	CHAPTER 5: THE TEAM, *(page 77)*
2-21	Annual total compensation ratio	CHAPTER 5: THE TEAM, *(page 77)*
2-22	Statement on the sustainable development strategy	Chairman's letter, *(page 7)*
2-23	Policy and commitments	CHAPTER 2.2 DIALOGUE WITH STAKEHOLDERS, *(page 8)* CHAPTER 3.5 STRATEGY OF THE BANK. Risk Management, Sustainability Management, Environmental Issues, *(page 38)*
2-24	Integration of commitments and policies	CHAPTER 4.5 PRODUCTS AND SERVICES. SUSTAINABLE FINANCE, *(page 59)*
2-25	Processes for remediating negative impacts	CHAPTER 4. CUSTOMERS. CUSTOMER SERVICES DEPARTMENT, *(page 49)* Dialogue with Stakeholders. Sustainability Management, Anti-Corruption, Human Rights, Social and Personnel Issues: Equality plans and measures to promote equal opportunities
2-26	Systems for seeking advice and raising concerns	Anti-Corruption: Professional Ethics. Social and Personnel Issues: Equality plans
2-27	Compliance with laws and regulations	In 2022, there were no reported cases of non-compliance with laws and regulations
2-28	Membership of associations	CHAPTERS: CAJA RURAL DE NAVARRA AND SOCIETY *(page 111)* AND ABOUT US *(page 17)*
2-29	Approach to stakeholder engagement	SUSTAINABILITY MANAGEMENT: CHAPTER 2.2 DIALOGUE WITH STAKEHOLDERS AND MATERIALITY ANALYSIS, *(page 8)*
2-30	Collective bargaining agreements	CHAPTER 5: THE TEAM, *(page 77)*

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GRI STANDARDS MATERIAL INDICATORS		
KEY ISSUE	**CONTENT**	**LOCATION IN THIS REPORT**
1/ Financial strength of the Bank and global risk manageme **2/** Strategy of the organization **3/** Transparency in marketing **4/** Quality of service and customer satisfaction **5/** CSR policy and Social Engagement **6/** Corporate culture **7/** Management approach	**3.1** Process to determine material issues	Dialogue with stakeholders and Materiality analysis. There have been no changes in the list of material issues since the period covered by the previous report
	3.2 Materiality analysis	CHAPTER 2.2 DIALOGUE WITH STAKEHOLDERS *(page 8)*
1/ Financial strength of the Bank and global risk management	**3.3** Management of material issues	ABOUT THE REPORT, *(page 6)* AND ABOUT US, *(page 17)*
	201-1 Direct economic value generated and distributed	CHAPTER 3. ABOUT US, *(page 17)*
	201-2 Financial implications and other risks and opportunities due to climate change	Caja Rural de Navarra provides financial services and the key risks and opportunities due to climate change arise not from the Bank's own activities but from the businesses carried on by its customers, particularly those conducted by its borrowers using the Bank's loans. For this reason, several years ago, the Bank implemented a **Sustainability 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 principles of commitment to its local social and natural environment. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices. The latest update to the Framework was conducted in December 2021. The consultancy **Sustainalytics** has ratified through its **Second-Party Opinion (SPO)** that the Bank's framework is aligned with the principles and objectives mentioned above, including the **"Green Bond Principles" (GBP) and "Social Bond Principles" (SBP) of the ICMA (International Capital Market Association)** and that it finances projects that contribute to environmental sustainability, social challenges and the **United Nations Sustainable Development Goals (SDG)** in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework. The latest SPO published by Sustainalytics on the Bank's Sustainability Framework is dated December 2021. The Framework and SPO are available on the investors' website: *https://www.cajaruraldenavarra.com/en/information-investors*

GRI STANDARDS MATERIAL INDICATORS		
KEY ISSUE	CONTENT	LOCATION IN THIS REPORT
1/ Financial strength of the Bank and global risk management	201-3 Obligations of the defined benefit plan and other retirement plans	There is no Pension Plan, but the Bank has obligations under the national collective agreement on life and accident insurance and widow/er and orphan supplements.
	201-4 Financial assistance received from government	CHAPTER 3. ABOUT US, *(page 17)*
	202-2 Proportion of senior executives hired from the local community	All the senior executives come from the local community.
	203-1 Infrastructure investments and services supported	Caja Rural de Navarra provides financial services and the key risks and opportunities due to climate change arise not from the Bank's own activities but from the businesses carried on by its customers, particularly those conducted by its borrowers using the Bank's loans. For this reason, several years ago, the Bank implemented a **Sustainability 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 principles of commitment to its local social and natural environment. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices. The latest update to the Framework was conducted in December 2021. The consultancy **Sustainalytics has ratified through its Second-Party Opinion (SPO)** that the Bank's framework is aligned with the principles and objectives mentioned above, including the **"Green Bond Principles" (GBP) and "Social Bond Principles" (SBP) of the ICMA (International Capital Market Association)** and that it finances projects that contribute to environmental sustainability, social challenges and the U**nited Nations Sustainable Development Goals (SDG)** in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework. The latest SPO published by Sustainalytics on the Bank's Sustainability Framework is dated December 2021. The Framework and SPO are available on the investors' website: *https://www.cajaruraldenavarra.com/en/information-investors*

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GRI STANDARDS MATERIAL INDICATORS		
KEY ISSUE	CONTENT	LOCATION IN THIS REPORT
1/ Financial strength of the Bank and global risk management	203-2 Significant indirect economic impacts	Caja Rural de Navarra provides financial services and the key risks and opportunities due to climate change arise not from the Bank's own activities but from the businesses carried on by its customers, particularly those conducted by its borrowers using the Bank's loans. For this reason, several years ago, the Bank implemented a **Sustainability 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 principles of commitment to its local social and natural environment. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices. The latest update to the Framework was conducted in December 2021. The consultancy **Sustainalytics has ratified through its Second-Party Opinion (SPO)** that the Bank's framework is aligned with the principles and objectives mentioned above, including the **"Green Bond Principles" (GBP) and "Social Bond Principles" (SBP) of the ICMA (International Capital Market Association)** and that it finances projects that contribute to environmental sustainability, social challenges and the **United Nations Sustainable Development Goals (SDG)** in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework. The latest SPO published by Sustainalytics on the Bank's Sustainability Framework is dated December 2021. The Framework and SPO are available on the investors' website: *https://www.cajaruraldenavarra.com/en/information-investors.*
	204-1 Proportion of spending on local suppliers	The organisation does not currently have this information.
2/ Strategy of the organization	**3.3** Management of material issues	CHAPTER 2. ABOUT THE REPORT, *(page 6)* AND 3. ABOUT US *(page 17)*
	201-1 Valor económico directo generado y distribuido	CHAPTER 3.6: KEY FIGURES, *(page 40)*
2/ Strategy of the organization	201-2 Financial implications and other risks and opportunities due to climate change	Risk management: risk of climate change. Non-financial risk management: environmental risks, emerging risks. Environmental issues: Climate change strategy, Carbon footprint
	201-4 Financial assistance received from government	No assistance of any kind was received from General governments

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GRI STANDARDS MATERIAL INDICATORS		
KEY ISSUE	CONTENT	LOCATION IN THIS REPORT
3/ Transparencia en la comercialización	417-1 Requirements for product and service information and labelling	CHAPTER 4. CUSTOMERS, *(page. 49)*
	417-2 Incidents of non-compliance concerning product and service information and labelling	CHAPTER 4. CUSTOMERS, *(page. 49)*
	417-3 Incidents of non-compliance concerning marketing communications	CHAPTER 4. CUSTOMERS, *(page. 49)*
	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	CHAPTER 4. CUSTOMERS, *(page. 49)*
4/ Quality of service and customer satisfaction	103-1 Explanation of the material topic and its boundary	CHAPTER 2. ABOUT THE REPORT, *(page 6)*
	103-2 The management approach and its components	CHAPTER 2. ABOUT THE REPORT, *(page 6)* AND CHAPTER 4. CUSTOMERS, *(page 49)*
	103-3 Evaluation of the management approach	CHAPTER 2. ABOUT THE REPORT, *(page 6)*
	FS15 Description of policies for the fair design and sale of financial services and products.	CHAPTER 4. CUSTOMERS, *(page 49)*
5/ CSR policy and Social Engagement	103-1 Explanation of the material topic and its boundary	CHAPTER 2. ABOUT THE REPORT, *(page 49)*
	103-2 gement approach	CHAPTER 4. CUSTOMERS, *(page 49)*
	103-3 Evaluation of the management approach	CHAPTER 2. ABOUT THE REPORT, *(page 6)*

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GRI STANDARDS MATERIAL INDICATORS		
KEY ISSUE	CONTENT	LOCATION IN THIS REPORT
	3.3 Management of material issues	CHAPTER 2. ABOUT THE REPORT, *(page 6)*
	202-2 Proportion of senior executives hired from the local community	All the senior executives come from the local community
	207-1 Tax approach	CHAPTER 3.6: KEY FIGURES, *(page 40)*
6/ Corporate culture	207-2 Tax management, control and risk management	Tax practice: Annual Corporate Governance Report
	207-3 Involvement of Stakeholders, and management of concerns in tax matters	The Stakeholders played no part in managing these matters
	405-1 iversity in governance and employee bodies	CHAPTER 5: THE TEAM, *(page 77)*
	205-1 Operations assessed for risks related to corruption	There were no transactions assessed in this area in 2022
7/ Management approach	205-2 Communications and training on anti-corruption policies and procedures	The Bank has introduced a Code of Conduct, communicated to all employees, whose latest version is dated 18 June 2020. This Code of Conduct in general is also available on the employee portal. The Bank has introduced a Criminal Compliance Management System that meets the requirements of the Spanish UNE 19601 standard which all employees are familiar with. Employees and the general public can access an Ethics Channel to report any kind of conduct they detect.
	205-3 Confirmed incidents of corruption and actions taken	There were no cases of corruption in 2022

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ANNEX II

NON-FINANCIAL STATEMENT OF COMPANIES COMPRISIN THE CAJA RURAL DE NAVARRA CONSOLIDATED GROUP

1. GENERAL INFORMATION

This Annex refers to the companies that make up the Caja Rural de Navarra Consolidated Group with the exception of the activity of the parent financial institution (Caja Rural de Navarra). The information is presented in accordance with Law 11/2018 of 28 December on non-financial information and diversity and also takes into account European Commission Communication 2017/C 215/01, Guidelines on Non-financial Reporting.

These statements take a concise approach by disclosing only the most relevant information, presented in accordance with the standards of the Global Reporting Initiative (GRI), on which Caja Rural de Navarra bases its CSR Report.

In 2020 and 2021, the measures taken to alleviate the effects of Covid affected all sectors to a lesser or greater degree and was a very important factor for those years. Since the second half of 2021, the dominant impact on the economy has been inflation, with the greatest effects being felt in 2022, and the interest rate rises put through in response at the end of 2022. Caja Rural de Navarra Group companies suffered no direct impacts from the Ukraine war. However, they were severely affected by the EU's sanctions on Russia and their repercussions for international commodity markets.

Caja Rural de Navarra's portfolio of investee companies is largely unchanged from last year, but there was one significant corporate transaction. In 2021, the Group had eleven bakery flour manufacturing and marketing companies. In September 2022 these were merged into Harinera del Mar SXXI, S.L., which thereby took over the flour mills of Pontevedra (formerly Reyes Hermanos), Puerto de Sevilla (formerly Haribéricas), Noain, Navarra (Harivasa) Tardienta, Huesca (Harinera de Tardienta) in addition to the one it has always owned in Almenara, plus the business and assets of Harinas Selectas (Tardienta), Transnoain (logistics) and other auxiliary activities. Cerelia Agro and HRVs Eood are now subsidiaries of Harinera del Mar and conduct their farming business in Spain and other EU countries. All the absorbed companies were extinguished during the merger process.

In addition, in December 2022, the flour businesses of Inversions Fenec (head of the Vall Companys group), were spun off into Harinera la Meta, a company that had previously taken over the flour mills Harinera Palentina, Harinas de Torija and Molinos Harineros del Sur. Harinera la Meta was then merged with Harinera del Mar and a new company created, MHM Grupo, S.L., which now owns 100% of the share capital of both Harinera La Meta, S.A. and Harinera del Mar, SXXI, S.L., which, in turn, is jointly owned by Inversión Fenec (50.01%) and Caja Rural de Navarra (49.99%). As a result MHM Grupo and its subsidiaries Harinera del Mar and Harinas la Meta ceased to be fully consolidated in Caja Rural de Navarra in 2022.

Below is a list of the subsidiaries (all of which are wholly owned) at 31 December 2022:

Company	Location	TAX ID	% Holding	External audit
Harivenasa S.L	Noain (Navarre)	B71075774	100%	Yes
Espiga I&D Alimentaria, S.L.	Pamplona (Navarre)	B71434427	100%	No
Industria Tonelera de Navarra S.L	Monteagudo (Navarre)	B31688336	100%	No

Tonnellerie de L'Adour S.A.S	Plaisance du Gers (France)	FR9642502 9972	100%	No
Merranderie de L'Adour (formerly Oroz Fils STE Exploitation)	Plaisance du Gers (France)	FR94379700 966	100%	No
Bouquet Brands S.A	Esquiroz (Navarre)	A31884000	100%	Yes
Bahia de Cádiz S.L	Pamplona (Navarre)	B84996743	100%	No
Solera Asistencial S.L	Pamplona (Navarre)	B71150866	100%	Yes
Solera Navarra S.L	Pamplona (Navarre)	B71186654	100%	Yes
Torre Monreal S.L	Tudela (Navarre)	B31872872	100%	Yes
Seresgerna S.A	Pamplona (Navarre)	A31697808	100%	Yes
Promoción Estable del Norte, S.A.	Pamplona (Navarre)	A31663651	100%	Yes
Informes y Gestiones Generales, S.A.	Pamplona (Navarre)	A31437635	100%	No
Informes Técnicos y Valoraciones Generales, S.L.	Pamplona (Navarre)	B31917305	100%	No

No (*): The company does not undergo a formal audit but is analysed in the audit of its parent company

We also show the sectors and regions where each company offers its products and services.

Company	Regions
Cereal sector	
ESPIGA I&D ALIMENTARIA	Not active in 2022
HARIVENASA	Spain, exports to twenty countries
Winery supplies	
INDUSTRIA TONELERA DE NAVARRA	Spain
TONNELLERIE DE L'ADOUR	Global
MERRANDERIE D'ADOUR	France
BOUQUET BRANDS	Navarre
BAHIA DE CADIZ	Cadiz
Senior care	
SOLERA ASISTENCIAL	Navarre
SOLERA NAVARRA	Navarre
TORRE MONREAL	Navarre
SERESGERNA	Navarre
Support for Caja Rural de Navarra customers	
INFORMES Y GESTIONES GENERALES, S.A.	Navarre. Rioja, Basque Country

INFORMES TECNICOS Y VALORACIONES GENERALES, S.L.	Navarre. Rioja, Basque Country
PROMOCION ESTABLE DEL NORTE	Navarre, Rioja, Basque Country
PREVENTIA SPORT	Navarre

In addition to these subsidiaries controlled by CRN, the Bank also has a number of investments where it shares control or that it does not control, in a range of sectors. The full list of investments can be found in the financial report but the purpose of this document is to highlight the Group's businesses and how and why they are run.

Caja Rural de Navarra's investments are stable. There have been investments and divestments over the course of time, but the aim of this business is not speculative and many of the companies mentioned have been consolidated in CRN for more than twenty years.

Any new equity investment in a new or existing company – excluding any short-term portfolio investments in the stock market – must be approved by the Governing Board. Factors considered will include whether:

- It has a reasonable expectation of generating adequate returns, either directly from the investee company or indirectly through business induced by the new equity investment.
- It adheres to corporate and managerial values consistent with those of the Bank.
- Caja Rural de Navarra's presence will not have a negative impact on other participants in the market, either by significantly diminishing competition or by creating an unbalanced competitive situation.

Below we lay out a formal list of the Group's investee companies and their business activities in accordance with the regulatory guidelines. This annex includes non-financial reporting information for the companies listed as subsidiaries below, but not for the companies over which the Group does not exercise financial control, listed as associates or equity investments. We list the activity of all companies comprising our equity investment area by sector of activity. For associates and equity investments we only include the parent plus, in a few cases, their biggest investee, omitting some of their functional subsidiaries:

AREA	COMPANY	Status in Group
FOOD		
	Cereal transformation	
	HARINERA DEL MAR, S.L.	associate
	HARINAS LA META, S.A.	associate
	MHM GRUPO, S.L.	associate

HARANTICO, S.L.	subsidiary
ESPIGA I&D ALIMENTARIA	subsidiary
Vineyards and wineries	
RIOJA VEGA , S.A.	associate
PRINCIPE DE VIANA, S.L.	associate
BOUQUET BRANDS, S.A.	subsidiary
INDUSTRIA TONELERA DE NAVARRA	subsidiary
TONNELLERIE DE L'ADOUR	subsidiary
MERRANDERIE DE L'ADOUR	subsidiary
Dairy	
IPARLAT	associate
Support for Cooperatives, Farmers and Stock-raisers	
SERVICIOS EMPRESARIALES AGRO INDUSTRIALES, S.A. – SENAI	associate
ECOLOGICAL TRANSITION, RENEWABLE ENERGY	
Renewable energy generation	
COMPAÑÍA EOLICA DE TIERRAS ALTAS	associate
RENOVABLES DE LA RIBERA	associate
MINICENTRALES CANAL BARDENAS	equity investment
RURAL ENERGIAS ARAGONESAS, S.A.	associate
IBERJALON, S.A.	associate
RURAL DE ENERGIA DE TIERRAS ALTAS, S.A.	associate
Poplars	
BOSQALIA	associate
REAL ESTATE	
Rental of state-subsidized housing	
ERROTABIDEA	associate
PROMOCION ECONOMICA REGIONAL	
Venture capital and seed finance	
START UP	equity investment
Mutual guarantee societies (Sociedades de garantía recíproca)	
SONAGAR	equity investment
ELKARGUI	equity investment
IBERAVAL	equity investment
CARE	
Senior care	
SOLERA ASISTENCIAL	subsidiary

ENGINEERING	
Civil engineering and testing	
LABORATORIOS ENTECSA	associate
IGEO2	associate
AREA OF SUPPORT SERVICES FOR CAJA RURAL'S BUSINESS	
Real estate	
PROMOCION ESTABLE DEL NORTE	subsidiary
Complementary services	
INFORMES Y GESTIONES GENERALES	subsidiary
INFORMES TECNICOS Y VALORACIONES GENERALES	subsidiary
BANCO COOPERATIVO ESPAÑOLA	equity investment
SEGUROS GENERALES RURAL, S.A. DE SEGUROS Y REASEGUROS	equity investment
GRUCAJRURAL INVERSIONES	equity investment
ESPIGA CAPITAL INVERSIÓN II	equity investment
ESPIGA CAPITAL INVERSIÓN II	equity investment
ESPIGA EQUITY FUND	equity investment
RURAL SERVICIOS INFORMÁTICOS	equity investment
DOCALIA	equity investment

A glance at this list makes clear that these are companies well embedded in their markets, but with a focus on three additional areas: sustainability of the primary sector – farming, climate change and renewable energy converging towards the ecological transition, to use the vogue term, plus clean energy – senior care and support for the economic and social environment.

Finally, investee companies must themselves be viable, even as many of them pursue aims that go beyond the merely financial, as this is the only way to sustain their activity consistently over the long-term.

The rest of this chapter and the two following focus in detail on the subsidiaries.

1.1. BUSINESS MODEL DESCRIPTION

Cereal sector

As mentioned above, Caja Rural de Navarra retains major investments in manufacturers of bakery flours, semolina and mixes of flour and other cereals for human consumption, but these companies have now become associates.

Nevertheless, as they were still part of the Group until early December 2022, we have retained their data in the 2022 figures for some year-on-year comparative metrics, including the carbon footprint and employee measurements, to give an accurate picture of progress in that year. Similarly, we will publish figures both with and without the flour subgroup for this year, so that accurate comparisons can also be made from 2023 using the ex-flour figures.

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The flour subgroup now headed by MHM Grupo consists of production centres (factories) throughout Spain, along with two companies specialising in farming of high-quality wheat and oats in Spain and abroad.

Meanwhile, Harivenasa, S.L., which manufactures and markets pearls, flour and oat flakes and oat flake mueslis, remains a subsidiary of Caja Rural de Navarra and in 2022 recentred its activity in its new Etxarren factory (Arakil, Navarra).

The wheat flour and oat markets are very different, with different uses for each product. Wheat flour is mainly used in bread and biscuit production, where cakes and pastries are less important. In Spain, consumption of bread and other flour derivatives per head has been declining for decades, as it has changed from being a staple food to an optional extra which is not always highly valued.

As a consequence, traditional bakers are disappearing, with industrial bakers taking over. Spanish industrial producers (whose production is concentrated on biscuits and pre-baked bread) have a strong presence in foreign markets and this has helped keep demand and manufacturing reasonably steady in recent years.

Spain consumes more cereals than it produces. An average of 20-25 million tonnes of cereals are produced annually, of which about 35% is wheat. An additional 10-15 million tonnes of cereals are imported to make up the total domestic consumption - animal and human - of 35-38 million tonnes.

Looking at wheat alone, 6-7 million tonnes are produced each year and around 4.5-6 million tonnes imported, most of it from EU. This represents domestic consumption of around 11 million tonnes. Of this, around 45% million is eaten by humans with the rest going to animal feed, biofuels and seeds for re-sowing crops.

Oat flakes, pearls, flour and bran go into pastry products, biscuits, drinks and breakfasts, as well being consumed directly. These are traditional products in Anglo-Saxon countries that have now established a strong foothold in Spain.

In 2021 and 2022 the international cereal market was marked by high prices and massive volatility, mainly because Ukraine, south Russia and Kazakhstan are major global cereal producers, exporting through the Black Sea and their ability to get their goods to market has been severely curtailed.

As this is a mature market, with a significant overcapacity in milling, the key issues are efficient production and food safety.

This Group is involved alongside some of its customers in projects that take an end-to-end approach to sustainability – from planting to the customer – considering all factors, applying environmentally friendly practices and taking great care of food safety. Such initiatives remain in a minority, but a phase of formal certification is under way which brings together farmers, cooperatives and production plants.

The impact of prices on exports to African countries has been enormous. These countries simply cannot pay for these products and are restricting themselves to consuming locally produced goods, mainly cereals and rice.

Winery supplies group

The Grupo de Servicios Auxiliares a Bodegas comprises the oak barrel factories in Navarre (Spain) and Gers-Occitanie (France), and the wine and spirits distributor Bouquet Brands which has a physical presence in Navarre and Cadiz.

The details of each activity are as follows.

The cooperage group

The Navarra barrel factory is located in Monteagudo and trades as Industrial Tonelera de Navarra (INTONA). It manufactures and markets oak barrels for ageing wine and spirits.

The French barrel factory is located in Plaisance du Gers and the company is called Tonnellerie de L'Adour.

The key for both companies is their control over the entire value chain, from procurement of raw materials, thanks to close collaboration with oak suppliers, to technical advice and after-sales service for customers.

The barrel adds characteristic notes to the products it contains, and since wood is a natural product its influence on the wine is so notable that for winemakers and their oenologists the origin – species – of the oak and the working methods used – combining traditional craft with modern methods of wood selection, quality and production control – are a vital part of the business case they offer wineries.

Worldwide, French barrels are still considered to be the premium category in this industry, and this is why the decision was taken a few years ago to invest in Tonnellerie de L'Adour, which is an established factory. This also explains the differences in mission and business vision between the French and Spanish companies.

There are seven main manufacturers of oak wine casks in Spain, some of which are owned by French cooperage groups. INTONA competes on an equal footing and alternates yearly between being the second or third largest producer by units produced.

INTONA has to differentiate itself by the consistency and quality of its products and its service.

There are around one hundred French cooperages, but four groups account for 70% of global sales, so L'Adour is among the smaller firms. However, it does have a recognised product, which allows it to maintain a selling price above the average for the French market.

Adour's business model is therefore to manufacture and market French oak barrels, in the French style. Its strength lies in working from the origin, producing its own staves (via Merranderie de L'Adour), and with a wide range of products thanks to its vocation as a retail-scale company with a craft spirit.

Having explained these differences, we note the following:

INTONA's mission: to supply the wine and spirits sector with a versatile, comprehensive tool based on knowledge and tradition, that allows its customers to achieve the notes they seek in their products.

INTONA's vision: to be a benchmark in the world of wine ageing due to our commitment to research, respect for the environment and personalised local customer service. Standing out on quality.

Adour's mission: from the heart of Armagnac in rural France, to export around the world a near century-old coopering tradition, which is based on tight control of the raw materials and craftwork in small batches.

Adour's vision: to become a global cooperage, established in the premium barrel sector, with a worldwide presence and trading on its image as a rural artisan company.

Bouquet Brands

Bouquet Brands distributes wine and spirits under its own brand in Navarre, Madrid and Malaga and through its subsidiary, Exclusivas Bahía de Cádiz, in Andalusia.

This gives it a strong commercial network and optimal logistics system.

The wines distributed include those from Caja Rural de Navarra's investee wineries, Príncipe de Viana and Rioja Vega (non-Group scope).

Bouquet Brands' mission: to market the products from our suppliers, providing our customers with prestigious wines, beers and spirits that support their local positioning.

Bouquet Brands' vision: to develop a competitive product portfolio and enthuse the hospitality sector by persuading them that our portfolio of Navarre and La Rioja wines – and other beverages and premium beers – will be appreciated by their customers and deliver the leisure experience they are looking for. Plus streamlined logistics and a punctual and friendly service.

The key issues in wine and spirits distribution are: a wide portfolio of products to meet customer demand, close customer focus and service.

Business development in 2022 was as follows. Domestic hospitality services and tourism opened up after the pandemic, though with some lingering restrictions, and business gradually improved although mostly without reattaining pre-Covid levels. Against this backdrop, wine production continued at low levels and investment in new barrels contracted.

Senior care group

Solera Asistencial was set up to offer comprehensive services for the elderly. Its objective is to give families access to a service that meets their economic needs and the physical and cognitive needs of the elderly person, with services tailored to their own organizational constraints.

Spain has a generally adequate network of services for the elderly. The public support that older people receive means that in recent decades good facilities and infrastructure have been created to provide the care they need. The current network of services is sufficient for their needs, but perhaps the sector's greatest weakness is that the cost of the services is beyond the reach of many people.

The Dependency Act allowed economic agents from other areas, such as construction companies and investment funds with little knowledge of the elderly care sector, to enter the market in the hope they could run the service over the long-term as a conventional business. Many of them have not achieved the returns they anticipated and have opted for concentration in a sector that has traditionally been fragmented.

In parallel, municipalities and, to a lesser extent, regional governments, have also established services for the elderly. Their implementation has been partially frustrated by budgetary constraints, the increase in the supply of places and Spain's economic crisis.

Thus, at the national level, the insufficient budget allocated to these activities has resulted in public under-funding of places, a smaller number of people covered by the benefits system – only dependent persons have the right to the benefits, with delays between the need for assistance being recognized and the start of payment – and the elimination of non-guaranteed services, leaving other essential services outside the basic portfolio of publicly funded services.

The situation in Navarre can be considered as one of the best in the country, but with progressive adjustments in the funding and in the services financed. The local administrations are supporting part of the basic services provided for the elderly, including day centres, respite care and care services provided in the home.

As an operator providing comprehensive services for the elderly, Solera Asistencial has a good market position, offering a full range of welfare services. It is dependent on government policies, but in recent years, it has identified and set up a number of services that do not depend on the public purse.

Our two old people's homes, La Vaguada and Torre Monreal, focus on providing a high level of service and the residents' families clearly understand and appreciate this.

The services provided in the day centres, the only ones of their kind in Navarre, focus on responding flexibly to the needs of users and their families, including activity workshops which help users continue to live independently.

The "Solera en casa" (Solera at Home) home care services have grown thanks to the community's appreciation of their structured and professional organization.

The group has developed as follows:

- Solera Asistencial: central services in the areas of Planning, Marketing, Administration, Human Resources and Maintenance
- Seresgerna: residential service developed in the La Vaguada home.
- Torre Monreal:
  - Residential service in Torre Monreal Social-Medical Centre.
  - Solera Urban “Mendebaldea”
- Solera Navarra:

  -La Vaguada Day Centre

  -Solera Ensanche Day Centre

  -Torre Monreal Day Centre

  -Ribaforada Day Centre

  -Larraga Day Centre

  -Pio XII Day Centre

  -Home Care Service: “Solera en casa”

  -Physiotherapy Unit

  -Wounds Unit

Mission:

Committed to the elderly, our mission is to achieve the best comprehensive care for seniors through high-quality care services that ensure the well-being and satisfaction of our users, families and residents.

Vision

To be a benchmark and pioneer in implementing quality care models for the elderly, structuring ourselves as a comprehensive services operator that provides innovative and pioneering responses to society’s present and future needs. Solera Asistencial seeks to be a benchmark in the sector for its quality, specialization in high value-added care services and capacity to respond to all the needs that seniors may have.

The core action principles to ensure quality of service are:

- Individual attention to users and residents
- Attention to families, advice, support and facilitating their participation in the daily life and activities of our residences and centres
- Professional and personal development of the team, maintaining a high level of motivation and professional qualifications
- Innovation in services and management models, seeking excellence in processes and activities. Versatility and adaptation to new needs and demands

- Clarity, transparency and trust in the institution, with regular communication
- Measurement, monitoring and control of our services to maximize their quality
- Investment in technical resources to support therapeutic programmes and a high level of comfort for our users and their relatives

The sector is still recovering from the earth-shaking impacts of the Covid pandemic, and the efforts made by residents, staff and their families in 2020 and, to a lesser extent, 2021. The pandemic injected a sense of urgency and social awareness of the changes needed in the sector, but these centres will inevitably be the last to reach their "new normal". Public pressure for the essential adaptations has fallen and society is once again neglecting the needs of older people. But we remain aware of the need to reconfigure these centres irrespective of the pace of regulatory changes. The Solera Group continues to analyse how we should plan and implement this reconfiguration.

Auxiliary financial services group to Caja Rural de Navarra

This group comprises three companies whose business model is to provide a service to Caja Rural de Navarra and/or its customers.

First, we look at Promociones Estable de Norte. This company used to build residential developments in the Bank's area of operation, either alone or with partners. When the property crisis hit, it was decided to suspend – for a few years – all development and participation in third-party developments and to transfer certain real estate assets from the Bank to this company, which as a specialist had a greater chance of selling them on successfully.

Informes y Gestiones Generales, S.A. provides processing services for all types of public and private documents associated with the property, trade and assets registers. Its other services include carrying out checks and providing responses to public and private queries, defining and processing powers of attorney, mortgage services, drafting wills and acceptance of inheritances, etc.

Other areas of activity include legal, labour, tax and accounting consultancy.

Every year, between four and five thousand customers rely on Informes y Gestiones, which manages around ten thousand documents and requests for more than 20,000 registry entries and certificates.

Informes y Gestiones has professional teams in Pamplona, San Sebastian, Bilbao, Vitoria and Logroño and can therefore serve all customers of Caja Rural de Navarra and third parties.

Finally, "Preventia Sport" is the nucleus of a sports medicine centre that provides some of the support given to the Caja Rural-RGA cycling team. It also has facilities that are open to the general public. Medical tests are carried out at the centre on an athlete's capacity to adapt and improve in their sporting discipline. It has also made some small-scale sales of cycling equipment.

1.2. DESCRIPTION OF THE GROUP'S POLICIES

The Group's companies have the following processes for risk analysis, control and monitoring:

Cereal sector

The Group's activity in this sector is now conducted solely through Harivenasa, S.L., a company with a three-strong Board of Directors, two being Caja Rural de Navarra executives and the third drawn from the flour group.

Its associates – MHM Grupo, Harinera la Meta and Harinera del Mar, S.L. – have different Boards of Directors in which both directors composed of executives from the two partners and executives of the companies themselves.

On the management and functional side, each company has a matrix management structure, which combines management reporting lines in each area with the group level functional structures, providing coordination of purchasing, manufacturing, quality and R&D and sales and marketing to large industrial groups.

Each factory has a management committee in which all areas are represented.

The committee meets at least monthly. Monthly meetings are also held to monitor and coordinate the activities at each factory, attended by key executives from the Flour group's functional areas and the Bank's management.

The strategies of the Caja Rural de Navarra managers in these companies are clear: top priority goes to food safety and health and safety at work, plus strengthening medium- and also long-term strategies that enable the companies to maintain sustainable commercial and economic competitiveness.

Winery supplies group

This group, which has a much smaller staff, has three Sole Directors, one for each of the three subsidiaries.

Each company also has a managing director, reporting to these Sole Directors, who runs the operational dynamics for their company. These, in turn, always have a manager for each operational area.

The cooperages have an chief administration-finance officer and a production manager, who is in charge of managers for each production area, and a sales team. This team meets regularly with the managing director.

The distributor has a chief financial officer, a sales team manager and a logistics and warehouse manager, who meet with their manager at least weekly.

In the case of INTONA and Bouquet Brands, the Sole Director is an executive at Caja Rural de Navarra. For Tonnellerie de L'Adour, the Director is INTONA's managing director.

Senior care group

The Solera Asistencial group has a Sole Director at its head, who is an executive at Caja Rural de Navarra.

At least once a month, the Quality Committee and Management Committee meet, attended by all the different area managers: Managing Director, Head of Quality, Care Manager, Chief Administration-Finance Officer, Head of Maintenance, General Services Manager, Day Centres Manager.

Teamwork is an essential factor in successfully implementing and coordinating the social and welfare objectives of each of the residents.

The team consists of doctors, nurses, nursing assistants, social workers, occupational therapists, psychologists, physiotherapists, podiatrists, pharmacy personnel, sociocultural therapists and dieticians who all interact with each other.

Auxiliary financial services group to Caja Rural de Navarra

Most companies in this group are again headed by a Sole Director, including Promoción Estable de Norte, Informes y Gestiones and Preventia Sport. Each company employing its own staff has a full-time manager as its chief operating officer.

In the case of Informes y Gestiones, the managing director is supported by area managers, and the management system is based on weekly meetings with area managers and monthly meetings with all the members of each department, to review key indicators and set general strategy and specific goals.

Promoción Estable del Norte actively collaborates with the Caja Rural de Navarra housing area through continuous contacts and regular meetings to analyse progress in different actions and toward achieving targets. These meetings are attended by the management from Promoción Estable del Norte managers and managers from Caja Rural de Navarra's housing area.

Preventia Sport is closely tied into the Bank's institutional life and involved in training the cycling team. It therefore holds regular meetings with the Bank's Head of Institutions.

1.3 ADMINISTRATIVE BODY REMUNERATION

As we said, the subsidiaries have directors linked to Caja Rural de Navarra or its subsidiaries. No director receives any financial or other consideration, attendance fees, pension plans or similar. They are remunerated for work done for the Bank or subsidiary depending on their job category, in accordance with the salary tables in this document.

There is no bonus for belonging to subsidiaries' administrative bodies.

Grupo Cooperativo, and Caja Rural de Navarra within it, have civil liability insurance for managerial positions. This covers their activity as both employees and directors of the subsidiaries.

1.4 CAJA RURAL DE NAVARRA GROUP – CROSS-GROUP MANAGEMENT

As we have seen, the companies in which Caja Rural de Navarra has equity investments work mostly in the agri-food and welfare sectors as well as supporting the Bank's activities.

The agri-food sector has traditionally had significant strategic weight in Caja Rural de Navarra's financial operations. Its share in gross domestic product is falling, but the sector's professionalisation and initiatives to produce frozen and pre-prepared convenience foods are pushing to maintain the economic importance of these activities, meaning it can offer sustained value added over time so helping halt the decline in rural population and reduce the population drift toward provincial and county capitals.

For an institution like Caja Rural de Navarra, which was born alongside agricultural cooperatives in small and medium-sized population centres, it is both consistent with its values and rewarding to back initiatives that help sustain our farming and stock-raising fabric and encourage cooperativism as a driver of economic sustainability in the sector. Part of the Social Welfare Fund is dedicated to this purpose.

In the case of the care services, we wanted to respond to a growing need in our community. First religious institutions and subsequently public authorities have for many years been the basic support for the sector, which now needs to adapt to the greater demands of an ageing population, who nonetheless still have the capacity to enjoy life and maintain family ties.

We would also like to highlight the activities carried out by other investee companies in protecting the environment, even though they do not form part of the Consolidated Group. As an example, we would draw attention to renewable energy companies (Compañía Eólica de Tierras Altas, Renovables de la Ribera, etc.) and the forestry company (Bosqalia).

1.5. KEY INDICATORS FOR NON-FINANCIAL RESULTS

Caja Rural de Navarra began by compiling its first Corporate Social Responsibility Report in 2017, following the guidelines established by the GRI (Global Reporting Initiative).

The report includes a materiality analysis to determine the issues most relevant to the stakeholders that Caja Rural de Navarra interacts with. In preparation for these 2021 non-financial statements, a materiality analysis was conducted, focusing for these corporate sub-groups on their individual definitions of stakeholders, giving their voices the weight prescribed in the procedures.

In light of the characteristics and results of this materiality analysis, it was felt unnecessary to update it every year. The results would probably be very similar from year to year and it would be preferable to update it over a longer timescale.

The materiality analysis conducted in 2021 with external support from a specialist consultancy focused on identifying and prioritising the economic, environmental, social and governance priorities for customers, employees and suppliers (external materiality) and the companies' strategy based on its potential impact for the Bank (internal materiality).

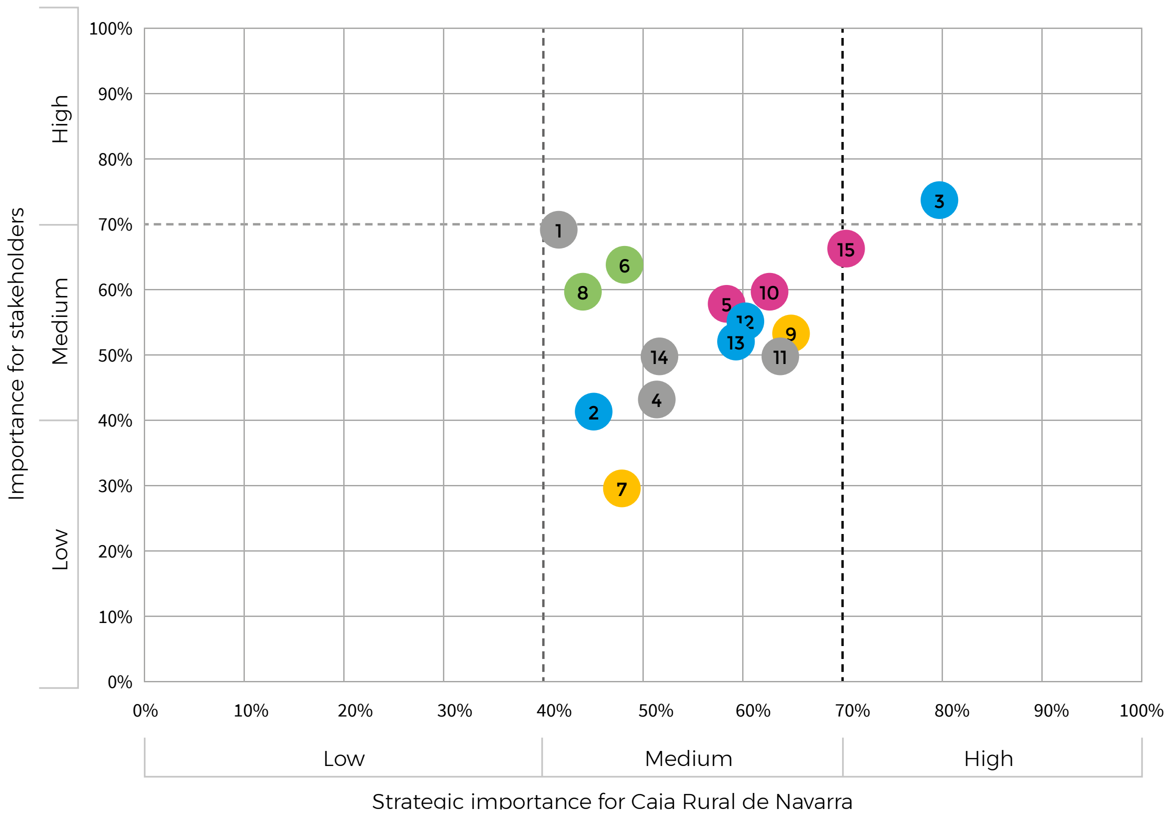
Surveys and opinion panels were held, which worked as follows:

- Flour group: a survey focused on three opinion groups: customers, suppliers and employees, plus opinion panels
- Elderly services group: not done because it would have overlapped with quality questionnaires being completed by residents and their relations
- Winery supplies group: a survey focused on three opinion groups: customers, suppliers and employees, plus opinion panels
- Auxiliary financial services group to Caja Rural de Navarra: as their customers and other stakeholders are identical with those of the parent, the analysis used the surveys and panels done by the Bank.
- Energy companies group: in this case, the only stakeholders were workers and suppliers.

We detail the conclusions of the materiality analysis below:

a) Cereal group

This new materiality analysis by Caja Rural de Navarra identified 15 material issues:



Area	Issue	Priority
High	3 Sales and customer service channels	
Medium-High	1 Range of products and services	
	15 Relations with suppliers	
Medium	8 Reducing the environmental footprint	
	6 Environmental protection	
	5 Contribution to economic growth and development	
	10 Working conditions	
	14 Staff training	
	12 Transparency and responsible communications	
	13 Internal communications	
	9 Responsible purchasing	
	11 Product management	
	2 Ethics, integrity and good governance	
	4 Strategy	
Medium -Low	7 Social and environmental sustainability	

Economic
Sustainability
Environment
Social
Governance

One surprisingly low priority for stakeholders was social and environmental sustainability in general, which is consistently the main plank of CSR policies, although there was specific support for reducing the carbon footprint and general environmental protection.

b) Winery supplies group

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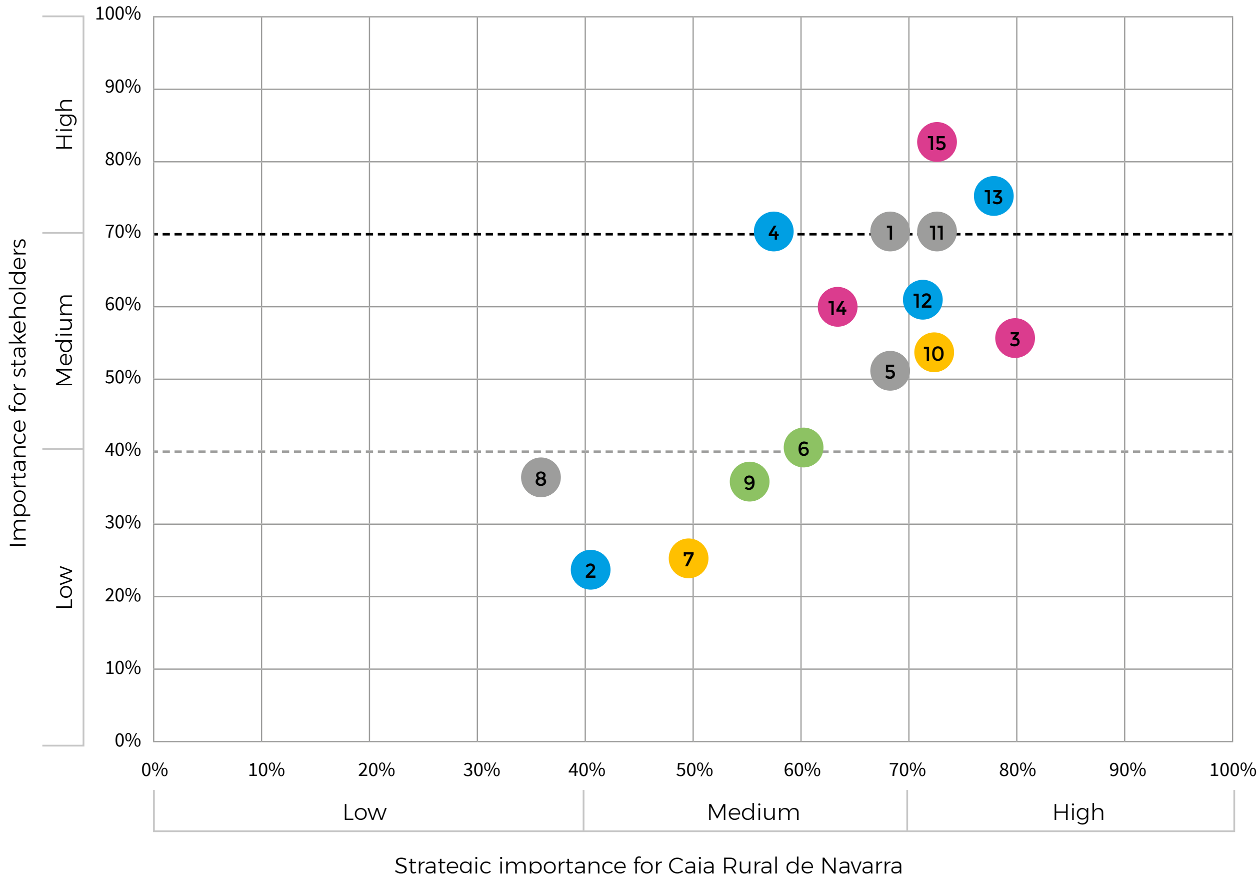

Area	Issue	Priority
High	15 Relations with suppliers	
	13 Internal communications	
	11 Staff training	
Medium-High	1 Range of products and services	
	4 Sales and customer service channels	
	3 Contribution to economic growth and development	
	12 Transparency and responsible communications	
	10 Responsible purchasing	
Medium	14 Working conditions	
	5 Strategy	
	6 Environmental protection	
	9 Reducing the environmental footprint	
Medium-Low	7 Social and environmental sustainability	
	2 Ethics, integrity and good governance	
	8 Product management	

c) Area of services for the elderly

The external consultant reviewed the following documents from the previous year, with Covid at its core:

- “Solera Residencias annual review of the quality system 2020”
- “Satisfaction survey on departure 2020”
- “Satisfaction survey during stay 2020”
- “Staff survey 2020”.

Based on this information, the consultant conducted a preliminary non-financial materiality analysis (assessing the importance of various issues for stakeholders).

- The stakeholders covered by these methods and the analysis of the Group's services for the elderly are: customers (relatives of service users), users themselves and employees. The big stakeholder group omitted was suppliers.
- The material issues identified in these methods and analysis of the Senior Care Group services related to Social issues. The material issues that were omitted were: Environmental and Governance.

The consultant thus focused the questions on the material issues and analysed the results, management targets, comments by interviewees and results of indicators.

- Management targets: Management has set a series of targets relating to different areas and reports back on progress or otherwise in each area year-on-year and whether or not the targets were met.
- Comments by interviewees: The report includes a number of comments by employees, which add depth to its findings.
- Change in indicators: The responses sought in surveys and management targets have evolved over time, with possible positive or negative effects on the record of achievement.

Based on this analysis it was concluded that the following issues were material for each stakeholder group:

		Stakeholder group		
		Customers		Staff
Area	Material issue	Individuals	Institutions	
1. Business model	Innovation and digitisation	x	x	x
2. Corporate governance	Corporate compliance		x	
	Good governance and transparency	x		x
	Ethics and anti-corruption	x	x	x
3. Customer relations/Customer satisfaction	Service quality and user satisfaction	x	x	x
	Accessible services	x		
	Privacy and data security	x	x	
	Communications with those involved	x		
4. Employee management	Work culture			x
	Equality and non-discrimination			x
	Work-Life balance			x
	Job creation and stability			x
	Staff turnover			x
	Staff training	x		x
	Career development	x		x
	Equal pay			x
5. Environmental management	Energy consumption	x	x	x
	Waste management and food wastage	x	x	x
	Climate change impact	x	x	x
6. Health and safety	Health and safety at work			x
	Architecture and sustainable buildings	x		
	Covid 19	x	x	x

7. Human rights				
8. Community engagement	Green growth and sustainability	x	x	

1.6. MAIN SECTOR RISKS

Group companies face the following sector risks, which can be mitigated in the following ways. The analysis here is not based on economic risks, which are reflected in their respective annual reports, but on corporate social responsibility issues:

Flour Group

- Baker's asthma

  In Spain, asthma caused by handling flour was first recognised as a professional disease in 1978. Flour has been a staple food for millennia, albeit one that can trigger allergies in some people who work with it. The cause is breathing in flour dust suspended in the air. Even in ancient Rome the slaves who worked in grinding and handling flour wore masks. The same system, updated with modern filters and protection covering skin and eyes, is the right way to mitigate the effects. Periodic medical check-ups are also carried out.
- Explosion and/or fire (due to explosive atmospheres)

  Atmospheres saturated with wheat flour and powder are classified as an explosion hazard. The process and procedures have been adjusted to minimize this risk. This is one of the key points of focus to achieve year-on-year improvements.
- Usual risks of any industrial environment.

  Working at height, getting caught in machinery, electric shocks, etc. Like the abovementioned risks, these are analysed by the health and safety manager in each factor, and advice is sought from external consultants leading to action plans for each factory.
- Cereal contamination

  Cereals are susceptible to contamination, especially in the transportation, unloading and storage phases. This risk can be mitigated by taking appropriate measures when buying and transporting the raw material, through a maintenance and cleaning programme and by having a laboratory constantly checking the control parameters.

Senior care group

- Risks for personnel derive from the physical nature of the job. Musculoskeletal disorders are the most frequent. These can be mitigated by measures to reduce the effort used, varying standing and sitting positions, having processes and equipment in place to avoid excessive physical loads, and training employees in best practice.
- Emotional risk for staff derived from working in shifts and due to the condition of certain residents Actions to alleviate them include allowing breaks, sufficient rest between working days, dynamics to allow the sharing of experiences and training in how to deal with these situations.
- Risks of transmitting illnesses between staff and patients or within these groups, more acute for infectious diseases

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- Injuries to residents
  From the physical point of view, the use of handling equipment and procedures also reduces the risk of injury to residents.
  Falls by residents moving independently.
  Emotional stress should be picked up by staff, which is why operational procedures and staff training are key.
- Risks in administering drugs, including administration errors, checks that they have been correctly taken, checks on the state of the patient, etc.

Winery supplies group

This business is exposed to the risks of both a manufacturing environment and a distribution company

- Usual risks of any industrial environment.
  Working at height, getting caught in machinery, electric shocks, etc. These are analysed by external consultants leading to action plans for each factory.
- Risks derived from the continuous movement of freight
  Organization of the warehouse and routes. Optimal packaging. Use of auxiliary methods. Time off between working days and each week
- Risks derived from urban mobility
  Proper vehicle maintenance. Sensible and balanced routes. Management of distribution schedules. Rest between work days

Auxiliary financial services group to Caja Rural de Navarra

These are essentially office-based companies, therefore, their main risks are:

- Risks deriving from the work environment
  These risks are essentially related to posture and lighting. Rules relating to comfort are updated periodically and devices that improve postural comfort are provided
- Risks deriving from stress at work
  These risks are alleviated by adjusting workload and a policy of recognizing work done

Key risks and significance

The key risks to the equity investments, both in absolute terms and as they affect Caja Rural de Navarra, are:
(i) food safety, (ii) proper treatment of seniors, (iii) health of employees, suppliers and customers, (iv) poor management systems involving unethical practice and (v) economic downturn affecting the Parent Company.

As far as possible, some risks may be mitigated by taking out specific insurance policies, such as civil liability insurance.

Nonetheless, these risks pose the dual threat of impacting the subsidiary's activities and reputational harm to the Parent Company, which is why we opt to prioritize some risks over others.

Risk	Mitigation actions
Food safety	Integrated process control Quality metrics Staff training Insurance
Transmission of disease	Cleaning and work protocols Use of collective and personal protective equipment
Treatment of residents	Selection process Staff training Quality metrics
Employee ethics	Selection process Working environment and training plans Internal and external audits of Caja Rural de Navarra
Economic downturn	Regular business reporting Internal audit

1.7. QUALITY, DISPUTES AND COMPLAINTS

Quality assurance policies are naturally worked into the design of the production process. The various manufacturing and services companies set metrics to measure the quality – as seen by the producer – of the services and products that customers or users receive.

Nevertheless, a process needs to be put in place to handle customer complaints. The channel to make comments, complaints and claims changes from sector to sector, but we think each is appropriate and accessible for customers, consumers or our service users:

a) In the cereal sector, each company has a general phoneline to deal with claims and comments, reporting to the quality control department.
   This group works with street-front stores, who receive most of the complaints from the craft bakery and technical staff working with industrial customers, which are usually dealt with via the general complaints channel.
   Complaints from final consumers, such as complaints about a kilo of flour bought in a supermarket, the complaint is always dealt with through the customer service department of the chain concerned. Some also submit dummy complaints to test the response.
   Looking more closely at the flour, pearls and oat flakes producer, the company produces raw materials for third-party industrial manufacturers (as ingredients for their

vegetable drinks, energy bars, processed foods, biscuits, etc.), repackaged as the distributor's brand and in small half-kilo packets, oats and oat flakes, mueslis, both white label and under the own-brand Alea. Each product/channel is tailored to its distinctive market and customised. For instance, its own brand Alea guarantees that its source oats have been grown within 100 km of the manufacturing plant, to improve the carbon footprint and support local farming.

b) In the care sector, although there is a phone line, complaints are usually dealt with through two fundamental channels: the manager of the institution or day centre, in the case of a complaint that needs to be resolved on the spot, and through customer satisfaction surveys when dealing with less urgent or less specific issues.
Many centres have a suggestion box and comments and complaints can be registered at reception, but this is usually a secondary channel.

c) In the winery supplies sector, there is a public relations phone number but, given the nature of the clientele, complaints and comments are always received by the sales team.

d) For companies providing support services to Caja Rural de Navarra, complaints are generally made directly by phone. Occasionally, they are made through the Caja Rural branch network or in person.

The next section looks at customer complaints, by sector:

Cereals group

All customer suggestions and complaints are recorded. All incidents are answered by the Quality Department, regardless of the size of the customer.

Incidents are catalogued by category which can be grouped into functional issues (product fails to meet customer needs for moisture, kneadability, protein, etc.), logistical or administrative issues (incorrect shipments, shipping note mix-ups, torn sacks on pallets, etc.), and issues relating to food safety (broken threads in sacks, metal filings from piping, etc.). In addition, they are classified as Serious or Minor. All those that affect food safety are considered serious. Minor incidents only include administrative or logistics incidents that do not result in a product being returned.

That said, a product can still trigger an incident even if it has not been returned. To take a simple example, a customer who orders 20 sacks of one type and 8 of another, and receives 19 and 8, respectively, will generate a logistics incident but probably no returns. An industrial flour can have 4 to 12 parameters and if one of them falls even minimally short, for instance with moisture being 0.1% too high or low, it always generates a functional incident, whether or not the sack is returned.

Flour plants handle large volumes of products:

Units	2022	2021
Baker's sack	11,831,444	10,006,075
Tanker/Big Bag	52,338	20,947
1/5/10 kg packet	29,867,226	19,164,056

Incidence was 20 in 2022 (36 in 2021) per million units delivered. Percentage of total incidents classed as serious: 22.2% (40.1% in 2021).

Breakdown by type:

Household use (0.5kg/1kg/5kg packet): Incidence of less than 1 per million packets in 2022 (4.4 in 2022)

Industrial use (25kg sack/tanker/big bag): Incidence of 67 per million packets in 2022 (531.1 in 2021). Of these, 15 per million were considered serious (68 in 2021) as they related directly or indirectly to food safety and 24 (128 in 2021) related to functional or quality issues. Complaints due to logistics comprised 42% of the total.

Industrial customers will obviously check all deliveries individually.

Senior care group

Quality policies are a key element in the group's management. The approach taken is multi-faceted and includes:

a) Surveys of residents and relatives
b) Multi-year targets
c) Specific annual improvement targets
d) External audits, conducted by the Social Welfare Department

Following the tumultuous years of 2020 and 2021, which were particularly hard for the sector, the Group again ran its annual perceived quality measurement exercise, with surveys of relatives when a resident's stay ends and of families and residents during their stay.

The section below looks at the focus and outcomes of these working methods.

a) The annual satisfaction survey asks residents to score from 0 (terrible) to 5 (excellent) various aspects of their day-to-day experience and is broken down by activity and even by floor in residences. They are also asked for comments or suggestions for improvements.

The target was 4.0/5. In 2022 the average score on all parameters was 3.88 compared to 3.97 in 2021, 4.04 in 2020, 3.97 in 2019, respectively.

Responses are subjective – i.e., assessed by each resident or relative – and the percentage of residents completing the survey improved on 2021 (68% vs. 60%).

There are always areas for improvement and our duty is to identify and work on them, but we are now at scores that will be very difficult to beat year on year.

b) End-of-stay surveys of relatives

Stays may end in other ways than death. Sometimes due to illness or an accident, and other times because the resident has recovered and can go back to their former life.

The target to beat is 4.45/5 and this year's score was 4.92 (4.81 in 2021).

Also, Solera has set some multi-year targets. 13 general targets were set, to measure one or other of the associated indicators. These are maintained over several years to allow progress tracking.

One target is for complaints, which were 38 compared to 34 in 2021. All complaints are recorded, whether made formally in writing or verbally.

c) An annual improvement plan is developed based on the surveys, audits, incidents and training, which is broken down by activities and departments. Indicators are set for direct monitoring. In 2021, 106 actions for improvement were identified all told, irrespective of their scale or complexity, and of these 71% were deemed to be successfully concluded.

We also repeated in 2021 and 2022 the internal assessment survey of employees, first carried out in December 2020, measuring stress and effort, especially in the elderly care groups. The percentage responses to the survey fell this year, to 48%. The general satisfaction score was 3.24 compared to 3.12 in 2021 and, as in previous years, routes for improvement were identified.

Winery supplies group

This group attracts few complaints and they are addressed immediately and directly. The cooperages do not receive many complaints but they are more common for the distributor, particularly regarding late deliveries and logistical errors.

This sector reported a number of complaints about administration (wrong shipping note, wrong products) and also three complaints about the functional performance of the barrels.

Auxiliary financial services group to Caja Rural de Navarra

These are companies providing services to final customers where complaints mainly relate to disagreements about the cost of services and delays.

In 2022, complaints were received about 0.014% of actions involving third parties (0.016% in 2021).

Cost of quality

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In 2020 and 2021, the following costs of maintaining the quality of products and services were identified for all companies taken together and therefore for Group scope:

	2021	2020
Internal quality costs	€ 1,281,315.64	€ 1,058,490.45
External quality spending	€ 323,043.57	€ 415,999.34
Food defence spending	€ 176,922.73	€ 161,486.84
Quality audits (customers, FSC, etc.)	€ 53,167.93	€ 39,287.58

Once the Group resized in December 2022, this data had to be completely redefined, with a close focus on food quality, and continues to be published for the investee Harivenasa but this makes little sense in the context of this breakdown by sectors such as senior care.

In 2022, internal quality costs plus external quality expenses and quality audits in the group companies (not including Harinera del Mar) was:

Internal quality costs	€457,640
Quality audits (customers, FSC, etc.)	€26,114

ENVIRONMENTAL ISSUES

The activities carried out by the Group's companies are not considered to be a special source of direct pollution.

We will try to provide a qualitative analysis of the different forms of pollution and what can be done about them, given the processes and activities being carried out. We will not go into the production of raw materials or the use of products here. These will be briefly analysed later in this document.

Type of pollution	Cereal sector (1)	Winery supplies companies(1)	Senior care services	CRN support services
Waste water	Draining only (pumps, cooling units) Sewage to sanitation network	Draining only (pumps, cooling units) Sewage to sanitation network	Corresponding to sewage network	Corresponding to sewage network
Waste	Packaging and scrap metal, etc.	Packaging and scrap metal, etc.	Packaging and food waste, etc.	Paper, etc.
Emissions	Essentially derived from heat used in some processes, silos	Leaks from air conditioning units	Leaks from air conditioning units	Leaks from air conditioning units

	and cereal cleaning			
	Leaks from air conditioning units			
Indirect emissions	Electricity consumption Travel by employees and for product delivery	Electricity consumption Travel by employees and for product delivery	Electricity consumption Travel by employees and resident services	Electricity consumption Travel by employees
Noise	24h milling process Trucks coming and going Location in industrial estate	Trucks coming and going Manufacturing location in industrial estate	Minimal, residential business	Minimal, office business
Light	Lighting of 24h plants only	None	None	None

(1) These industrial activities are subject to national, regional and sector environmental standards.

For more information on this point see section 2.2 in this Annex.

The flour-producers, which were eliminated from the scope of consolidation at the end of 2022, take in more than million tonnes of wheat a year, which are converted into three-quarters of a million tonnes of wheat for food and a quarter of a million tonnes of side products used for animal feed.

The principles of the circular economy require us to prioritise proximity, reduced need for products, re-use and recycling. Each of the four business groups achieves this to different degrees and, while this is an area that will be primarily developed in future reports, we give more details below on actions in these areas and the pollution metrics listed above.

All Group companies reuse products wherever possible. Otherwise, more usually, used products are sent for recycling either through specialist companies or city recycling containers.

Food left over in nursing homes and day centres at the end of the day are deposited in the organic waste container. In future reports we will try to quantify the metrics for disposal of prepared foods.

We will also collect data on waste generated and its ultimate destination (recycling or landfill).

a) Cereal sector

The aim is to source all raw materials from close to each factory, but only 30-50% can be obtained within a reasonable radius.

Spain consumes much more wheat than it produces, importing as much as it grows domestically. In oats, most domestic production is of seed intended for animal feed.

Accordingly, for nearly a decade now we have had an action plan to produce wheat and oat seeds for human food within a catchment area of around 200 km from each factory. This project is based on building up the farming of specific varieties by farmers within these areas, renting land where Group companies can do their own farming and striking long-term partnerships with farmers who continue as before but planting seeds provided by the Group.

That said, not all climates and land-types are able to produced the best varieties for human consumption on reasonable terms and animal and human consumption are competing for this production capacity. As a result, the balance of domestic production to imports will remain negative.

As noted above, we also launched an AENOR-certified sustainable crops programme with the support of agricultural cooperatives and selected customers.

The shortage of domestically growth cereals means that all the vegetable waste (straw, seed husks, bran, etc.) generated by the factories is sold to feed factories, which are local due to the high demand for this product throughout Spain.

Therefore, the best flour for each type of customer product is selected (biscuit flour is completely different from bread flour, for example) and trucked to the factory from its source (Spain or France) or from the port (flour sourced in the Baltic countries, Great Britain, Bulgaria, Romania, and, in past years, Ukraine and Russia, now practically impossible due to the war).

Cereal + Transport + Process (energy) + Labour = Food

product + by-product (animal feed)

Quantitatively, the Flour group uses the most energy in the Caja Rural Group. Wheat milling is a power intensive process and in 2022 the flour group consumed approximately 80 GWh (compared to 73 GWh in 2021 and 68 GWh in 2020). This breaks down as a 3.2% increase in flour production and a 1.2% increase in its energy density, plus a 21% increase in oat flake production accompanied by a 56% increase in energy density, partly due to the move to a new factory but also because this new factory was running at only half capacity in 2022.

Of this, in 2022, 50.55 GWh (compared to 50.4 GWh in 2021) was assigned to renewable sources with certificate of origin (i.e. irrespective of the grid mix) to cover the production of organically sourced flour and bran, wholemeal flours and the production of certain specific products.

Also, the heat treatment and softening process of oat flakes used 12.7 GWh of mains natural gas (7.8 GWh in 2021).

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Electricity consumption depends not only on the annual volume of flour produced, but also on other factors such as the cereal varieties milled, temperature and humidity, level of micronized flour, etc. Therefore, a year-to-year comparison may not reflect the work undertaken by the flour production group to improve its energy performance.

In order to reduce the environmental impact due to energy consumption, in December 2018 the Group entered into a long-term power purchase contract that, among other objectives, aims to support the construction of two wind farms. Since the second half of 2020, these wind farms provide approximately 80% of the group's estimated electricity consumption.

As indicated in Chapter 7, this year carbon footprints were calculated for the subsidiaries covered in this Annex. The merged Harinera del Mar and Harivensa investees emitted a combined 11,943 tCO2eq in scopes 1 and 2 in 2022, compared to 8,412 tCO2eq in 2021. Total emissions for scopes 1, 2 and 3 by all subsidiaries of Caja Rural de Navarra at the end of 2022 were 51,421 tCO2eq in 2022.

All factories in the cereal sector work to ISO 14001 standard procedures and have their respective certifications. Waste levels are very low in this sector and generally related to non-hazardous waste. Most of it consists of broken poles, plastics and paper from unusable bags, which are recycled, and more contaminated waste in the form of sawdust or soil mixed with fuel or oil, which is recovered if a spill occurs in a truck.

In parallel, in recent years, significant investment has been made to upgrade the lorry fleet to the current Euro6 standard, the highest possible environmental rating.

b) Winery supplies group

As the group consists of two companies manufacturing barrels and casks, and a distributor of wine, beers and spirits, the main basic raw material is oak wood.

This is sourced from the USA, France and Spain. European and American oak species differ in the fineness or coarseness of their grains which means the oak notes are instilled in the wine in a different manner. As a result, some winemakers prefer one origin, others another, and yet others a mix through the ageing process, decanting wine from one type of barrel to another.

Spain is also short of oak wood and INTONA (Navarre) sources much of its production in the USA. However, the French cooper works with native varieties.

We would highlight the actions of INTONA, which works with PEFC-certified oak[1] and is certified annually as having a zero-carbon footprint. In order to compensate for its manufacturing carbon footprint, it is planting sessile oak in the Navarre Pyrenees. The cooperages are also compensating for their emissions by collaborating in building up sessile oak populations that will, in the future, be a source of the high-quality raw materials they need for their barrels.

Some of the waste from barrel-making – wood cutoffs, chips and sawdust – is burnt according to the traditional method to toast the casks. The rest is sold for re-use, generally to make pellets.

1 Certified timber from sustainable plantations.

Other waste is generated by breaking wooden pallets and plastics from industrial wrappers, which are recycled.

Bouquet Brands' business requires it to buy in wines and spirits from across Spain and regional wines make up 60-70% of sales for all the company's branches.

The main waste is glass from broken bottles, plus wood from broken pallets and plastics from industrial packaging, which are recycled

c) Elderly services group Services in this

sector are obviously local.

Regarding Reduce, Re-use and Recycle, the sector is highly sensitive to health imperatives so that some items have to be disposable.

Other waste produced comprises waste from accommodation and catering: worn textiles, glass, cardboard and used oils, all of which are recycled.

In the Senior Care Group, energy consumption in 2022 was 1.1 GWh of electricity, the same as in 2021, and 1.9 GWh of mains natural gas (compared to 0.9 GWh in 2021, 1.6 in 2020 and 2.1 in 2019). 32,150 litres of diesel were consumed in the transport of people and goods (compared to 12,700 litres in 2021, 8,600 in 2020 and 12,300 in 2019). The effect of reviving activity was in evidence here. In 2020 day centres were temporarily closed and there were far less movements between centres.

In the group's two nursing homes various hybrid systems were installed in 2022 and integrated on the roofs of La Vaguada and Torre Monreal. These supply hot water to reduce gas consumption and photovoltaic electricity to reduce the need to buy in power.

At La Vaguada it is expected to generate 200 MWh of thermal energy and 65 MWh of electricity, which will prevent around 100 tCO_2eq annually and self-consumption of 66% of thermal energy and 20% of electricity.

At Torre Monreal, it is expected to generate 153 MWh of thermal energy and 40 MWh of electricity, which will prevent around 67 tCO_2eq annually and self-consumption of 25% of thermal energy and 10% of electricity.

Both came onstream in 2022 and within a few months of operation generated 24.25 MWh of electricity.

d) Bank's Auxiliary Financial Services Group

Power consumption by these companies are counted as part of Caja Rural de Navarra's own consumption, whose branch offices it shares.

On measures to reduce environmental impacts, - Industria Tonelera de Navarra, S.L. is still pending installation of 100 kWh of rooftop photovoltaic panels in Monteagudo, which will deliver around 80% self-consumption.

Finally, we would point out that a large part of the environmental impact of the activities by Caja Rural and its equity investments are offset by the results of other investee companies that are not consolidated (equity investments of 25-50%).

- Compañía Eólica de Tierras Altas, SA produces between 240 GWh and 260 GWh of renewable electricity per year.
- Renovables de la Ribera launched four wind farms in August 2020, with total capacity of 111 MW in the south of Navarre and annual output of 270-300 GWh.

In each of the Group's companies is integrated into production considerations by the Steering Committee. No special committee has been appointed to date.

The costs of managing environmental risks break down as follows:

Cereal sector:

	2022	2021
Removing urban waste and waste water	133	24,714
Removing hazardous waste	0	3,106
Removing non-hazardous waste	32,327	47,421
Environmental management audits	3,550	8,628
Spending on energy efficiency	0	7,500
Environmental consultancy	2,900	5,093
Total	38,910	96,462

Costs shown for 2002 are for Harivenasa only, as it was the only company still in the Group at year end, whereas those for 2021 are for the Group as then constituted, including all the flour companies.

In 2021, as Harivenasa was operating inside Harivasa's plants, part of the costs of removing waste were directly charged to the service provider to Harivasa, which meant that the total actual cost attributable to Harivenasa for waste-related costs in 2021 was €4,595.

Senior care group

Direct expenses charged to the EMS (€)	2022	2021
Maintaining the Environmental Management System	0	0
Waste management	29,801	50,638
Total (€)	29,801	50,638

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Winery supplies

Direct costs imputed to the EMS (€)	2022	2021
Maintaining the Environmental Management System	3,073	3,488
Waste management	2,602	8,072
Total (€)	5,675	11,560

As noted above, the Auxiliary Financial Services Sector does not report separate figures. These figures are included in those for Caja Rural de Navarra.

2.1. ENERGY AND POLLUTION METRICS

Below are the values for energy and water consumption and the implied pollution levels, comparable between 2022 and 2021.

These calculations are based on measurements of the carbon footprint for these companies, in scopes 1 and 2, or scopes 1, 2 and 3 as indicated in each section, and show the change between the two years.

1) Cereal sector.

We should again emphasise the disruptive effect of transforming the flour companies from being subsidiaries, and therefore a fully consolidated part of the Group, to being associates not controlled by Caja Rural de Navarra. As a result, we again present a double comparison base, one compiled according to the same metrics as in 2021 and another based on scopes 1, 2 and 3 for Harivenasa only, which is the sole cereals sector company still in the Group.

In 2021, this activity accounted for more than 90% of the Caja Rural Group's total consumption and nearly all its consumption of gas and diesel.

Flour-producing companies	2022		2021	
	Units	tCO2eq	Units	tCO2eq
Water Consumption in m3 (1)	74,782	6	68,771	0
Natural Gas MWh	12,720	2,315	7,789	1,418
Propane litres	0	0	5,658	12
Electricity Non-renewable consumption, MWh	29,267	7,551	22,310	4,462

Renewable consumption, MWh	50,550	0	50,399	0
Fuel consumption Processes (litres)	0	0	115,202	309
Diesel – own fleet (litres)	821,924	2,071	823,338	2,211
Total CO2 equivalent emissions (T)		*11,943*		*8,412*

(1) Water consumption at the flour mills of Almenara, Noain and Seville is estimated here as the actual data is unavailable.

A more rigorous calculation is made, based on the GHG Protocol, taking into account the following sources of emissions:

Scope 1

This includes direct emissions from each entity's own business, which basically means emissions from the Bank's own vehicles and air-conditioning units

Scope 2

Indirect emissions generated by consumption of electricity.

Scope 3

Emissions induced by the Bank's business In detail this means:

- Emissions caused by employees travelling to work. This figure was obtained through a mobility survey of employees.
- Emissions caused by employees travelling for work purposes. This figure is for travel reported by the company's workers
- Emissions caused by waste from business activity and water consumption
- Emissions generated by third parties transporting raw materials and finished products from supplier to factory and factory to customer
- Emissions caused by third parties in transporting goods for the Bank: couriers and cash delivery services, based on an estimate made by the courier company.
- Internalised carbon footprint for the production of raw materials, in this case, cereal.

HARIVENASA	T CO_2 Eq
Scope 1	
Fuel consumption Natural gas consumption Refrigerant greenhouse gases	2,315.0
Scope 2	
Consumption of non-renewable electricity (3,200 MWh) CConsumption of renewable electricity (4,550 MWh)	825.7
Scope 3	
Travel to/from work	63.3
Travel for work	5.3
Waste	5.4
Drinking water	6.6
Transport of finished products	1,404.7
Transport of raw materials	6,893
Purchase of raw materials	39,350
Total CO_2 eq.	**50,872.17**

2) Other sectors (Senior Care, Auxiliary Financial Services and Winery Supplies)

Pollution figures given in last year's non-financial statements for other sectors cumulatively were as follows:

HARINERAS	2021	
	Units	T CO_2 Eq
Water		
Consumption in m^3	52,238	-
Gas		
Natural MW.h	10,523	1,915
Electricity		
Non-renewable consumption, MWh	1,630	349
Fuel consumption, own fleet		
Diesel, litres	51,641	140
Total CO_2 equivalent emissions (T)	**2,404**	

The carbon footprint was calculated for other Group companies at end-2022 in the same way as for Harivenasa:

	Solera	Wineries	CRN
Scope 1			
Fuel consumption	62.2	130.7	-
Natural gas and propane consumption	351.3	65.9	-
Refrigerant greenhouse gases	-	0.2	-
Scope 2			
Consumption of electricity	289.5	48.4	30.9
Scope 3			
Travel to/from work	13.0	33.5	7.4
Travel for work	11.4	12.3	3.4
Waste	47.4	1.2	0.8
Drinking water	4.6	0.,6	0.0
Transport of goods	-	39.8	-
Total CO_2 equivalent emissions (T)	**779.4**	**332.5**	**42.6**

The full carbon footprint for scopes 1, 2 and 3 for subsidiaries at year-end 2022 totals 52,027 tCO2eq, including 46,243 for acquisition and transport to the oat factory.

The ratio per employee is 90,956 kg CO_{2eq} (80,845 kg for oats; 10,111 kg for the rest)

The data reported has not been verified externally.

As for consumption of paper and toner, the following cumulative figures were reported for all Group companies at the end of 2022 and 2021, which were included in the calculation of the scope 3 carbon footprint for this year:

	2022	2021
Paper, kg	3,205	10,891
Toner, units	16	381

The spin-off of all the flour companies has obviously reduced all consumption figures.

2.2. CLIMATE CHANGE AND ENERGY MODEL TRANSITION

The activities carried out by the Group's companies produce very low levels of direct pollution. In general, they do not produce waste, as the by-products generated are reused as feed, livestock bedding, raw material for pellets and some oak wood chippings are even burned directly to toast the barrels, following the traditional method.

Therefore, the main direct wastes produced are those derived from the staff changing rooms and toilets, those produced by the users and residents in the residential and day centres and certain packaging of primary and replacement materials, which are segregated and removed by waste collection companies.

Other items are also sorted and collected including plastics, packaging, waste pallets, scrap from maintenance and, when it happens, small ground spillages of fuel and its impregnation material.

As indicated, a calculation was made of the carbon footprint of these companies, limited to scopes 1 and 2 with an outcome of 12,949.30 tCO_2eq (10,816 tonnes in 2021).

These figures do not include the attributable generation of renewable energy in Group investee companies.

3. SOCIAL AND PERSONAL ISSUES

3.1. EMPLOYMENT

Comparisons of employment figures were also affected by the deconsolidation of the flour mills at December 2022: To allow a correct comparison of 2022 with 2021 figures and the coming 2023 figures with those for 2022, we present the main comparative lines both with and without the flour mills, in the interest of comprehensive reporting.

It also seems more relevant to give information for Group metrics including the flour mills, as they were only actually deconsolidated in December 2022.

Accordingly, the employment figures by country and region (including flour mills) is as follows:

Country	**2022**			**2021**		
	Total	**Men**	**Women**	**Total**	**Men**	**Women**
Spain	916	428	488	881	413	468
France	28	20	8	22	16	6
Total active employees at Dec. 31	944	448	496	903	429	474

Spain	**2022**			**2021**		
	Total	**Men**	**Women**	**Total**	**Men**	**Women**
Navarre	613	195	418	581	186	395
Valencia	85	67	18	90	69	21
Andalusia	83	64	19	73	57	16
Aragon	80	62	18	87	66	21
Galicia	40	30	10	37	28	9
Madrid	8	8	0	4	4	0
Euskadi	5	2	3	6	3	3
La Rioja	2	0	2	2	0	2

Stripping out the flour companies:

Country	**2022**			**2021**		
	Total	**Men**	**Women**	**Total**	**Men**	**Women**
Spain	544	132	412	509	121	388
France	28	20	8	22	16	6
Total active headcount at 31 December	572	448	496	531	137	394

Spain	**2022**			**2021**		
	Total	**Men**	**Women**	**Total**	**Men**	**Women**
Navarre	522	116	406	493	110	386
Andalusia	7	6	1	6	5	1
Madrid	8	8	0	4	4	0
Euskadi	5	2	3	5	2	3
La Rioja	2	0	2	2	0	2

The flour group, which remains an investee but whose companies are no longer subsidiaries, is composed of six production centres in Andalusia, Aragon, Galicia, Navarre and Valencia employing 372 people at 31 December 2022

The following is a breakdown of selected statistics relating to the staff in subsidiaries, grouped by activities:

a) Flour group

We report below figures for the whole Group until December 2022, i.e. including employees at the food flour factories:

	2022			2021		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	416	329	87	394	315	79

Average headcount in the year	419	332	87	403.1	321.9	81.3
New contracts in the year	78	47	31	91	58	33
Contracts terminated in the year	75	45	30	55	35	20
Voluntary resignation	3	0	3	34	24	10
Voluntary departure	38	26	12	34	24	10
Retirement (and early retirement)						
End of contract	3	3	0	5	4	1
	30	15	15	24	15	9
Dismissal	1	1	0	6	2	4
Total headcount at 31 December	419	331	88	416	329	87
Departure rate	17.9%	13.6%	34.0%	13.6%	10.9%	24.6%

Stripping out the flour mills to reflect the Group as it was on 31 December 2022 (with Harivenasa only):

	2022			2021		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	40	34	6	45	38	7
Average headcount in the year	44.5	33.8	10.7	42.5	36	6.5
New contracts in the year	16	5	11	6	4	2
Contracts terminated in the year	9	4	5	11	8	3
Voluntary resignation	2	0	2	3	2	1
Voluntary leave						
Retirement (and early retirement)	3	3	0	1	1	0
End of contract	3	0	3	4	3	1
Dismissal	1	1	0	3	2	1
Total headcount at 31 December	47	35	12	40	34	6
Departure rate	19.15%	11.4%	41.7%	27.5%	23.5%	50.0%
Employees earning more than 2.5 times minimum wage	19	17	2			

Below we give details of employees who worked for sector subsidiaries during the year but not all year. Figures are not given as an annual average but show the contracts of everyone who

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worked this year for however short a time.

It is particularly important to deal with all contracts, of whatever duration, to give a clear picture of salary relativities by activity and gender.

Accordingly, the figures for 2022 and 2021 were as follows:

By age range

	2022				2021		
	Men	%	Women	%	Men	%	Women
Under 30	40	8.1%	28	5.7%	42	8.9%	29
31 to 40	92	18.6%	43	8.7%	89	18.9%	36
41 to 50	125	25.3%	33	6.7%	128	27.2%	28
51 to 60	93	18.8%	12	2.4%	88	18.7%	7
Over 60	24	4.9%	2	0.4%	20	4.3%	3
Total	376	76.1%	118	23.9%	367	78.1%	103

There was one person with recognised disability in 2022 and three in 2021, all men.

By professional category:

	2022			2021		
	Total	Men	Women	Total	Men	Women
General and area management	41	34	7	48	40	8
Engineers and graduates, reporting to a function area manager	13	10	3	25	20	5
Administrative, workshop and shift managers, Sales	67	46	21	36	34	2
First-grade managers, administrators and production or quality	165	123	42	77	47	30
Second-grade managers, administrators and production or quality	105	83	22	213	168	45
Administrative assistants, third-grade workers, assistants, labourers.	102	79	23	68	57	11
Trainees and work experience	1	1	0	3	1	2
	494	376	118	470	367	103

	2021			2020		
	Total	Men	Women	Total	Men	Women
General and area management	48	40	8	39	33	6
Engineers and graduates, reporting to a function area manager	25	20	5	18	13	5
Administrative, workshop and shift managers, Sales	36	34	2	20	18	2
First-grade managers, administrators and production or quality	77	47	30	152	125	27
Second-grade managers, administrators and production or quality	213	168	45	105	92	13
Administrative assistants, third-grade workers, assistants, labourers	68	57	11	113	73	40
Trainees and work experience	3	1	2	2	2	0

Figures by education are as follows:

	2022			2021		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	1	1	0
Graduate	92	57	35	97	52	45
Higher professional qualification or long working experience	144	117	27	106	90	16
Professional training 2	132	93	39	100	76	24
High school or Professional training 1	107	94	13	128	114	14
No qualifications	19	15	4	38	34	4
	494	376	118	470	367	103

	2021			2020		
	Total	Men	Women	Total	Men	Women
PhD	1	1	0	1	1	0
Graduate	97	52	45	88	54	34
Higher professional qualification or long working experience	106	90	16	92	83	9
Professional training 2	100	76	24	128	95	33
High school or Professional training 1	128	114	14	113	97	16
No qualifications	38	34	4	27	26	1

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By type of contract:

	2022				2021			
	Men	%	Women	%	Men	%	Women	%
Permanent full-time	344	69.6%	96	19.4%	349	74.3%	88	18.7%
Permanent part-time or discontinuous	6	1.2%	0	0.0%	2	0.4%	8	1.7%
Work experience, trainees and apprentices	2	0.4%	1	0.2%	2	0.4%	3	0.6%
Temporary contract (replacing those on parental, sick or political activity leave)	8	1.6%	5	1.0%	1	0.2%	1	0.2%
Temporary full-time contracts for time-limited work or services	15	3.0%	16	3.2%	13	2.8%	3	0.6%
Temporary part-time contracts for time-limited work or services	1	0.2%	0	0.0%	0	0.0%	0	0.0%
Total	376	76.1%	118	23.9%	367	78.1%	103	21.9%

Focusing on Harivenasa, which is the only remaining subsidiary in the sector at end-2022, the breakdown by age and gender was:

	2022				2021			
	Men	%	Women	%	Men	%	Women	%
Under 30	12	20.0%	9	15.0%	11	21.2%	6	11.5%
31 to 40	14	23.3%	7	11.7%	14	26.9%	3	5.8%
41 to 50	10	16.7%	1	1.7%	9	17.3%	1	1.9%
51 to 60	4	6.7%	0	0.0%	7	13.5%	0	0.0%
Over 60	2	3.3%	0	0.0%	1	1.9%	0	0.0%
Total	43	71.7%	17	28.3%	42	80.8%	10	19.2%

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By professional category:

	2022			2021		
	Total	Men	Women	Total	Men	Women
General and area management	9	8	1	8	7	1
Engineers and graduates, reporting to a function area manager	6	4	2	7	5	2
Administrative, workshop and shift managers, Sales	0	0	0	0	0	0
First-grade managers, administrators and production or quality	3	1	2	1	0	1
Second-grade managers, administrators and production or quality	42	30	12	35	30	5
Administrative assistants, third-grade workers, assistants, labourers	0	0	0	0	0	0
Trainees and work experience	0	0	0	1	0	1
	60	43	17	52	42	10

By training

	2022			2021		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	0	0	0
Graduate	15	9	6	13	9	4
Higher professional qualification or long working experience	5	4	1	6	5	1
Professional training	15	9	6	12	9	3
High school or Professional training	18	14	4	14	12	2
No qualifications	7	7	0	7	7	0
	60	43	17	52	42	10

By contract type:

	2022				2021			
	Men	%	Women	%	Men	%	Wo men	%
Permanent full-time	42	70.0%	17	28.3%	40	76.9%	8	15.4 %
Permanent part-time or discontinuous	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Work experience, trainees and apprentices	1	1.7%	0	0.0%	1	1.9%	1	1.9%
Temporary contract (replacing those on parental, sick or political activity leave)	0	0.0%	0	0.0%	0	0.0%	1	1.9%

Temporary full-time contracts for time-limited work or services	0	0.0%	0	0.0%	1	1.9%	0	0.0%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	43	71.7%	17	28.3%	42	80.8%	10	19.2 %

b) Care sector

In this group the reported staff changes, highs and lows (one person may account for more than one) are as follows:

	2022			2021		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	377	33	344	336	30	306
Average headcount for the year	319.3	28.44	290.87	285	25	260
New contracts in the year	1,106	139	967	975	99	876
Contracts terminated in the year	1,077	133	944	936	96	840
Voluntary resignations	52	4	48	31	-	31
Voluntary leave	6		6	4		4
Retirement (and early retirement)	1		1	1		1
End of contract	1,005	129	876	893	96	797
Dismissal	13		13	7		7
Total headcount at 31 December	405	**39**	**366**	377	33	344
Departure rate	328.6%	386.0%		328.6%	386.0%	323.1%

Among the personnel, nobody was reported as having a disability in 2021 or 2022

Below we give details of employees who worked in the sector during the year but not all year. Figures are not given as an annual average but show the contracts of everyone who worked this year for however short a time.

Accordingly, the figures for 2022 and 2021 were as follows:

By age range:

	2022				2021			
	Men	%	Women	%	Men	%	Women	%
Under 30	23	3.2%	164	23.0%	19	3.3%	124	21.6%
31 to 40	24	3.4%	144	20.2%	13	2.3%	123	21.4%
41 to 50	12	1.7%	170	23.8%	17	3.0%	135	23.5%
51 to 60	11	1.5%	127	17.8%	6	1.0%	105	18.3%
Over 60	2	0.3%	36	5.0%	0	0.0%	33	5.7%
Total	72	10.1%	641	89.9%	55	9.6%	520	90.4%

By professional category:

	2022			2021		
	Total	Men	Women	Total	Men	Wome n
General and area managers	4	2	2	1	1	0
Doctors, psychologists	7	0	7	8	0	8
Nurses, nutritionists and physiotherapists	89	10	79	90	12	78
Nursing and geriatric assistants	3	1	2	4	2	2
Administrators and technical staff in socio-cultural activities	387	39	348	311	28	283
Administrative assistants, cleaners, wardens	223	20	203	161	12	149
Total	713	72	641	575	55	520

By academic qualifications:

	2022			2021		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	0	0	0
Graduate	107	11	96	98	13	85
Higher professional qualification or long working experience	365	27	338	319	32	287
No qualifications	241	34	207	158	10	148
Total	713	72	641	575	55	520

By contract type:

	2022				2021			
	Men	%	Wom en	%	Men	%	Wome n	%
Permanent full-time	20	2.8%	218	30.6%	17	3.0%	183	31.8%
Permanent part-time or discontinuous	9	1.3%	107	15.0%	4	0.7%	42	7.3%
Work experience, trainees and	0	0.0%	0	0.0%	0	0.0%	1	0.2%

apprentices								
Temporary contract (replacing those on parental, sick or political activity leave)	19	2.7%	145	20.3%	23	4.0%	176	30.6%
Temporary full-time contracts for time-limited work or services	20	2.8%	96	13.5%	3	0.5%	29	5.0%
Temporary part-time contracts for time-limited work or services	4	0.6%	75	10.5%	8	1.4%	89	15.5%
Total	75	10.1%	641	89.9%	55	9.6%	520	90.4%

c) Winery supplies group

	2022			2021		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	77	60	17	72	57	15
Average headcount in the year	82	63	19	65.70	52.33	13.37
New contracts in the year	31	23	8	21	17	4
Contracts terminated in the year	20	16	4	16	14	2
Voluntary resignations	8	7	1	10	8	2
Voluntary leave	1	1	0	0	0	0
Retirement (and early retirement)	0	0	0	1	1	0
End of contract	9	6	3	4	4	0
Dismissal	2	2	0	1	1	0

Total headcount at 31 December	88	67	21	77	60	17
Departure rate	22.7%	23.9%	19.1%	20.8%	23.3%	11.8%

Below we give details of employees who worked in the sector during the year but not all year. Figures are not given as an annual average but show the contracts of everyone who worked this year for however short a time. Accordingly, the figures for 2022 and 2021 were as follows:

By age range:

	2022				2021			
	Men	%	Women	%	Men	%	Women	%
Under 30	13	12.3%	2	1.9%	5	5.4%	2	2.2%
31 to 40	16	15.1%	9	8.5%	17	18.5%	8	8.7%
41 to 50	25	23.6%	11	10.4%	23	25.0%	7	7.6%
51 to 60	23	21.7%	3	2.8%	15	16.3%	4	4.3%
Over 60	4	3.8%	0	0.0%	4	4.3%	0	0.0%
Total	81	76.4%	25	23.6%	71	77.2%	21	22.8%

By professional category:

	2022				2021			
	Men	%	Women	%	Men	%	Women	%
Permanent full-time	72	67.9%	19	17.9%	53	57.6%	14	15.2%
Permanent part-time or discontinuous	1	0.9%	3	2.8%	3	3.3%	3	3.3%
Work experience, trainees and apprentices	0	0.0%	0	0.0%	1	1.1%	0	0.0%
Temporary contract (replacing those on parental, sick or political activity leave)	1	0.9%	0	0.0%	8	8.7%	4	4.3%
Temporary full-time contracts for time-limited work or services	7	6.6%	3	2.8%	6	6.5%	0	0.0%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	81	76.4%	25	23.6%	71	77.2%	21	22.8%

By academic qualifications

	2022			2021		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	0	0	0
Graduate	10	3	7	10	3	7
Higher professional qualification or long working experience	78	66	12	43	40	3
Professional training	3	0	3	3	0	3
High school or Professional training	12	11	1	36	28	8

No qualifications	3	1	2	0	0	0
Total	106	81	25	92	71	21

By contract type:

	2022				2021			
	Men	%	Women	%	Men	%	Women	%
Permanent full-time	72	67.9%	19	17.9%	53	57.6%	14	15.2%
Permanent part-time or discontinuous	1	0.9%	3	2.8%	3	3.3%	3	3.3%
Work experience, trainees and apprentices	0	0.0%	0	0.0%	1	1.1%	0	0.0%
Temporary contract (replacing those on parental, sick or political activity leave)	1	0.9%	0	0.0%	8	8.7%	4	4.3%
Temporary full-time contracts for time-limited work or services	7	6.6%	3	2.8%	6	6.5%	0	0.0%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	81	76.4%	25	23.6%	71	77.2%	21	22.8%

Figures included one person with a recognized partial disability in 2022 and 2021.

d) Auxiliary financial services group

In this business, Informes y Fincas, a company belonging to the subsidiary Informes y Gestiones Generales, was sold in January 2022 to a legal entity outside the Caja Rural Group and its seven employees are therefore now removed from the Group's headcount. Accordingly:

	2022			2021		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	40	10	30	35	8	27
Removed due to exit from Group	7	2	5			
Number of Group employees at 1 January	33	8	25			
Average headcount in the year	30.1	8	22.1	36.38	9.34	27.04
New contracts in the year	3	0	3	14	3	11
Contracts terminated in the year	6	0	6	9	1	8
Voluntary resignation	2	0	2	2	0	2
Voluntary leave	0	0	0	0	0	0
Retirement (and early retirement)	0	0	0	0	0	0

End of contract	4	0	4	6	1	5
Dismissal	0	0	0	1	0	1
Total headcount at 31 December	30	8	22	40	10	30
Departure rate	27.5%	53.5%	18.5%	25%	10.0%	18.5%

Below we give details of employees who worked in this business during the year but not all year. Figures are not given as an annual average that shows the contracts of everyone who worked this year for however short a time. Accordingly, the figures for 2022 and 2021 were as follows:

By age:

	2022				2021			
	Men	%	Women	%	Men	%	Women	%
Under 30	0	0.0%	10	27.8%	0	0.0%	12	26.7%
31 to 40	3	8.3%	5	13.9%	4	8.9%	7	15.6%
41 to 50	4	11.1%	8	22.2%	5	11.1%	12	26.7%
51 to 60	1	2.8%	5	13.9%	1	2.2%	4	8.9%
Over 60	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	22.2%	28	77.8%	10	22.2%	35	77.8%

By professional category:

	2021			2020		
	Total	Men	Women	Total	Men	Women
General and area management	2	2	0	2	2	0
Engineers and graduates, reporting to a function area manager	0	0	0	0	0	0
Administrative, workshop and shift managers, Sales	1	0	1	1	0	1
First-grade managers, administrators and production or quality	11	3	8	14	5	9
Second-grade managers, administrators and production or quality	13	3	10	20	3	17
Administrative assistants, third-grade workers, assistants, labourers	9	0	9	8	0	8
Trainees and work experience	0	0	0	0	0	0
	36	8	28	45	10	35

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By academic qualifications

	2022			2021		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	0	0	0
Graduate	26	8	18	29	10	19
Higher professional qualification or long working experience	0	0	0	0	0	0
Professional training 2	10	0	10	16	0	16
High school or Professional training 1	0	0	0	0	0	0
No qualifications	0	0	0	0	0	0
Undefined	0	0	0	0	0	0
	36	8	28	45	10	35

By contract type:

	Men	%	Women	%	Men	%	Women	%
Permanent full-time	8	22.2%	21	58.3%	9	20.0%	21	46.7%
Permanent part-time or discontinuous	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Work experience, trainees and apprentices	0	0.0%	4	11.1%	0	0.0%	4	8.9%
Temporary contract (replacing those on parental, sick or political activity leave)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Temporary full-time contracts for time-limited work or services	0	0.0%	3	8.3%	1	2.2%	10	22.2%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	22.2%	28	77.8%	10	22.2%	35	77.8%

In this sub-sector there was no-one with a recognized disability.

Regarding the introduction of policies and procedures to disconnect from work, a common Group procedure is currently being drawn up for all equity investments in line with those applying in Caja Rural de Navarra.

REMUNERATION

Remuneration is based on sector collective agreements, supplemented in some jobs by professional performance bonuses. There are no differences based on age or sex, beyond supplements for years of service with the company that appear in certain agreements.

Selected remuneration parameters are provided below. The data are recorded as a value that represents the annual gross salary multiplier for the sector analysed, so that the metrics can be compared without breaching the confidentiality of the data and also to cast light on the remuneration in each sector.

To arrive at these comparative figures, we took the total remuneration received by each worker on the payroll in 2022 or 2021, irrespective of type or duration of their contract, divided by the number of hours worked. For the sector figures, we took the value assigned to a worker in a specific category of each collective agreement, shown for each sub-sector, divided by the number of annual working hours stated in the agreement.

So, if the value was greater than one, the group being analysed earned more per hour on average than the benchmark worker in the collective agreement, and vice versa.
Group averages are calculated weighted by the total number of hours worked by all workers in this group in the comparison year.

a) Flour Group

The sector benchmark is taken to be a person classed as lab assistant in the sector collective agreement (National Collective Agreement for Companies in the Bread Flour and Semolina Sector). A new Collective Agreement was signed in June 2020 which remained in force until the end of 2022.

Average figures by gender of worker, compared to the sector benchmark and the average for companies in this sub-sector of the Caja Rural Group are as follows, for all companies in this subgroup, including the flour mills:

	vs. collective agreement base		Subgroup companies only	
	2022	2021	2022	2021
Men	1.71	1.78	1.04	1.04
Women	1.42	1.45	0.86	0.84
Average for subsector	1.75	1.73	1.00	1.00
Difference M/W	0.30	0.33	0.18	0.19

Breakdown for employees still in the Caja Rural Group at year-end, i.e. Harivenasa only:

	vs. collective agreement base		In Group companies	
	2022	2021	2022	2021
Men	1.99	1.97	1.06	1.04
Women	1.52	1.51	0.81	0.80
Average for subsector	1.88	1.92	1.00	1.00
Difference M/W	0.47	0.46	0.25	0.24

We repeat that this comparison is based on everyone on the payroll during the year, even if they were only temporary workers, and for the comparative figures we analyse the resulting

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hourly salary per person.

The following breakdowns are compared against the benchmark salary in the collective agreement for the sector, first for all companies in the Caja Rural Group until December 2022, and then for all Group employees at the end of the 2022 financial year, who are also included in the first table for each group.

By age:

	2022			2021		
	Total	Men	Women	Total	Men	Women
Under 30	1.36	1.43	1.25	1.39	1.45	1.30
31 to 40	1.50	1.55	1.39	1.54	1.57	1.45
41 to 50	1.67	1.71	1.52	1.79	1.84	1.53
51 to 60	1.86	1.89	1.58	1.89	1.90	1.62
Over 60	1.85	1.92	0.49	2.13	2.25	1.25
Total	1.65	1.71	1.42	1.71	1.78	1.45

Harivenasa	2022			2021		
	Total	Men	Women	Total	Men	Women
Under 30	1.60	1.71	1.37	1.53	1.55	1.47
31 to 40	1.93	2.05	1.64	1.94	2.02	1.57
41 to 50	2.28	2.37	N/I	2.31	2.40	N/I
51 to 60	1.72	1.72		1.87	1.87	
Over 60	1.53	1.53		N/I	N/I	
Total	1.88	1.99	1.52	1.89	1.97	1.51

In this table and below a blank box means that no employee meets the relevant conditions. N/I means that the figures are for one or two people only and have been omitted as they could otherwise be used to identify the persons concerned and their remuneration.

By category:

	2022			2021		
	Total	Men	Women	Total	Men	Women
General and area management	3.11	3.30	2.09	3.17	3.35	2.26
Engineers and graduates, reporting to a function area manager	1.74	1.81	1.55	1.86	1.95	1.44
Administrative, workshop and shift managers, Sales	1.63	1.77	1.30	1.94	1.93	2.04
First-grade managers, administrators and production or quality	1.61	1.66	1.44	1.37	1.37	1.37
Second-grade managers, administrators and production or quality	1.47	1.50	1.32	1.59	1.64	1.34

Administrative assistants, third-grade workers, assistants, labourers.	1.18	1.18	1.20	1.11	1.11	1.11
Trainees and work experience	N/I	N/I		1.22	N/I	1.26
Total	1.65	1.71	1.42	1.71	1.78	1.45

Harivenasa	2022			2021		
	Total	Men	Women	Total	Men	Women
General and area management	3.02	3.16	N/I	2.87	3.04	N/I
Engineers and graduates, reporting to a function area manager	1.98	2.11	1.77	1.75	1.84	1.54
Administrative, workshop and shift managers Sales						
First-grade managers, administrators and production or quality	1.41	N/I	1.36	N/I		N/I
Second-grade managers, administrators and production or quality	1.59	1.63	1.41	1.66	1.68	1.50
Administrative assistants, third-grade workers, assistants, labourers.						
Trainees and work experience				N/I		N/I
Total	1.88	1.99	1.52	1.89	1.97	1.51

By training:

	2022			2021		
	Total	Men	Women	Total	Men	Women
PhD				N/I	N/I	
Graduate	2.23	2.64	1.54	2.33	2.90	1.61
Higher professional qualification or long working experience	1.61	1.66	N/I	1.86	1.93	N/I
Professional training 2	1.57	1.62	1.40	1.55	1.61	1.29
High school or Professional training 1	1.33	1.34	1.27	1.34	1.36	1.13
No qualifications	1.45	1.54	1.10	1.41	1.43	0.80
Total	1.65	1.71	1.42	1.71	1.78	1.45

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Harivenasa	2022			2021		
	Total	Men	Women	Total	Men	Women
Graduate	2.47	2.97	1.62	2.43	2.77	1.56
Higher professional qualification or long working experience	1.99	2.10	1.53	1.84	1.94	N/I
Professional training 2	1.73	1.85	1.44	1.67	1.70	1.58
High school or Professional training 1	1.44	1.45	1.32	1.60	1.63	1.21
No qualifications	1.58	1.58	-	1.78	1.78	
Total	1.88	1.99	1.52	1.89	1.97	1.51

By contract type:

	2022			2021		
	Total	Men	Women	Total	Men	Women
Permanent full-time	1.67	1.73	1.43	1.73	1.79	1.46
Permanent part-time or discontinuous	1.93			1.46		1.38
Work experience, trainees and apprentices	1.28	1.31	0.97	1.41	1.48	1.37
Temporary contract (replacing those on parental, sick or political activity leave)	0.92	0.85	1.06	1.17	N/I	N/I
Temporary full-time contracts for time-limited work or services	1.23	1.19	1.32	1.18	1.19	1.04
Temporary part-time contracts for time-limited work or services	N/I	N/I				
Total	1.65	1.71	1.42	1.71	1.78	1.45

Harivenasa	2022			2021		
	Total	Men	Women	Total	Men	Women
Permanent full-time	1.89	1.99	1.52	1.93	1.99	1.55
Permanent part-time or discontinuous						
Work experience, trainees and apprentices	N/I	N/I	N/I	N/I	N/I	N/I
Temporary contract (replacing those on parental or sick leave, departure or political activity)						
Temporary full-time contracts for time-limited work or services			1.53		1.53	
Temporary part-time contracts for time-limited work or services						
Total	1.88	1.99	1.52	1.89	1.97	1.51

b) Senior care group

In this case, we also prepared a comparison with the collective agreement – VII official state collective agreement on personal care of dependent people and development of the promotion of personal autonomy (private residences for the elderly and home care services), working in geriatric care, Group C. Figures refer all those on the payroll in each year, for however short a time.

	vs. collective agreement base		Group companies	
	2022	2021	2022	2021
Men	1.86	1.88	1.25	1.26
Women	1.44	1.46	0.97	0.98
Average for subsector	1.55	1.50	1.00	1.00
Difference M/W	0.41	0.42	0.28	0.28

By age:

	2022			2021		
	Total	Men	Women	Total	Men	Women
Under 30	1.36	1.61	1.33	1.44	1.57	1.43
31 to 40	1.52	1.57	1.51	1.46	1.54	1.45
41 to 50	1.60	2.66	1.51	1.62	2.43	1.54
51 to 60	1.37	2.00	1.34	1.39	2.37	1.36
Over 60	1.58	1.20	1.58	1.54	2.37	1.54
Total	1.48	1.86	1.44	1.50	1.88	1.46

By professional category

	2022			2021		
	Total	Men	Women	Total	Men	Women
General and area managers	2.79	2.84	2.75	N/I		N/I
Doctors, psychologists	3.08		3.08	3.31		3.31

Nurses, nutritionists and physiotherapists	1.86	1.87	1.85	1.89	1.77	1.90
Nursing and geriatric assistants	2.05	N/I	2.10	2.30	2.58	2.01
Administrators and technical staff in socio-cultural activities	1.33	1.47	1.31	1.33	1.44	1.32
Administrative staff						
Administrative assistants, cleaners, wardens	1.27	1.48	1.25	1.26	1.55	1.24
Total	1.48	1.86	1.44	1.50	1.88	1.46

Data that could be easily used to identify a specific person have been eliminated

By qualification

	2022			2021		
	Total	Men	Women	Total	Men	Women
PhD						
Graduate	2.05	2.86	1.97	2.13	2.74	2.05
Higher professional qualification or long working experience	2.23	2.39	2.07	1.88	1.67	2.23
Professional training 2	1.13	1.13		2.65	3.12	2.42
High school or Professional training 1	1.31	1.38	1.31	1.34	1.45	1.33
No qualifications	1.31	1.57	1.25	1.23	1.91	1.22
Total	1.48	1.86	1.44	1.50	1.88	1.46

By contract type:

	2022			2021		
	Total	Men	Women	Total	Men	Women
Permanent full-time	1.53	2.05	1.48	1.55	2.05	1.50
Permanent part-time or discontinuous	1.42	1.55	1.42	1.41	1.59	1.40
Work experience, trainees and apprentices	N/A			N/A		
Temporary contract (replacing those on parental, sick or political activity leave)	1.32	1.41	1.32	1.39	1.57	1.37
Temporary full-time contracts for time-limited work or services	1.37	1.42	1.36	1.26	1.20	1.26
Temporary part-time contracts for time-limited work or services	1.45	2.38	1.43	1.48	1.40	1.49
Total	1.48	1.86	1.44	1.50	1.88	1.46

c) Winery supplies group

Comparisons are with the post of lab assistant in the Collective Agreement for Wood-workers of Navarre. As explained above, the comparison is based on the hourly salary of all workers who appeared on the payroll at any time.

	vs. collective agreement base		In Group companies	
	2022	2021	2022	2021
Men	1.44	1.76	1.00	1.01
Women	1.42	1.71	0.99	0.98
Average for subsector	1.52	1.86	1.00	1.00
Difference M/W	0.02	0.05	0.01	0.03

By age:

	2022			2021		
Under 30	0.98	0.95	1.18	1.55	1.55	1.57
31 to 40	1.20	1.17	1.27	1.34	1.21	1.60
41 to 50	1.67	1.68	1.63	2.12	2.17	1.92
51 to 60	1.43	1.46	1.19	1.70	1.74	1.51
Above 60	1.53	1.53		1.16	1.16	
Total	1.44	1.44	1.42	1.75	1.76	1.71

By professional category

	2022			2020		
	Total	Men	Women	Total	Men	Women
General and area management	3.34	3.39	N/I	4.14	4.22	2.66
Administrative, workshop and shift managers	1.81	1.69	2.13	1.79	1.66	2.82
Sales						
First-grade managers, administrators and production or quality	1.16	1.15		N/I	N/I	
Second-grade managers, administrators and production or quality	1.11	1.12	1.10	1.17	1.17	1.15
Administrative assistants, third-grade workers, assistants, labourers.	1.17	1.14	1.21	1.61	1.70	1.54
Trainees and work experience	0.89	0.89		1.12	1.12	
Total	1.44	1.44	1.42	1.75	1.76	1.71

Not included (N/I) when data could be easily used to identify a specific person

By qualification

	2022			2020		
	Total	Men	Women	Total	Men	Women
PhD						
Graduate	2.19	3.09	1.77	2.34	2.89	2.04
Higher professional qualification or long working experience	1.36	1.39	1.21	1.66	1.70	0.98
Professional training 2	1.34		1.34	1.74		1.74
High school or Professional training 1	1.20	1.21	N/I	1.64	1.66	1.52
No qualifications	0.96	N/I	0.95			
Total	1.44	1.44	1.42	1.75	1.76	1.71

By contract

	2022			2020		
	Total	Men	Women	Total	Men	Women
Permanent full-time	1.48	1.48	1.50	1.82	1.81	1.86
Permanent part-time or discontinuous	1.00	N/I	1.09	1.13	1.14	1.12
Work experience, trainees and apprentices				N/I	N/I	
Temporary contract (replacing those on parental or sick leave, departure or political activity)	N/I	N/I		1.38	1.39	1.37
Temporary full-time contracts for time-limited work or services	1.02	1.04	0.95	1.44	1.44	
Total	1.44	1.44	1.42	1.75	1.76	1.71

d) Financial services group

For this group comparisons are with the Group V post (tasks carried out under supervision but under own initiative, with professional knowledge or trial period) under the Collective agreement of office of Navarre.

	vs. collective agreement base		In Group companies	
	2022	2021	2022	2021
Men	1.84	1.72	1.37	1.37
Women	1.15	1.10	0.86	0.88
Average subsector	1.34	1.25	1.00	1.00
Difference M/W	0.68	0.62	0.51	0.49

By age

	2022			2021		
	Total	Men	Women	Total	Men	Women
Under 30	0.78		0.78	0.82		0.82
31 to 40	1.27	1.30	1.25	1.16	1.31	1.08
41 to 50	1.49	1.80	1.33	1.31	1.59	1.19
51 to 60	N/I	N/I	1.22	1.69	3.55	1.23
Above 60						
Total	1.34	1.84	1.15	1.25	1.72	1.10

Data is not included (N/I) when it could be easily used to identify an individual salary.

By professional category

	2022			2021		
	Total	Men	Women	Total	Men	Women
General and area management	3.47	3.47		3.26	3.26	
Senior managers, Administrative, workshop and shift managers	N/I		N/I	N/I		N/I

Sales First-grade managers, administrators and production or quality	1.37	1.42	1.35	1.30	1.36	1.27
Second-grade managers, administrators and production or quality	1.13	1.16	1.12	1.03	1.08	1.02
Administrative staff						
Administrative assistants, third-grade workers, assistants, labourers.	0.75		0.75	0.82		0.82
Total	1.34	1.84	1.15	1.25	1.72	1.10

By qualification

	2022			2021		
	Total	Men	Women	Total	Men	Women
Graduate	1.44	1.84	1.22	1.35	1.72	1.15
Professional training 2	1.02		1.02	1.02		1.02
Total	1.34	1.84	1.15	1.25	1.72	1.10

By contract mode

	2022			2021		
	Total	Men	Women	Total	Men	Women
Permanent full-time	1.41	1.84	1.22	1.36	1.74	1.19
Work experience, trainees and apprentices	0.71		0.71	0.60		0.60

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Temporary part-time contracts for time-limited work or services	0.84		0.84	0.94	N/I	0.93
Total	1.34	1.84	1.15	1.25	1.72	1.10

In all tables "N/I" is used to mean no information, where those concerned would be easily identifiable

ORGANIZATION OF WORK. HEALTH AND SAFETY

All group companies table working time is in compliance with the working hours laid down by the collective agreement. Shifts have to be worked in some areas to cover (nearly) the whole year.

Health and Safety is relevant to all areas, but the continuation of Covid measures has required different procedures to be put in place in all companies.

Accident statistics are collected in all manufacturing centres, even for accidents that do not require medical attention or time off since improvements can be made if these figures are analysed.

The data on accidents and resulting time off work are presented below.

a) Cereal sector

Data for the only sector company that remains in Caja Rural Group, Harivenasa.

Workplace accidents	2022	2021
Accidents without time off work	1	4
Accidents resulting in time off work	9	6
Total accidents	10	10
Accident incidence (1)	0.09745322	0.07669496
Accident severity (2)	21.3097713	7.36271602

(1) Accidents with time off * 1,000/hours worked.

(2) Hours lost per accident *1000/hours scheduled.

Hours off work and absenteeism rate (hours)	2022			2021		
	Men	Women	Total	Men	Women	Total
Accidents	1872	96	1968	576	0	576
Common illness	728	296	1024	904	64	968
Covid (in addition to illness)	480	128	608	2128	280	2408
Maternity	0	0	0	0	0	0
Paternity	352	0	352	440	0	440
Childcare	0	0	0	0	0	0
Care of the sick	0	0	0	64	0	64
Other personal motives			0	0	0	0
Jury service, union work, etc.	16	0	16	40	0	40
Total hours lost	6896	480	7376	4152	344	4496

Total working hours	69264	23088	92352	65786	12446	78232
Total hours off work	6896	480	7376	4152	344	4496
Absenteeism rate			5.86			5.01

Time off includes all hours lost except for those due to accident

b) Senior care group

Workplace accidents	2022	2021
Accidents without time off work	14	18
Accidents resulting in time off work	33	29
Total accidents	47	47
Accident incidence	0.48	0.62
Accident severity	6.15	13.19

Hours off work and absenteeism rate	2022			2021		
	Men	Women	Total	Men	Women	Total
Accidents	114	3,293	3,407	28	5,944	5,972
Common illness	2,614	36,741	39,355	2,659	32,720	35,379
Covid	214	7,402	7,616	285	2,465	2,750
Maternity		11,505	11,505	0	7,780	7,780
Paternity	542		542	0		0
Childcare	0	0	0	0		0
Care of the sick	0	0	0	0		0
Other personal motives	84	1,440	1,524	468	120	588
Jury service, union work, etc.	0	4,368	4,368	0	1,260	1,260
Total hours lost	3,568	64,749	68,316	3,092	50,757	53,849
Total working hours	49,368	504,649	554,017	43,100	450,580	493,680
Total hours off work	3,568	64,749	68,316	3,092	48,909	51,881
Absenteeism rate			12.33			10.91

c) Winery supplies group

Data reported for 2022 and 2021:

Workplace accidents	2022	2021
Accidents without time off work	2	4
Accidents resulting in time off work	9	9
Total accidents	11	13
Accident incidence	0.08	0.08
Accident severity	22.92	28.21

The table below gives a more detailed comparison between 2022 and 2021:

Hours off work and absenteeism rate	2022			2021		
	Men	Women	Total	Men	Women	Total
Accidents	2,778	8	2,786	3,087.45	7.75	3,095
Common illness	4,163	764	4,927	1,301.50	2,140.76	3,442
Covid	212	234	446	88.00	74.00	162
Parental leave	392	896	1,288	950.50	504	1,454.50
Childcare	0	0	0	4.00	4.00	8
Care of the sick	116	0	116	42.25	0	42.25
Other personal motives	15	0	15	35.75	0	35.75
Jury service, union work, etc.	0	0	0	0	0	0
Total hours lost	7,676	1,901	9,577	5,509.45	2,730.51	8,240
Working hours	95,043	25,346	120,389	88,265.81	21,447.62	109,713
Absenteeism rate	7.47	6.98	7.37	6.24	12.73	7.51

d) Financial services group

Workplace accidents

	2022	2021
Accidents without time off work	0	0
Accidents resulting in time off work	0	1
Total accidents	0	1
Accident incidence	0	0.016
Accident severity	0	0

Hours off work and absenteeism rate	**2022**				**2021**		
	Men	**Women**	**Total**		**Men**	**Women**	**Total**
Accidents	0	0	0		0	0	0
Common illness	0	666	666		0	468	468
Covid	0	154	154	0		435	435
Parental leave	0	0	0		820	0	820
Childcare	0	0	0		0	0	0
Care of the sick	0	0	0		0	0	0
Other personal motives	0	0	0		0	0	0
Jury service, union work, etc.	0	0	0		0	0	0
Temporary lay-off	0	0	0	0		0	0
Total hours lost	0	820	820		820	903	1,723
Total working hours	13,838	38,159	51,997		15,630	47,186	62,816
Absenteeism rate	0.00	2.10	1.55		5.25	1.91	2.74

3.2. EMPLOYEE RELATIONS

Each group of companies identified in each sector has its own collective agreement, as follows:

- Cereal sector: National collective agreement for the bread flour and semolina sector
- The Senior Care group is subject to the state collective framework agreement for care services for dependent persons
- In the Winery Supplies group, each of the three companies is subject to its own agreement. For INTONA this is the agreement relating to the wood industries, the

French equivalent in the case of Tonnellerie de L'Adour and, for Bouquet Brands, the agreement relating to the Navarre food storage sector.

- The auxiliary financial services group is governed by the regional agreement for branches and offices.

3.3. TRAINING

In previous years, face-to-face training, which is important in industrial environments, was reduced due to Covid restrictions and online training systems became established.

Training for customers and other stakeholders, which had been halted in 2020, also restarted in 2021 in the flour-producing companies. The following tables summarise training delivered during the year

Cereal sector

Data in 2022 is for the only sector company that remains in Caja Rural Group, Harivenasa.

Courses taken by employees

		Hours		Attendees	
		Men	Women	Men	Women
Total cost of courses taken	Administration	30	78	14	6
	Sales	2	0	1	0
	Quality	30	29	12	9
Total number of courses	R&D	0	0	0	0
	Management	0	0	0	0

The external cost of these training courses, net of subsidies and other support, was

€6,849. The previous year, with the Group's composition in that year:

	2021					
TRAINING	Hours			No. of attendees		
Courses taken by employees	Men	Women	Total	Men	Women	Total
Administration	87	91	178	3	12	15
Sales	400	46	446	19	13	32
Quality	238	183.5	421.5	10	14	24

R&D	10.5	8	18.5	24	15	39
Management	0	1	1	0	16	16
Production	0	100	100	0	17	17
Total	735.5	429.5	1165	56	87	143
External training costs	15,305					

Senior care group

In 2022 and 2021, the following courses were delivered:

TRAINING 2022	Hours		No. of attendees	
Courses taken by employees	Men	Women	Men	Women
Administration				
Sales	20	20	1	1
Quality	3	36	1	12
Management	80		1	
Carers	42	752.5	10	187
Total courses	145	808.5		
Total external training costs		6,200		

TRAINING 2021	Hours		No. of attendees	
Courses taken by employees	Men	Women	Men	Women
Administration	2			
Sales	1			
Quality	2			
Management	1			
Carers	54	726		
Total courses	60	726	6	80
Total external training costs		15,109		

Winery supplies group

In 2022 and 2021 we recorded the following training courses:

TRAINING 2022	Hours		No. of attendees	
Courses taken by employees	Men	Women	Men	Women
Administration	0	181	0	10
Sales	39	0	2	0
Quality	40	0	1	0

R&D		0	0	0	0
Management		64	0	4	0
Production		283.3	120	29	12
		426.3	301	36	22
Cost	24,490				

TRAINING 2021		Hours		No. of attendees	
Courses taken by employees		Men	Women	Men	Women
Administration			18		4
Sales		51.5	3	7	1
Management		17		3	
Total		68.5	21	10	5
Cost	6,168				

Auxiliary financial services group to Caja Rural de Navarra

In 2021 and 2020, there were no structured training activities

3.4. EQUALITY

Recruitment processes are based on the merits of the candidates, without considering other external factors or gender.

Internal promotion policies are applied, as well as cross-promotion between companies in the same sector.

As from March 2022, all companies with more than fifty employees are required to draft an equalities plan. All companies with this headcount, and those with fewer people but who want to voluntarily advance their gender equality processes, have drafted a plan or are going through the internal drafting process.

Companies required to draft plan:

- Solera Asistencial: completed, in force.
- Harivenasa, in final approval phase with support of external consultant.

Companies voluntarily drafting plans:

- Industria Tonelera de Navarra

4. RESPECT FOR HUMAN RIGHTS

Caja Rural de Navarra's corporate securities policies extend to the companies controlled via equity stakes. Human and labour rights are respected not only because this is required by law, but because this is the way we understand our work in Cooperative Credit Institutions.

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Respect for a decent wage, adequate working conditions, job security, freedom of association, adequate hours and respect for labour regulations are core to our investee companies and the policy is also extended to include our suppliers.

4.1. EXTENSION OF HUMAN RIGHTS POLICIES TO SUPPLIERS AND CUSTOMERS

These values are not only respected within Spain but are also considered in certain transactions with an international scope, even beyond the borders of the EU, such as importing cereals, when we work with other international cooperatives or companies with recognised CSR values.

Procedural checks have not been established for transactions involving clients and suppliers within the European Union.

Outside the EU, where we carry out operations in Africa and Asia, care is taken to get to know our customers' and/or suppliers' key characteristics. For sales, given the small volume of each transaction in these countries (from one to four containers, essentially flour, semolina or oats), it is not possible to establish an exhaustive customer monitoring system and we rely on information obtained directly from the customer, the financial insurer for the deal or the internet. In cereal purchasing operations, which are high volume, we work exclusively with companies with defined and known ethical values.

There are no reports of human rights violations among the group's suppliers or customers.

5. CORRUPTION AND BRIBERY

The Group's values start at the top and are projected down through the company. When selecting key managers their ethical values and management qualities are as important as their technical knowledge and capabilities in the business world.

For Caja Rural, more important than achieving our set targets is the manner in which they are achieved. We strive to do this in a way that creates a motivated, autonomous and capable work team along with optimal conditions for future growth, where behaviour that is unethical or dubious is unacceptable, even though it may not fall within the criminal definition of corruption.

6. SOCIAL CONTEXT

6.1. THE COMPANY'S COMMITMENTS TO WIDER SOCIETY

We take the view that our commitment to our community should be considered for the Caja Rural Group as a whole and not on a company by company basis. This is why, as explained above, the Group's values are projected into all its companies and employees as well as the Bank's Social Welfare Fund.

Secondly, each company must adapt to its type of business and location. Let's explain that a little. In certain cases, our investee company is an important part of the industrial development of a region and a major employer in the region, such as Harinera de Tardienta or Harinera del Mar. Others help fix employment in the local and adjacent municipalities, such as INTONA and Adour. Sustaining high levels of activity and employment is far more important to its community than the collaboration of NGOs in the local area.

In sections 6.2 and 6.3 we will more precisely define two key aspects of our investee companies, and we wish to emphasise the following key aspects in our commitment to wider society:

a) Management of our activities

- products and services produced must meet the customer's needs and be of the highest quality.
- R&D makes the business sustainable and adapts our products and services to changing needs.
- Productive investments tied to quality

b) The team

- Training
- Shift planning and work-life balance
- Internal promotion
- Ownership interest in the organization and procedures through lean manufacturing and associated programmes
- Rigorous recruitment policy based on the merits of each candidate

c) Wider society

- Involvement in specific charitable initiatives or those with a high local social impact
- Solera Asistencial is involved in numerous activities focused on improving the health of the elderly, whether residents or not, and inclusion in their families

6.2. IMPACT ON THE LOCAL ECONOMY

Detailed information on the impact of our subsidiaries' business activities on the local and regional economy is not available.

6.3. FOOD SAFETY

In recent years, the Caja Rural de Navarra Group's food companies have focused on achieving excellence in food safety, both in investments and procedures.

In addition to obtaining the appropriate approvals from certification bodies (OCA) and industrial customers, we are aware that our product is a food or a food ingredient, and that if we do not take extreme care of this aspect, efficiency and productivity are meaningless.

All plants have IFS certification.

Our Group is an active member of the Spanish Flour and Semolina Manufacturers' Association (AFHSE), one of its areas of focus is food hygiene, generally in collaboration with the Ministry.

Our factories carry out periodic training workshops with craft bakers, mainly to improve their product range and competitiveness in the face of big industry. The best methods for product preparation and care are also defined at these workshops.

The main incidents relating to quality or safety each month are reviewed by the Management Committees and at regular meetings with Caja Rural de Navarra executives. The implementation of “lean manufacturing” methodologies and the involvement of personnel in them has been an important way to improve this aspect. Incidents are grouped by type and their severity is assessed, so that measuring these variables can feed into future improvements. Similarly, non-conformities in raw materials are also analysed.

For each incident, a responsible party is identified along with an alert date and a resolution date, as well as, if applicable, a conclusion from the customer regarding the event and its resolution.

We must be grateful for the demands of certain industrial customers as they push us to improve sustainably and maintain our commitment to food safety.

Harinera de Tardienta and Harinas Selectas were both granted the RSA “Social Responsibility of Aragon” award in 2020, which continues to apply.

6.4. SENIOR CARE

Service quality metrics have been defined for Solera Asistencial’s residential Days and home care services to determine compliance with our objectives and the level of satisfaction of residents and families.

These metrics cover a number of aspects:

- Global satisfaction survey
- Response time in resolving complaints
- Aspects related to cleaning, laundry, food, diets, time taken to formalise an admission, etc.
- Health care, medication Administration, punctuality of treatments, etc.
- Entertainment activities
- Physiotherapy and cognitive stimulation activities.
- Staff training, absenteeism.
- Metrics related to facility maintenance.

Goals are set for these indicators each year and performance is reviewed monthly and annually.

A quality model is in the course of preparation, based on the UNE 158101 standard (covering services for the promotion of personal autonomy) and ISO 9001, tailored to its needs and services. The system is being incorporated at all levels of the organisation, particularly into the Care model and the Social Work Department.

6.5. TAX INFORMATION

The Group complies with its local, regional and state tax obligations. Figures for all subsidiaries in respect of 2022 and 2021 reported by the Group’s companies at year-end were as follows:

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	2022			2021		
	ES	FR	Total	ES	FR	Total
Accrued income tax	633,528.09	0.00	633,528.09	1,307,558.10	0.00	1,307,558.10
Economic activities tax	51,540.14	0.00	51,540.14	314,683.74	5,034.00	319,717.74
Property tax	57,321.17	7,418.25	64,739.42	165,707.35	9,592.00	175,299.35
VAT (Reclaimed-due=VAT paid)	121,498.41	0.00	121,498.41	-235,948.18	0.00	-235,948.18
Other taxes and levies (except waste)	11,278.08	5,391.95	16,670.03	243,680.73	9,721.45	253,402.18

The figures for Value Added Tax are negative because flour production pays a reduced rate of 4% (both cereals and flour) which its consumption of inputs, investment and outsourced services are taxed at the standard rate. Also, some activities are for export.

Subsidies: investee companies request, when appropriate, subsidies for investment or operations. Any amounts approved are linked to the restriction that the Group remains a large company.

There are no data on subsidies received in 2022 and 2021.

The subsidiaries located in the Common Tax Territory are consolidated into a single tax group for the purposes of Company Income Tax.

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ANNEX III

CALCULATION OF THE CARBON FOOTPRINT OF CAJA RURAL DE NAVARRA AND THE COMPANIES OF THE CAJA RURAL DE NAVARRA GROUP

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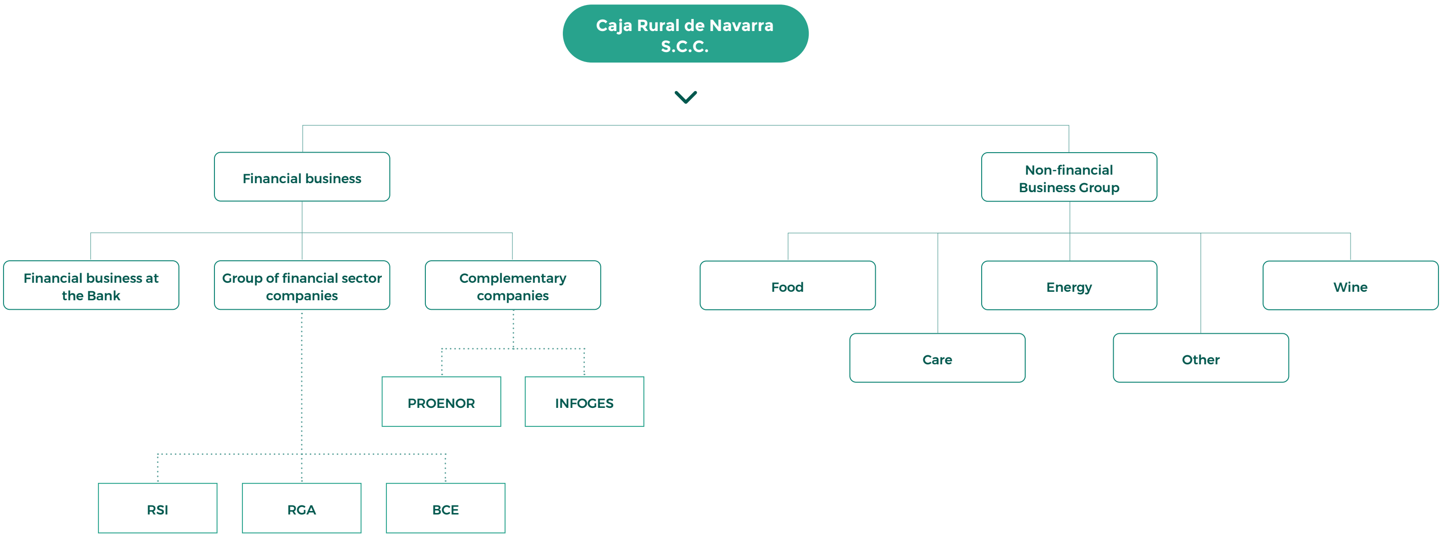
Tel.: 948 168 100

1_ ACTIVITIES OF CAJA RURAL DE NAVARRA AND ITS GROUP COMPANIES

ACTIVITY

Caja Rural de Navarra, head of a business group

aja Rural de Navarra, for historical reasons, has a range of equity investments in companies that complement or service its financial business, but also has a portfolio of companies in the industrial field:



The companies working in non-financial industries are as follows, grouped by sector:

Food

Bakery Flour Sector
- 49.9% of Harinera la Meta and Harinera del Mar, with an annual production of over 1 million tons of flour

Oat flakes and muesli
- 100% of Harivenasa

Dairy
- Minority stake in IPARLAT, with an annual production of 500 million litres of milk.

Wine sector

Wineries (50.0%)
- Rioja Vega
- Príncipe de Viana
- Finca Albret
- Clunia

Cooperage Intona (100%)
- Tonnellerie L'Adour (France) (100%)

Distributor Bouquet Brands (100%)

Energy Sector

Wind energy:
- Compañía Eólica de Tierras Altas (100 MW, 25%)
- Renovables de la Ribera (111 MW, 49.9%)
- Iberjalón (23 MW, 20%)
- Rural de Energía de Tierras Altas (under development)

Minicentral del Canal de la Bardenas (5 MW, 15%)

Face-to-face

Solera Asistencial, 100%
- Senior residences
- Senior hotels
- Day centres

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Other Sectors

Construction (up to 50%)
- Real estate developer
- Housing rentals
- Construction engineering companies

Wood (less than 50%)
- Poplar forestry

2_ METHODOLOGY

GHG Protocol/UNE 14064

Climate change is now one of biggest issues confronting society. The scientific and political consensus in the EU and other OECD countries is that the increase in greenhouse gas emissions caused by human activity is a key driver of global warming. The need for a set of international metrics to identify and then reduce the impact of human activity on the atmosphere is therefore well recognised internationally.

The GHG Protocol developed by the World Business Council for Sustainable Development and World Resources Institute has become the benchmark first for an inventory of emissions (scopes 1 and 2) and subsequently for the definition of the carbon footprint (scope 3). ISO/UNE 14064 on inventory, and ISO/UNE 14069 on calculating the carbon footprint of organisations are the established standards for measuring and, if applicable, offsetting and reducing carbon footprints. In Spain, the Ministry for the Ecological Transition has published a range of guidelines and calculators to measure the carbon footprint of companies and factories, and maintains a voluntary register for companies that wish to submit their calculations. Caja Rural de Navarra did not submit or audit its carbon footprint calculation either this year or last.

As we explain below, it has opted for the GHG Protocol methodology in measuring its Carbon Footprint.

The carbon footprint calculation can focus either on a product (by measuring the GHGs emitted in its life cycle, from sourcing of raw materials to disposal or final recycling), or on an organisation, as in this document, in which it is a question of measuring all GHGs emitted directly or indirectly in pursuit of its corporate purpose over a specific period, usually a financial year.

The carbon footprint identifies the **volume of emissions** that are **released into the atmosphere** in the normal course of the organisation's business, breaks it down into **different sources** and establishes effective m**easures to reduce them** in future.

The GHG methodology structures GHG emissions into direct, where the sources of emission are under the company's control, and indirect, where they are controlled by third parties but at the request of the organisation. In many cases, GHG emissions will be correlated with the company's business volumes in the year, and much of their volume may derive from the GHG-generating activities required to extract or produce the raw material inputs.

There are therefore ways to offset GHG emissions so as to fully or partly mitigate the organisation's individual footprint.

Own and induced GHG emissions are identified according to their Scope:

▶ Scope 1

Direct emissions, caused by machinery or actions under the control of the organisation: natural gas used in boilers, fuel from vehicle fleets, etc., as well as the equivalent emissions of refrigerant gases leaked from heat pumps or gas pipes.

▶ Scope 2

Indirect GHG emissions from the electricity consumed by the organisation.

▶ Scope 3

Other indirect emissions: outsourced transport fleets, raw material inputs, work travel, etc.

Having determined the volume of each gas emitted, a conversion factor is applied to convert it into units of CO2 equivalent. So, for example, for the commonly used refrigerant gas R-410A it only takes 0.5 grammes to leak to cause the same atmospheric damage as a kilogramme of CO_2.

Measuring volumes therefore requires an exhaustive count of all sources of emissions and the application of the right unit conversions. Conversion factors for the direct scope 1 emissions and indirect scope 2 emissions are well up-to-date and standardised. But for scope 3 emissions, which are far more specific to each business, it is harder to establish consistent and comparable data. Chapter 4 describes the emission factors and relevant literature for these cases.

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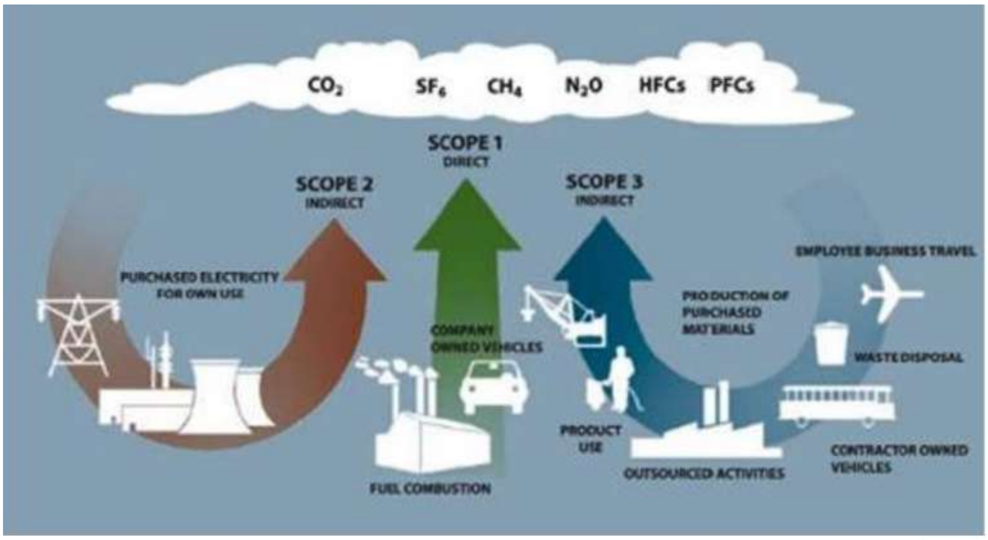
There are also ways to mitigate or offset GHG emissions. One basic method to avoid the carbon footprint of emissions from electricity consumption (scope 2) is by buying renewable energy or, more exactly, buying guarantees of origin redeemed against the organisation's facilities. In the case of Caja Rural de Navarra, the amounts redeemed at each investee company's electricity-consuming factory cannot be offset against other consumption by the Group. The Caja Rural parent company has more than 260 individual consumption points and therefore asks its supplier of power and guarantees of origin that they all be redeemed at one of the energy meters of the headquarters, which is the registered office.

Finally, there are physical ways to offset the carbon footprint, the most common in Spain being to plant long-term forest cover on virgin land or woodlands previously denuded by fire. This does not apply in this case.



Factors contributing to each scope Source: GHG Protocol

Calculation of uncertainty

Given the practical impossibility of an organisation achieving a rigorously accurate calculation of its footprint (it would need to count the myriad individual actions of its employees at work or when commuting, e.g. sweets eaten on the way to work or coffee drunk in breaks), the UNE standard requires that companies complete and document an assessment of the uncertainty of their emissions and removals, including the uncertainty associated with the emission and removal factors, and include a description of how this uncertainty affects the accuracy of the data in the report.

For instance, industrial electricity metres are class 0.5, i.e. their maximum nominal error is thought to be 0.5% and the uncertainty in a natural gas meter is 1.5%. Or again, the emission factors used in this document for production of local and imported oats are linked to uncertainties relating to climate, regional fertiliser practices, fertiliser prices, etc.

Targets for improvement

It is also mandatory to define areas for improvement to reduce effective carbon intensity year on year. This involves a new concept that looks beyond absolute GHG emissions in tonnes of CO2 equivalent, to reflect the effects of company's changing in scale or business model. To capture this, European Commission Regulation 2020/1818 defines the terms 'greenhouse gas (GHG) intensity': absolute GHG emissions divided by millions of euros in enterprise value including cash, and 'enterprise value including cash' or EVIC: the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents.

The same Regulation sets an improvement target of an average 7% per year in three-year periods.

Audit

This report, which is annexed to Caja Rural de Navarra's Non-Financial Statements 2022, has not been audited and is outside the scope of AENOR's audit of the Non-Financial Statements

3 3. LIMITS

ypes of limits considered:

- Organisational limits
- Operating limits

Limits of the organisation: scope of consolidation

The methodology used limits the scope to Group companies, this being understood as all those activities where Caja Rural de Navarra exercises direct or indirect control over a specific company (as defined in Article 42 of the Spanish Commercial Code).

This means that this document will include all companies where the Bank has a shareholding of over 50%.

Scope limits

Within the companies falling within this scope, all associated offices, factories, day centres and nursing homes must be included and measured, except for Explotación Agrícola Las Limas, a civil farming company (sociedad civil agraria) that grows rice on land owned by Caja Rural de Navarra. In 2023 it will become a limited company and will then be included, despite its nature as a farm, in the scope of the calculation.

Loans and Advances of Caja Rural de Navarra

In accordance with Act 7/2021, on climate change and energy transition, as from 2023 financial institutions must consider the impact on the carbon footprint of their investment and loan portfolio, and set specific decarbonisation targets for it. They may also incorporate it into Scope 3.
This document does not include the carbon footprint induced by Caja Rural de Navarra's lending business

Limits of the organisation: scope of consolidation

Besides Caja Rural de Navarra, S.C.C. (F31/021.611), the following companies comprised the Group at end-2022:

Company	Location	TAX ID	Ownership interest	Participación directa CRN
Harivenasa S.L	Noain (Navarra)	B71075774	100%	Yes
Espiga I&D Alimentaria, S.L.	Pamplona (Navarre)	B71434427	100%	No
Industria Tonelera de Navarra S.L	Monteagudo (Navarre)	B31688336	100%	No
Tonnellerie de L'Adour S.A.S	Plaisance du Gers (France)	FR96425029972	100%	No
Merranderie de L'Adour (formerly Oroz Fils STE Exploitation)	Plaisance du Gers (France)	FR94379700966	100%	Yes
Bouquet Brands S.A	Esquiroz (Navarre)	A31884000	100%	No
Bahia de Cádiz S.L	Pamplona (Navarre)	B84996743	100%	No
Solera Asistencial S.L	Pamplona (Navarre)	B71150866	100%	No
Solera Navarra S.L	Pamplona (Navarre)	B71186654	100%	Yes
Torre Monreal S.L	Tudela (Navarre)	B31872872	100%	No
SERESGERNA S.A	Pamplona (Navarre)	A31697808	100%	Yes
Preventia Sport, S.L.	Pamplona (Navarre)	B71008783	100%	Yes
Promoción Estable del Norte, S.A.	Pamplona (Navarre)	A3l663651	100%	Yes
Informes y Gestiones Generales, S.A.	Pamplona (Navarre)	A31437635	100%	No
Informes Técnicos y Valoraciones Generales, S.L.	Pamplona (Navarre)	B31917305	100%	Yes

4 SCOPE AND EMISSIONS

SCOPES

Caja Rural de Navarra

▶ Scope 1

This includes direct emissions from the Bank's financial business. This business has neither vehicles nor boilers of its own, so, for the Bank, this scope includes leaks from air conditioning units and water consumption. Refrigerant gas leaks are measured by the annual refills, except in the case of Bouquet Brands, which assumed annual leakage of 2% of the gas by weight.

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▶ Alcance 2
Indirect emissions from electricity use, largely mitigated by buying renewable energy guarantees of origin.

▶ Alcance 3
Emissions induced by the Bank's business but emitted by third parties. In this document, we detail:

- Emissions caused by employees travelling to work. This figure was obtained through a mobility survey of employees, extrapolated to all employees.

- Emissions caused by employees travelling for work purposes. This figure is for travel reported by the company's workers.

- Emissions caused by waste from business activity and water consumption.

- Emissions derived from the outsourcing of IT processes to RSI, which provides IT services for the whole Caja Rural group.
- Emissions caused by third parties in transporting goods for the Bank: couriers and cash delivery services, based on an estimate made by the courier company.

Equity investments (Investees)

▶ Scope 1
Direct emissions, corresponding to natural gas consumption, emissions caused by the company's own vehicles and derived from air-conditioning units, and water consumption.

▶ Scope 2
Indirect emissions from electricity use, partly mitigated by the redemption of renewable energy guarantees of origin at its manufacturing sites, and consumption savings from photovoltaic self-production.

▶ Scope 3
Emissions induced by the Bank's business In detail this means:

- Emissions caused by employees travelling to work. This figure was based on a mobility survey of workers at each company or estimates by the HR managers.

- Emissions caused by employees travelling for work purposes. This figure is for travel reported by the company's workers.

- Emissions caused by waste from business activity and water consumption.

- Emissions generated by third parties transporting raw materials and finished products from supplier to factory and factory to customer.

- Emissions attributable to the raw materials purchased, particularly cereals because of their substantial impact.

Scope	Source of emission	Source of conversion factor
Scope 1	Fuels	Ministerial Emission Factors Document v22 June 2022
		https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf
	Refrigerant gases	UK Government Conversion Factors for Companies' GHG Reporting v.2 31/7/2022
		https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
Scope 2	Electricity	Ministerial Emission Factors Document v22 June 2022
		https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf

Scope	Source of emission	Source of conversion factor
Scope 3	Travel by car/motorcycle	UK Government Conversion Factors for Companies' GHG Reporting v.2 31/7/2022
		https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
	Bus/train/subway/plane journeys	IDAE website, 2023
		https://www.movilidad-idae.es/destacados/emisiones-de-co2-por-modos-de-transporte-motorizado
	Fuels	Ministerial Emission Factors Document v22 June 2022
		https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf
	Transport of goods (van/truck)	UK Government Conversion Factors for Companies' GHG Reporting v.2 31/7/2022
		https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
	Transport of goods (boat)	UK Government Conversion Factors for Companies' GHG Reporting v.2 31/7/2022
		https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
	Waste (glass, cardboard, office paper, etc.)	Ihobe, the public environmental management company of the Basque Government, calculation tool for organisations, December 2022
		https://www.ihobe.eus/publicaciones/huella-carbono-en-organizaciones-herramienta-calculo
	Raw materials	INTIASA, Navarre, Cereals carbon footprint
		https://www.navarraagraria.com/categories/item/257-huella-de-carbono-de-los-cereales-analisis-de-la-emision-de-gases-de-efecto-invernadero-en-el-sector-agroalimentario
	Water	Ihobe, Public Environmental Management Company of the Basque Government, December 2022
		https://www.ihobe.eus/publicaciones/huella-carbono-en-organizaciones-herramienta-calculo

5 _ QUANTIFICATION OF EMISSIONS

Scope 1

Emissions generator	Fuels assigned to the process				Heating	Replenished greenhouse gas emissions			GHG emissions, refrigerant in equipment by weight		
Company	**Own vehicles**		**Natural gas**	**Propane**	**Heating oil**	**Heat pumps, kg of gas refills**			**Heat pumps, kg of gas**		
	Diesel (l.)	Petrol (l.)	kW.h	kg	litres	R-32	R-410A	R-407C	R-32	R-410A	HFC-134a
Caja Rural de Navarra	-	-	-	-	-	-	57,5	6	-	-	-
Harivenasa	-	-	12,719,602	-	-	-	-	-	-	-	-
INTONA	5,062	-	222,310	-	-	-	-	-	-	-	-
Adour	7,344	-	-	8,559	-	-	-	-	-	-	-
Bouquet Brands	39,453	-	-	-	-	-	-	-	0.550	5.700	-
INFOGES	-	-	-	-	-	-	-	-	-	-	-
Proenor	-	-	-	-	-	-	-	-	-	-	-
Solera	24,681	-	1,930,071	-	-	-	-	-	-	-	-
Total Caja Rural de Navarra (kg)	**-**	**-**	**-**	**-**	**-**	**-**	**120,060**	**10,644**	**-**	**-**	**-**
Total Group investees (kg)	**192,882**	**-**	**2,706,701**	**25,386**	**-**	**-**	**-**	**-**	**7**	**238**	**-**
Conversion factor (kgCO_2/l)	2.5200	2.2500	0.1820	2.9660	2.8980	675.00	2.088,00	1.774.00	13.50	41.76	28.60

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Scope 2

Company	Electricity consumption: Third party consumption			Self-Production	Tonnes of CO_2 equivalent
	Annual consumption, kW.h	Company	Guarantees of origin		
Caja Rural de Navarra	4,578,422	ENDESA/i-DE	4,450	-	33.13
Harivenasa	7,750,498	ENDESA	4,550	-	825.73
INTONA	259,679	EDP	260	-	0.00
Adour	264,496	EDF	-	-	42.32
Bouquet Brands	23,635	-	-	-	6.10
INFOGES	119,802	ENDESA	-	-	30.91
Proenor	-	-	-	-	-
Solera	1,144,308	EDP	-	24,251	289.51
Total Group investees (kg)	**-**	**-**	**-**	**-**	**1.227,70**

Scope 3, travel

Company	Emission factor g/km	Caja Rural	Harivenasa	INTONA	Adour	Bouquet Brands	INFOGES	Proenor	Solera	Scope, kg CO2: Caja Rural	Ownership
Travel for work											
Kilometres travelled by private vehicle by staff in the course of their work (not commuting)	169	1,526,961.00	6,711.10	26,034.00	-	1,320.00	-	20,000.00	66,850.00	258,056.41	22,634.52
Kilometres travelled by train by staff in the course of their work (not commuting)	23	45,900.00	0.00	3,244.00	-	-	-	-	-	1,055.70	74.61
Kilometres travelled by bus by staff in the course of their work (not commuting)	32	12,462.00	0.00	0.00	-	-	-	-	2,450.00	-	78.40
Kilometres travelled by plane by staff in the course of their work (not commuting)	192	4,556,664.42	21,443.30	27,996.00	-	-	-	-	-	2,392.70	9,492.35
Travel to/from work											
km in own car	169	4,556,664.42	203.580,00	80.833	70.783,00	41,712.00	11,544.00	24,200.00	26,155.11	770,076.29	77,538.40
km in own hybrid car	71	57,213.44	-	-	-	-	-	-	-	4,062.15	-
km by motorcycle	100,9	87,306.60	-	-	-	-	-	-	-	8,809.24	-
km car-sharing	169	–	170.820,00	-	1,000.00	3,696.00	5,328.00	-	15,406.53	-	33,166.34
km by public transport	49	194,355.74	-	-	-	0.00	6,882.00	3,080.00	121,137.64	9,523.43	6,423.88
km on foot or by bike	0	130,291.64	-	-	1,284.00	0.00	-	-	100,082.92	-	-
km by electric car/bike/scooter	0	43,898.01	-	-	-	4,320.00	-	-	2,527.42	-	-
Train, tram and metro	30	237,008.67	-	-	-	-	-	-	-	7,110.26	-
Transport of goods											
Van or light truck, km	0.24116	-	-	13,733.00	44,469.35	-	-	-	-	-	14,036.08
Articulated truck, km	0.92829	-	-	-	27,787.29	-	-	-	-	-	25,794.66
Cash bags											
Calculation of diesel consumption, l	2.5200 $kgCO_2/l$	8095	-	-	-	-	-	-	-	20,399.40	-
Security vans											
Calculation of diesel consumption, l	2.5200 $kgCO_2/l$	9930	-	-	-	-	-	-	-	25,023.60	-

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Scope 3, raw materials

	pe, tCO_2eq		
	Tonnes	Transport	Production
Oat purchases			
Ecological oats			
Spain	1,700	13	476
Baltic States	26,000	2,067	7,280
Common oats			
Spain	18,000	27	6,912
Imports	69,300	4,786	26,611

	pe, tCO_2eq		
	Tonnes	Imputed/t	Total
Oat consumption			
Ecological oats			
Spain	1,700	0.280	476
Imports	18,700	0.280	5,236
Common oats			
Spain	18,000	0.384	6,912
Imports	69,600	0.384	26,726
Total			39,350

6_ RESULTS SUMMARY

Summary

		tCO_2eq					
		Caja Rural	Subsidiaries	Harivenasa	Solera	Wineries	Aux CRN
Scope 1							
Fuel consumption		0.00	192.88	0.00	62.20	130.68	-
Natural gas and propane consumption		0.00	2,732.09	2,314.97	351.27	65.85	-
Refrigerant greenhouse gases		130.70	0.25	0.00	0.00	0.25	-
Scope 2	MW.h						
Consumption of renewable electricity - Bank	4,450.00	-	-	-	-	-	-
Consumption of renewable electricity - subsidiaries	4,809.68	-	-	-	-	-	-
Consumption of non-renewable electricity - Bank	128.42	33.13	-	-	-	-	-
Consumption of non-renewable electricity - subsidiaries	4,752.74	-	1,194.56	825.73	289.51	48.42	30.91
Own production subsidiaries	24.25	-	-	-	-	-	-
Scope 3							
Drinking water		0.87	11.82	6.56	4.62	0.61	0.03
Travel to/from work		799.58	117.13	63.27	12.96	33.47	7.43
Travel for work		261.50	32.28	5.25	11.38	12.27	3.38
Waste		108.21	57.76	8.36	47.42	1.15	0.83
Transport of goods		45.42	1,444.55	1,404.72	-	39.83	-
Data storage and processing		110.01	-	-	-	-	-
Transport of raw materials to factory		0.00	6,892.90	6,892.91	-	-	-
Purchase of raw materials		0.00	39,350.40	39,350.40	-	-	-
Total		**1,489.43**	**52,026.62**	**50,872.17**	**779.35**	**332.53**	**42.58**

Summary, carbon intensity

		2022	2021
Caja Rural de Navarre, S.C.C. (parent)			
Carbon footprint scopes 1, 2 and 3	tCO_2eq	1,489	1728
Total assets	€m	15,997	16073
Carbon intensity	TCO_2eq/€m	0.093	0.108
Caja Rural de Navarra y sociedades dependientes			
Huella de carbono, alcances 1, 2 y 3	tCO2eq	53,516	
Importe total activos	€m	16,076	
Intensidad huella de carbono	TCO2eq/€m	3.329	

Improvement of the carbon footprint of Caja Rural de Navarra, S.C.C. (parent) 2022/2021:

14%

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7_ UNCERTAINTY ESTIMATE

Classification of uncertainties

Measurement uncertainties

This is the degree of error that creeps into measurement of the figures used in the calculation, most significant for scope 3 data, such as figures for people commuting in their private vehicles.

Uncertainty from not counting some actions with greenhouse impacts

Some activities that make direct or indirect contributions to global warming are not accurately counted, either because their impact is so low or because the methodology used overlooks them.
One example of the first case is food that workers bring into work. An example of the second is emissions from construction of the production facilities and buildings used for an activity.

ncertainty from emission factors

These include two types of uncertainty: failure to count the full life cycle of some items (e.g. in transport kilometres, the acquisition of the truck, spare parts, tyres, etc.) and the wide variation in factors taken from different sources (e.g. we use the Ihobe factor for water consumption, which is derived from the general figure for the United Kingdom, while the Food Bank of Navarre uses the figure provided by the Pamplona Region, which is a third of the Ihobe figure).

Quantification of uncertainties

Measurement uncertainties

It is estimated that measurement uncertainties are very small, since 85% of the carbon footprint comes from the acquisition of cereals. The error in scope 1 and 2 measurements is thought to be less than 1% and the error in scope 3 less than 3%.

Uncertainty from not counting some actions with greenhouse impacts

As noted, Caja Rural de Navarra's loan portfolio is not included in the scope 3 calculation. We do not consider this to be a methodological error. The omissions represent no more than 5% of the footprint calculation.

Uncertainty from emission factors

In the highest-weighted input, cereal farming, we found different values (+/-50%) in the international literature. This is actually quite reasonable as there are many different species, soils, fertilisation practices and crop rotation systems which affect the values obtained. We therefore opted for the study that most closely resembles our business, which gives an upper bound for uncertainty of 15%.

There are also discrepancies between scope 3 emission factors derived from different sources. Especially important in our case are those relating to the transport of people and goods. Although the divergence is more limited, they still generate discrepancies of +/-20%.

8_ TARGETS FOR IMPROVEMENT

Initial reflections

Caja Rural de Navarra

Caja Rural de Navarra is a regional financial institution that carries out traditional commercial banking, that is, it maintains proximity to its customers. In many municipalities in its catchment area it is now the only bank on the ground, while the larger banking industry focuses on the big population centres. Three quarters of its own carbon footprint (not including the loan portfolio) comes from travel by employees, security vans and couriered cash bags.

This is hard to improve on, if the Bank is to maintain an adequate service for older people and rural areas.

Meanwhile, its carbon intensity (i.e., carbon footprint per million euros of assets) is heavily affected by liquidity decisions for public and private sectors taken by the ECB and the Bank of Spain and therefore out of the Bank's hands.

CAJA RURAL DE NAVARRA

20% reduction in carbon intensity between 2021 and 2025

To be achieved by encouraging more sustainable mobility by workers

Equity investments

Cereal is the key source of carbon footprint and so long as the Bank remains in this business, and continues to grow it year-on-year, it is very hard to make much improvement in absolute emissions or carbon intensity as any growth in sales does not generate an equivalent growth in the balance sheet.

That said, although you cannot dispute the maths, oats is a healthy food that is replacing sugary cereals and animal-based foods which require far more water, energy, land, etc. to produce. This creates the contradictory situation that increasing the carbon footprint from oat production decreases the overall footprint of the planet. Obviously, this effect is not factored into the GHG Protocol methodology.

EQUITY INVESTMENTS

5% reduction in carbon intensity between 2022 and 2025

To be achieved by:

- Encouraging more sustainable mobility by workers
- Increasing the proportion of domestic oat production and the relative weighting of ecological oats
- Installing new photovoltaic roofs

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ANNEX IV

AENOR

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AENOR Confía

VERIFICACIÓN DEL INFORME DE SOSTENIBILIDAD

VMS-2023/0011

AENOR ha verificado el Informe de Sostenibilidad de la organización

CAJA RURAL DE NAVARRA, S. COOP. DE CREDITO

concluyendo que el mismo se ha realizado conforme con los estándares de elaboración de informes GRI y proporciona una visión global de los impactos más significativos de la organización en la economía, el medio ambiente y las personas, incluidos los impactos que afectan a los derechos humanos, y de cómo los gestiona. La verificación se ha realizado según procedimiento que se detalla en el anexo cumpliendo con la ISO/IEC 17029:2019.

Título del informe:	MEMORIA DE RESPONSABILIDAD SOCIAL CORPORATIVA DE CAJA RURAL DE NAVARRA Y ESTADO DE INFORMACIÓN NO FINANCIERA DEL GRUPO CAJA RURAL DE NAVARRA CONSOLIDADO 2022
Periodo objeto del informe comprendido entre:	1 de enero al 31 de diciembre de 2022
Domicilio en:	DE LOS FUEROS, 1. 31010 - PAMPLONA (NAVARRA)

Emisión:2023-05-15

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Confía

La organización para la que se emite este certificado ha encargado a AENOR llevar a cabo una verificación externa e independiente, bajo un nivel de aseguramiento limitado, del Informe de Sostenibilidad realizado conforme a los Sustainability Reporting Standards GRI , en lo relativo a la información referenciada en el índice de contenidos GRI publicado en el informe y para el periodo objeto de este.

Para emitir este certificado AENOR ha evaluado el cumplimiento de todos los requerimientos del estándar GRI 1, en la elaboración del Informe de Sostenibilidad de referencia, excepto el requerimiento 9- notificación a GRI, al deberla realizar la organización con posterioridad a la emision del presente certificado.

Como resultado de la verificación efectuada AENOR emite el presente certificado, del cual forma parte el Informe de Sostenibilidad verificado. El certificado únicamente es válido para el propósito encargado y refleja sólo la situación en el momento en que se emite.

Responsabilidad de la organización. La organización tuvo la voluntad de reportar su desempeño en materia de responsabilidad social, de conformidad con los SRS GRI. La elaboración y aprobación del Informe de Sostenibilidad así como el contenido del mismo, es responsabilidad de la organización. Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el Informe de Sostenibilidad esté libre de incorrección material, debida a fraude o error, así como los sistemas de gestión de los que se obtiene la información necesaria para la preparación del mismo. La organización, ha informado a AENOR que no se han producido, desde la fecha de cierre del ejercicio reportado en el informe de sostenibilidad hasta la fecha de la verificación, ningún acontecimiento que pudiera suponer la necesidad de realizar correcciones al informe.

Procedimiento de verificación conforme a ISO/IEC 17029:2019. AENOR, ha realizado la presente verificación como prestador independiente de servicios de verificación. La verificación se ha desarrollado bajo los principios de "enfoque basado en evidencias, presentación justa, imparcialidad, competencia técnica, confidencialidad, y responsabilidad" exigidos en la norma internacional ISO/IEC 17029:2019 "Evaluación de la conformidad – Principios generales y requisitos para los organismos de validación y verificación".

El personal involucrado en el proceso de verificación, la revisión de conclusiones y la decisión en la emisión del presente certificado, dispone de los conocimientos, habilidades, experiencia, formación, infraestructuras de apoyo y la capacidad necesarios para llevar a cabo eficazmente dichas actividades.

AENOR se exime expresamente de cualquier responsabilidad por decisiones, de inversión o de otro tipo, basadas en el presente certificado.

Durante el proceso de verificación realizado, bajo un nivel de aseguramiento limitado, AENOR realizó entrevistas con el personal encargado de recopilar y preparar el Informe de Sostenibilidad y revisó evidencias relativas a:

- Actividades, productos y servicios prestados por la organización.
- Consistencia, precisión y trazabilidad de la información aportada, incluyendo el proceso seguido de recopilación de la misma, muestreando información sobre la reportada.

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- Cumplimentación y contenido del Informe de Sostenibilidad con el fin de asegurar la integridad, exactitud y veracidad en su contenido referido al periodo objeto del informe.

Las conclusiones por tanto se fundamentan en los resultados de ese proceso de carácter muestral, y no eximen a la Organización de su responsabilidad sobre el cumplimento de la legislación que le sea de aplicación.

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Declaración de Verificación de Información No Financiera

declaración de Verificación de AENOR para

CAJA RURAL DE NAVARRA, S. COOP. DE CREDITO

relativa al estado consolidado de información no financiera **MEMORIA DE RESPONSABILIDAD SOCIAL CORPORATIVA DE CAJA RURAL DE NAVARRA Y ESTADO DE INFORMACIÓN NO FINANCIERA DEL GRUPO CAJA RURAL DE NAVARRA CONSOLIDADO 2022**

conforme a la ley 11/2018

correspondiente al ejercicio anual finalizado el 31 de diciembre 2022

En Madrid a 15 de mayo de 2023

Rafael García Meiro
Consejero Delegado/CEO

1997/0998/VNOF-2023

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CAJA RURAL DE NAVARRA, S. COOP. DE CREDITO (en adelante la organización) con domicilio social en: PL DE LOS FUEROS, 1. 31002 - PAMPLONA (NAVARRA) ha encargado a AENOR llevar a cabo una verificación bajo un nivel de aseguramiento limitado de su Estado de Información No Financiera (en adelante EINF) conforme a la Ley 11/2018 por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad (en adelante, la Ley 11/2018).

Como resultado de la verificación efectuada AENOR emite la presente Declaración, de la cual forma parte el EINF verificado. La Declaración únicamente es válida para el propósito encargado y refleja sólo la situación en el momento en que se emite.

El objetivo de la verificación es facilitar a las partes interesadas un juicio profesional e independiente acerca de la información y datos contenidos en el EINF de la organización, elaborado de conformidad con la Ley 11/2018.

Responsabilidad de la organización. La organización tuvo la responsabilidad de reportar su estado de información no financiera conforme a la Ley 11/2018. La formulación y aprobación del EINF así como el contenido del mismo, es responsabilidad de su Órgano de Administración. Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error, así como los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF. La organización de acuerdo al compromiso formalmente adquirido, ha informado a AENOR que no se han producido, desde la fecha de cierre del ejercicio reportado en el informe no financiero hasta la fecha de la verificación, ningún acontecimiento que pudiera suponer la necesidad de realizar correcciones al informe.

Programa de verificación conforme a ISO/IEC 17029:2019. AENOR, de conformidad a la citada Ley, ha realizado la presente verificación como prestador independiente de servicios de verificación. La verificación se ha desarrollado bajo los principios de
justa, imparcialidad, competencia técnica, confidencialidad, y responsabilidad exigidos en la norma internacional ISO/IEC 17029:2019 Evaluación de la conformidad Principios generales y requisitos para los organismos de validación y verificación .

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Igualmente, en el Programa de verificación, AENOR ha considerado los requisitos internacionales de acreditación, verificación o certificación correspondientes a las materias de información contempladas en la Ley:

- Reglamento Europeo EMAS (Verificación Medioambiental)
- SA 8000 (principios y derechos laborales internacionales conformes a la ILO (Organización Internacional del Trabajo), La Declaración Universal de los Derechos Humanos y la Convención sobre los Derechos del Niño. SAAS Procedure 200)
- Sistema de Gestión Medioambiental (ISO 14001).
- Sistema de Gestión de Responsabilidad Social, esquemas IQNet SR 10 y SA8000.
- Sistema de Gestión de la Calidad (ISO 9001).
- Sistema de Gestión de la Energía (ISO 50001).
- Sistema de Gestión de Seguridad y Salud en el Trabajo (ISO 45001).

Adicionalmente, los criterios e información que se han tenido en cuenta como referencia para realizar el Programa de verificación han sido:

1) La ley 11/2018 de 28 de diciembre, por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad.

2) La Directiva 2014/95/UE del Parlamento Europeo y del Consejo de 22 de octubre de 2014 por la que se modifica la Directiva 2013/34/UE en lo que respecta a la divulgación de información no financiera e información sobre diversidad por parte de determinadas grandes empresas y determinados grupos.

3) La Comunicación de la Comisión Europea 2017/C 215/01, Directrices sobre la presentación de informes no financieros (metodología para la presentación de información no financiera).

4) La norma internacional ISO/IEC 17029.2019 Evaluación de la conformidad Principios generales y requisitos para los organismos de validación y verificación.

5) Los criterios establecidos por la iniciativa mundial de presentación de informes de sostenibilidad en los estándares GRI cuando la organización haya optado por este marco internacional reconocido para la divulgación de la información relacionada con su desempeño en materia de responsabilidad social corporativa.

AENOR se exime expresamente de cualquier responsabilidad por decisiones, de inversión o de otro tipo, basadas en la presente Declaración.

Durante el proceso de verificación realizado, bajo un nivel de aseguramiento limitado, AENOR realizó entrevistas con el personal encargado de recopilar y preparar el EINF y revisó evidencias relativas a:

- Actividades, productos y servicios prestados por la organización.
- Consistencia y trazabilidad de la información aportada, incluyendo el proceso seguido de recopilación de la misma, muestreando información sobre la reportada.
- Cumplimentación y contenido del estado de información no financiero con el fin de asegurar la integridad, exactitud y veracidad en su contenido.
- Carta de manifestaciones del Órgano de Administración.

Las conclusiones por tanto se fundamentan en los resultados de ese proceso de carácter muestral, y no eximen a la Organización de su responsabilidad sobre el cumplimento de la legislación que le sea de aplicación.

En la memoria de sostenibilidad se encuentra la información relativa a la Taxonomía de actividades ambientalmente sostenibles elaborada según establece el Reglamento UE 2020/852 del Parlamento Europeo y del Consejo de 18 de junio, relativo al establecimiento de un marco para facilitar las inversiones sostenibles en cuanto a la obligación de divulgar información sobre la manera y la medida en que las actividades de la empresa obligada se asocian a actividades económicas que se consideren medioambientalmente sostenibles según los principios y objetivos ambientales establecidos en dicho Reglamento. Respondiendo a este nuevo requerimiento, los administradores de la organización han incorporado al Informe de Información No Financiera la información que, en su opinión, mejor permite dar cumplimiento a esta nueva obligación, y que se recogen en el apartado 3.7 del Estado de Información No Financiera adjunto.

El personal involucrado en el proceso de verificación, la revisión de conclusiones y la decisión en la emisión de la presente Declaración, dispone de los conocimientos, habilidades, experiencia, formación, infraestructuras de apoyo y la capacidad necesarios para llevar a cabo eficazmente dichas actividades.

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CONCLUSIÓN

Basado en lo anterior, en nuestra opinión, no hay evidencia que haga suponer que la información no financiera reportada en el MEMORIA DE RESPONSABILIDAD SOCIAL CORPORATIVA DE CAJA RURAL DE NAVARRA Y ESTADO DE INFORMACIÓN NO FINANCIERA DEL GRUPO CAJA RURAL DE NAVARRA CONSOLIDADO 2022, que se publica como documento independiente de las Cuentas Anuales Financieras y para la información del periodo objeto del informe, ejercicio anual finalizado el 31 de diciembre de 2022, no proporcione información fiel del desempeño de CAJA RURAL DE NAVARRA, S. COOP. DE CREDITO y sociedades referenciadas en el estado de información no financiera consolidado, en materia de responsabilidad social en lo relativo exclusivamente al contenido requerido por la Ley 11/2018 respecto a cuestiones ambientales, sociales y relativas al personal, incluida la gestión de la igualdad, la no discriminación y la accesibilidad universal, los derechos humanos, lucha contra la corrupción y el soborno y la diversidad.

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