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 2023

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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 2023, 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 2023, 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: Calle de 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. C.I.F. B-78970506.

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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 2023 presenta un valor, neto de ajustes por valoración, de 9.243.273 miles de euros, incluyendo dichos ajustes unas correcciones de valor por deterioro por importe de 243.353 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 y geopolítico, que se han visto acrecentados por diversos factores acontecidos en los últimos años 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 utilizado con los importes 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 la clientela 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.
- En relación con la estimación de las pérdidas por deterioro adicionales a las establecidas por las soluciones alternativas requeridas por el modelo utilizado, hemos procedido a llevar a cabo un análisis del marco de gobernanza de la Sociedad, así como un análisis del procedimiento establecido por la Sociedad para su cálculo, asimismo se ha procedido a la revisión de la razonabilidad de las hipótesis y cálculos empleados en la estimación contable.
- 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, establecidos en la Circular 4/2017 de Banco de España.

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. En este contexto, es crítico evaluar cuestiones como la organización y el marco de gobierno de los sistemas de información.
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 2023, 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 2023 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 2023 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 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 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.

Building a better working world

- 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.

2023 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 22 March 2024

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of financial position at 31 December 2023

(Thousands of euros)

ASSETS	Note	31.12.2023	31.12.2022
Cash, cash balances at central banks and other demand deposits (**)	**7**	**1,618,218**	**985,920**
Financial assets held for trading	**8**	**14,779**	**18,203**
Derivatives		3,973	3,882
Equity instruments		10,806	14,321
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**	**320**	**2,236**
Debt securities		-	399
Loans and advances		320	1,836
Memorandum items: lent or given in guarantee with right of sale or pledge		-	-
Financial assets at fair value through other comprehensive income	**9**	**853,483**	**878,885**
Equity instruments		298,755	260,374
Debt securities		554,728	618,511
Memorandum items: lent or given in guarantee with right of sale or pledge		-	-
Financial assets at amortized cost	**10**	**13,396,562**	**13,780,052**
Debt securities		3,879,293	4,030,408
Loans and advances		9,517,269	9,749,644
Credit institutions		273,996	237,797
Customers		9,243,273	9,511,847
Memorandum items: lent or given in guarantee with right of sale or pledge		*622,398*	*233,572*
Derivatives – hedge accounting	**12**	**495**	**454**
Investments in joint ventures and associates	**14**	**136,502**	**122,678**
Jointly-controlled entities		-	-
Associates		136,502	122,678
Tangible assets	**15**	**179,381**	**181,589**
Property and equipment		164,110	164,431
For own use		163,931	162,964
Assigned to social projects		179	1,468
Investment property		15,271	17,158
Of which: assigned under operating leases		*684*	*1,812*
Memorandum items: acquired under finance leases		*1,812*	*945*
Tax assets	**22**	**30,225**	**34,146**
Current tax assets		1,648	1,227
Deferred tax assets		28,577	32,920
Other assets	**16**	**58,208**	**62,443**
Inventories		23,095	27,646
Other		35,113	34,797
Non-current assets and disposal groups held for sale	**13**	**27,130**	**30,500**
TOTAL ASSETS		**16,315,303**	**16,097,105**

(**) 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 2023.

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of financial position at 31 December 2023

(Thousands of euros)

LIABILITIES AND EQUITY	Note	31.12.2023	31.12.2022
Financial liabilities held for trading	**8**	**2,903**	**3,889**
Derivatives		2,903	3,889
Financial liabilities at amortized cost	**17**	**14,200,015**	**14,220,639**
Deposits		12,365,370	12,488,526
Central banks		-	1,315,924
Credit institutions		232,488	233,364
Customers		12,132,882	10,939,238
Debt securities issued		1,664,710	1,642,057
Other financial liabilities		169,935	90,056
Memorandum items: subordinated liabilities		-	-
Derivatives – hedge accounting	**12**	**89,343**	**63,384**
Provisions	**18**	**47,257**	**51,476**
Pensions and other defined-benefit post-employment obligations	**2.t**	1,272	1,285
Commitments and guarantees given		11,526	14,684
Other provisions		34,459	35,507
Tax liabilities	**22**	**28,624**	**14,130**
Current tax liabilities		22,223	9,706
Deferred tax liabilities		6,401	4,424
Other liabilities	**16**	**113,548**	**183,851**
Of which: mandatory contributions to Social Welfare Fund		*61,078*	*47,764*
TOTAL LIABILITIES		**14,481,691**	**14,537,369**
EQUITY			
Shareholders' equity		**1,791,433**	**1,557,086**
Share capital	**20**	243,017	210,034
Called up paid capital		243,017	210,034
Memorandum items: uncalled capital		-	-
Retained earnings	**21**	1,287,179	1,173,852
Other reserves	**21**	50,872	62,731
Accumulated reserves or losses from joint ventures and associates		2,316	10,811
Other reserves		48,556	51,920
(Treasury shares)			
Profit or (-) loss attributable to owners of the parent		210,365	110,469
(Interim dividends)		-	-
Accumulated other comprehensive income	**19**	**42,180**	**2,650**
Items that will not be reclassified to profit or loss		51,241	25,796
Changes in fair value of equity instruments at fair value through other comprehensive income		51,241	25,796
Items that may be reclassified to profit or loss		(9,061)	(23,146)
Hedging derivatives. Cash flow hedges [effective portion]		(2,256)	(2,163)
Changes in fair value of debt instruments at fair value through other comprehensive income		(6,805)	(20,983)
Non-controlling interests		**-**	**-**
Accumulated other comprehensive income		-	-
TOTAL EQUITY		**1,833,613**	**1,559,736**
TOTAL LIABILITIES AND EQUITY		**16,315,303**	**16,097,105**
Memorandum items: off-balance sheet exposures			
Contingent commitments given	**23**	**1,247,880**	**1,334,141**
Financial guarantees given	**23**	**82,206**	**84,256**
Other commitments given	**23**	**1,277,717**	**809,653**

Notes 1 to 45 form an integral part of the consolidated statement of financial position at 31 December 2023.

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated income statement for the year ended 31 December 2023

(Thousands of euros)

	Note	2023	2022
Interest income	**25**	**375,660**	**184,331**
Financial assets at fair value through other comprehensive income		4,944	3,251
Financial assets at amortized cost		349,912	163,697
Other interest income		20,804	17,383
(Interest expense)	**26**	**(111,404)**	**(24,266)**
(Expense on share capital redeemable on demand)		**-**	**-**
NET INTEREST INCOME		**264,256**	**160,065**
Dividend income	**27**	**20,121**	**16,007**
Profit (loss) of companies accounted for using the equity method	**14**	**17,596**	**4,689**
Fee and commission income	**28**	**98,831**	**98,097**
(Fee and commission expense)	**29**	**(9,095)**	**(7,928)**
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**30**	**306**	**1,881**
Gains or (-) losses on financial assets and liabilities held for trading, net	**30**	**2,347**	**(2,542)**
Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net		**(2,144)**	**(1,836)**
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**	**(407)**	**(173)**
Gains or (-) losses from translation differences, net		**1,395**	**1,614**
Other operating income	**31**	**107,081**	**508,757**
(Other operating expenses)	**32**	**(90,941)**	**(434,517)**
Of which: mandatory contributions to Social Welfare Fund		*(20,800)*	*(12,603)*
GROSS INCOME		**409,346**	**344,114**
(Administrative expenses)		**(137,396)**	**(175,041)**
(Personnel expenses)	**33**	(81,168)	(88,065)
(Other operating expenses)	**34**	(56,228)	(86,976)
(Depreciation and amortization)	**13 and 15**	**(11,918)**	**(18,697)**
(Provisions or (-) reversals)	**35**	**2,219**	**(1,533)**
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	**36**	**(27,768)**	**(18,406)**
(Financial assets at fair value through other comprehensive income)		231	399
(Financial assets at amortized cost)		(27,999)	(18,805)
(Impairment or (-) reversal of impairment on investments in joint ventures and associates)		**-**	**(10)**
(Impairment or (-) reversal of impairment on financial assets)	**37**	**(1,481)**	**(98)**
(Tangible assets)		(1,346)	(31)
(Intangible assets)		-	-
(Other)		(135)	(67)
Gains or (-) losses on derecognition of non-financial assets and investments, net	**1.e**	**462**	**(9,379)**
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**	**2,806**	**3,239**
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**236,270**	**124,189**
(Tax expense or (-) income on profit from continuing operations)	**22**	**(25,905)**	**(13,720)**
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**210,365**	**110,469**
Profit or (-) loss after tax from discontinued operations		**-**	**-**
PROFIT FOR THE YEAR		**210,365**	**110,469**
Attributable to owners of the parent	**38**	**210,365**	**110,469**
Attributable to non-controlling interests		**-**	**-**

Notes 1 to 45 form an integral part of the consolidated income statement for the year ended 31 December 2023.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of recognized income and expense for the year ended 31 December 2023

(Thousands of euros)

	Note	2023	2022
PROFIT FOR THE YEAR		**210,365**	**110,469**
OTHER COMPREHENSIVE INCOME		**39,530**	**(47,743)**
Items that will not be reclassified to profit or loss		**25,444**	**(19,416)**
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**	27,683	(20,890)
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		(2,239)	1,474
Items that may be reclassified to profit or loss	**19**	**14,086**	**(28,327)**
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		**-**	**-**
Gains or (-) losses on currency translation recognized in equity		-	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Cash flow hedges (effective portion)		**(124)**	**(2,163)**
Valuation gains or (-) losses recognized in equity		(124)	(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		**18,905**	**(34,885)**
Valuation gains or (-) losses recognized in equity		19,123	(61,386)
Reclassified to profit or loss		(218)	3,716
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**	**(4,695)**	**8,721**
TOTAL RECOGNIZED INCOME AND EXPENSES FOR THE YEAR		**251,375**	**62,726**
Attributable to non-controlling interests		-	-
Attributable to owners of the parent		251,375	62,726

Notes 1 to 45 form an integral part of the consolidated statement of recognized income and expense for the year ended 31 December 2023.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated comprehensive statement of changes in equity for the year ended 31 December 2023
(Thousands of euros)

At 31 December 2023

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 2023	**210,034**	**1,173,852**	**62,731**	**-**	**110,469**	**-**	**2,650**	**-**	**1,559,736**
Adjustments due to error correction	-	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-
Balance at 1 January 2023	**210,034**	**1,173,852**	**62,731**	**-**	**110,469**	**-**	**2,650**	**-**	**1,559,736**
Total recognized income and expenses for the year	-	-	-	**-**	**210,365**	**-**	**39,530**	**-**	**249,895**
Other changes to equity	**32,983**	**113,327**	**(11,859)**	**-**	**(110,469)**	**-**	**-**	**-**	**23,982**
Ordinary shares issued (Note 20)	32,983	-	-	-	-	-	-	-	32,983
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)	-	-	-	-	-	-	-	-	-
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	-	113,327	(4,694)	-	(110,469)	-	-	-	(1,836)
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	(7,165)	-	-	-		-	(7,165)
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-	-
Balance at 31 December 2023	**243,017**	**1,287,179**	**50,872**	**-**	**210,365**	**-**	**42,180**	**-**	**1,833,613**

Notes 1 to 45 form an integral part of the consolidated comprehensive statement of changes in equity for the year ended 31 December 2023.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

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 2022	**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 2023.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated cash flow statement
for the year ended 31 December 2023
(Thousands of euros)

	Note	2023	2022
A) CASH FLOW FROM OPERATING ACTIVITIES		**610,836**	**(195,704)**
Profit for the year		**210,365**	**110,469**
Adjustments to obtain cash flows from operating activities		**20,548**	**50,155**
Depreciation and amortization	**13 and 15**	11,918	18,697
Other adjustments		8,630	31,458
Net (increase) decrease in operating assets		**397,948**	**22,386**
Financial assets held for trading		3,424	(12,459)
Financial assets not held for trading mandatorily measured at fair value through profit or loss		1,915	1,983
Financial assets at fair value through other comprehensive income		25,633	532,323
Financial assets at amortized cost		355,491	(542,718)
Other operating expenses		11,485	43,257
Net (increase) decrease in operating liabilities		**7,881**	**(364,995)**
Financial liabilities held for trading		(986)	2,526
Financial liabilities at amortized cost		(22,461)	(387,869)
Other operating expenses		31,328	20,348
Company income tax receipts (payments)		**(25,905)**	**(13,719)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(11,079)**	**3,300**
Payments		**(19,153)**	**(11,134)**
Tangible assets	**15**	(16,237)	(5,088)
Investments in subsidiaries, joint ventures and associates	**14**	-	(1,784)
Non-current assets and liabilities held for sale		(2,916)	(4,262)
Other payments related to investing activities		-	-
Receipts		**8,074**	**14,434**
Tangible assets	**15**	432	6,040
Investments in subsidiaries, joint ventures and associates	**14**	-	-
Non-current assets and liabilities held for sale		7,642	8,394
Other receipts related to investing activities		-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		**31,146**	**38,061**
Payments		**(1,837)**	**(1,687)**
Dividends	**20**	(1,837)	(1,687)
Subordinated liabilities		-	-
Cancellation of own equity instruments	**20**	-	-
Acquisition of own equity instruments		-	-
Other payments related to financing activities		-	-
Receipts		**32,983**	**39,749**
Subordinated liabilities		-	-
Issue of own equity instruments	**20**	32,983	39,749
Disposal of own equity instruments		-	-
Other receipts relating to financing activities		-	-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS		**1,395**	**1,613**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**632,298**	**(152,730)**
F) CASH AND CASH EQUIVALENTS AT START OF YEAR		**985,920**	**1,138,650**
G) CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,618,218**	**985,920**
MEMORANDUM ITEMS			
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash		57,475	54,352
Cash equivalents in central banks		1,200,400	295,446
Other demand deposits		-	-
Other financial assets		360,343	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 2023, it had a network of 254 branches (one less than at 31 December 2022), 139 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 2023 and 2022 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 (Note 1.h 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.i.).

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

The Bank 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 2023 and 2022 are shown in Annex I.

At 31 December 2023, the assets, equity and profit for the year of the Parent Company made up 99%, 97% and 91%, respectively, of the equivalent Group items (compared to 99%, 98% and 98% at 31 December 2022).

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, as amended.

These Group consolidated financial statements are presented in accordance with IFRS-EU at 31 December 2023 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 2023 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 2023 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.

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 2023 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 2022 were approved at the Bank's Annual General Meeting held on 25 May 2023.

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 significant 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. Subsidiaries

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.

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 2023 and 2022 were as follows:

	% ownership interest		Thousands of euros Acquisition cost	
Subsidiaries	2023	2022	2023	2022
Promoción Estable del Norte, S.A.	100.00%	100.00%	83,081	86,425
Harivenasa, S.A.	100.00%	100.00%	16,500	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%	8,511	100

The activities and registered offices of Group companies included in the scope of consolidation at 31 December 2023 are listed below:

Company	Domicile	Business
Promoción Estable del Norte, S.A.	Pamplona	Real estate development
Harivenasa, S.A.	Noain (Navarra)	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 2023 and 2022 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 2023 and 2022 see Note 14.

The accounting principles and standards and measurement criteria used to prepare the Group's 2023 and 2022 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 2023 to Caja Rural de Navarra Group's scope of consolidation were as follows:

Espiga I&D Alimentaria, S.L.

On 28 April 2023, the Bank's Governing Board resolved to transfer this investment to the Education and Development Fund (EDF). This means that any future profits or losses the investments generates for the Bank will also be allocated to the Education and Development Fund.

On 31 May 2023 the Bank, as sole partner of Espiga I&D Alimentaria, S.L., resolved to carry out a non-cash capital increase of EUR 1,140 thousand by increasing the nominal value of existing participating shares by EUR 38.0124 each. To fund this, it transferred two land lots valued at EUR 752 thousand and EUR 388 thousand, respectively.

On 29 December 2023 the Bank, as sole partner of Espiga I&D Alimentaria, S.L., resolved to carry out a further non-cash capital increase totalling EUR 4,830 thousand plus a EUR 2,441 thousand share premium, distributed as follows: a) EUR 1,830 thousand to raise the nominal value of the participating shares from EUR 39.01 to EUR 100.00 per share, b) EUR 3,000 thousand to fund the issue of 30,000 new participating shares with a nominal value of EUR 100.00 each, and c) EUR 2,441 thousand to fund the share premium of EUR 81.3637 on these 30,000 new shares. At 31 December 2023 this capital increase was fully subscribed and paid by the Bank.

Following these transactions, at 31 December 2023 the Bank was the sole shareholder of Espiga I&D Alimentaria, S.L., which had a share capital of EUR 6 million, comprising 60,000 shares with EUR 100.00 nominal value each and a share premium of EUR 2,511 thousand.

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 investment in Harinera del Mar Siglo XXI, S.L. totalled 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. created the 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, 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 by 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, the composition of the management bodies of the new company and the existing agreements between the Bank and Inversiones Fenec, S.L., sole partners of 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 considered that it had lost control of its equity investment in Harinera del Mar Siglo XXI, S.L.

The Bank therefore deconsolidated its shareholding in Harinera del Mar Siglo XXI, S.L. classified under “equity interests in subsidiaries” and instead recognized a EUR 59,989 thousand equity interest in “associates” (Note 14). As a result, it booked 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 was EUR 475 thousand and this transaction therefore had no impact on its income statement. The agreement was notarised and registered on 28 April 2022.

f) Accounting estimates and assumptions used

In the preparation of the Group’s 2023 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 recognized in the consolidated income statement for the years concerned.

g) Comparative information

Comparative figures for 2022 are presented alongside the accounting information for the year ended 31 December 2023 according to IFRS-EU criteria. Figures for 2022 are presented for comparative purposes only and do not form part of the Group's 2023 consolidated financial statements.

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.

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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 into 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.

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 5 December 2023 the Bank 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 11.658% and a Common Equity Tier 1 (CET1) ratio of 7.666%, measured on phased-in regulatory capital. The equivalent requirements from 1 January 2022 to 31 December 2022 were 11.625% and 7.633%, respectively. These requirements include both the Pillar 1 minimum and the Pillar 2 requirement, including the capital conservation buffer (CCB).

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 25 April 2023, the Bank of Spain formally notified to the Bank the minimum requirement for own funds and eligible liabilities (MREL). Following this decision, as from 1 January 2024, the Bank must have own funds and eligible liabilities of at least 15.59% of its total risk exposure amount (TREA) and 4.39% of its exposure calculated for the leverage ratio (LRE). The same communication set a binding intermediate target, to be met at 1 January 2022, of at least 15.17% of its total risk exposure amount (TREA) and 4.36% of its exposure calculated for the leverage ratio (LRE). At 31 December 2023, the Bank had a MREL ratio of 24.16% of its TREA and 10.99% of its LRE (31 December 2022: 20.36% and 9.49%).

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 2023, the cost to the Bank of contributions to the fund was EUR 3,644 thousand (EUR 4,958 thousand in 2022, 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 in 2023 (1.75 per thousand in 2022). 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.

In 2023, total expenses in respect of Fund contributions were EUR 4,434 thousand (EUR 4,312 thousand in 2022, 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 “Cajas Rurales”), 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. The main purposes of these agreements are as follows:

- 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 the 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 2023 the Parent Company contributed EUR 1,557 thousand to the fund to cover any financial support requirements that might arise within the IPS. These contributions were recognized under "Other operating expenses" in the 2023 income statement (2022: Parent Company contributed EUR 6,543 thousand to the fund, Note 32). At 31 December 2023, the Parent Company had paid this amount in full.

As a result, at 31 December 2023, the Parent Company forms 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 2023 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).

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.

Circular 4/2017 introduces a new accounting framework for hedge accounting to run alongside the previous framework. Financial institutions are free to choose one or the other. The new framework retains the three types of accounting hedge – fair value, cash flow and net investment in a foreign operation – but allows greater flexibility on which transactions qualify for hedge accounting, which can now be used for more economic hedges bringing the accounting treatment better into line with risk management. The Circular allows certain financial instruments, besides derivatives, to be used as hedging instruments, allows particular elements of exposures to be hedged and loosens the effective hedge criteria for applying hedge accounting by allowing hedging relationships to be rebalanced over their lifetime. The Bank opted to retain the previous accounting framework.

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:

- Holding 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.

- Selling financial assets.

- A combination of these two business models – holding financial assets to collect contractual cash flows and selling financial assets ("hold to collect and sell" model): this model implies that asset sales will be more frequent and of 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: when 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 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.

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.

The effective interest rate is the discount rate that exactly matches the amount of a financial instrument to the cash flows it is expected to generate over its residual term, based on contractual terms and conditions including early call options, but without taking losses due to future credit risk into consideration. For fixed-income financial instruments, the effective interest rate is the interest rate contractually established at the time of acquisition plus, where applicable, any fees and commissions that, given their nature, are comparable to an interest rate. In the case of floating-rate financial instruments, the effective interest rate is the prevailing rate of return applicable until the date of the next interest rate reset.

For financial instruments not recognized at fair value through profit or loss, fair value is adjusted by adding or deducting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are immediately recognized in the consolidated income statement.

Transaction costs are defined as directly attributable costs of acquisition or disposal of a financial asset, or the issue or assumption of a financial liability which the Bank would not have incurred were it not for the transaction.

iv) The fair value of financial derivatives carried at their listed price in an active market is their daily trading price. If, for exceptional reasons, no trading price can be established for a particular date they are measured using methods similar to those applied for OTC derivatives.

Derivatives for which the market is non-existent or largely inactive are measured using the most consistent and appropriate economic methodologies, maximizing the use of observable data and allowing for any factor that a market participant would take into account, such as:

a) recent transactions in substantially equivalent instruments,

b) discounted cash flows,

c) market option valuation models. The techniques applied are preferably those used by market participants and have been shown to give the most realistic estimate for the price of the instrument.

All financial derivatives are initially recognized at fair value. On initial recognition the best evidence of a financial instrument’s fair value is normally the transaction price. The Caja Rural de Navarra Group has no material transactions using derivative instruments whose fair value on initial recognition differs from their transaction price.

Changes in the carrying amount of financial assets are generally recognized in the consolidated income statement. Different treatment is applied to those that originate from the payment of interest and similar items, which are recognized under “Interest income”, 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.

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 recognized 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 both the hedges and hedged items, as regards the type of risk being hedged, are recognized directly in the consolidated income statement.

ii) Valuation differences relating to the ineffective 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, comprise 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” comprise 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”, comprising 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 type of instrument and residual term to maturity.

iv) “Derivatives – hedge accounting” comprises 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”.

Recognition and measurement

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.

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 taken 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

If the Group changes its business model for managing financial assets, and in these circumstances only, 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.

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 2023 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 2023 and 2022, 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 which 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 was 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 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. 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 this means either on purchase, foreclosure or grant in payment – and also if the asset suffers a significant fall in value. The discounting criteria 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 measured as the difference between acquisition cost (net of any principal repayments) and fair value – when the former is greater than the latter – 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 deemed to be realised and are therefore 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 measured as the difference between acquisition cost (net of any principal repayments) and fair value – when the former is greater than the latter – 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.

h) Financial guarantees

Financial guarantees are defined as contracts whereby the Group undertakes to pay specific amounts on behalf of a third party if the latter fails to do so. The main types of contracts included in this category, which are recognized in the memorandum accounts at the end of the consolidated statement of financial position, are financial and technical guarantees, irrevocable documentary credits issued or confirmed by the Group, insurance policies and credit derivatives in which the Group acts as the seller of protection.

When the Group issues contracts of this kind, they are recognized in the “Other liabilities” line in the consolidated statement of financial position at fair value and also, at the same time, in the “Other financial assets” line of “Loans and advances – Customers” at the present value of cash flows receivable. Both entries use a discount rate similar to that applied to credits with a similar term and risk extended to the same counterparty by the Group. Subsequent to issuance, contracts of this type are recognized by recording the differences in consolidated income as “Finance income” or “Fee and commission income”, according to whether they correspond to “Other financial assets” or “Other liabilities”, respectively.

Financial guarantees are classified on the basis of the default risk assigned to the customer or transaction and, where applicable, an estimate made of the provisions required to cover the credit risk (Note 18). The credit risk is determined by applying criteria similar to those used to quantify impairment losses on financial assets classified under “Financial assets at amortized cost” (Note 2.g).

i) Tangible assets

Property and equipment for own use are presented at acquisition price, discounted pursuant to certain legal regulations and re-measured in accordance with the provisions of the new accounting standards, less the related accumulated depreciation and any impairment losses. Tangible assets are grouped into the following items: property and equipment for own use, investment property, assigned to operating leases and assigned to the Social Welfare Fund.

All tangible asset items are depreciated on a straight-line basis according to the estimated years of useful life shown below. The land on which buildings and other structures are constructed has an indefinite life and is not therefore depreciated.

Annual provisions for the depreciation of tangible assets are recognized with a balancing entry in the consolidated income statement and are calculated using the following percentage depreciation rates, determined on the basis of the average estimated years of useful life of the related assets:

	Annual percentage
Buildings for own use	4%
Furniture and fixtures	15-20%
Computer hardware	(*)

(*) Decreasing digit method (based on three or four years, depending on the items).

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 to sell.

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.

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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.

Ongoing lawsuits and/or claims

At 31 December 2023 and 2022 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 34,443 thousand at 31 December 2023 (EUR 35,507 thousand at 31 December 2022), recorded under “Provisions – Other provisions” (Note 18) on the consolidated statement of financial position.

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. The appraisal company that updates the valuation is always 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.

<u>Discontinued operations</u>

The Group classifies as a discontinued activity or operation any Group component that has been sold or otherwise disposed of 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 2023, the value of assets and liabilities denominated in foreign currencies was EUR 85,548 thousand and EUR 83,477 thousand, respectively (compared with EUR 74,546 thousand and EUR 73,198 thousand at 31 December 2022).

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 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 any cash considerations delivered in exchange.

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 but 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 2023, 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 2023.

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	**2023**	**2022**
Interest rate	3.25%	3.25%
Expected return on plan assets	3.25%	3.25%
Mortality tables	PER2020 Col 1st order	PER2020 Col 1st order
Incapacity tables	N/A	N/A
Annual cumulative salary increase	3.00%	3.00%

The discount rate applied to these obligations was based on market yields for a similar term to the average expected period for the accrued liabilities, which is 18.0 years.

	Change in assumption	**Increase**	**Decrease**
Discount rate	0.50%	-7.38%	8.19%
Annual salary growth rate	0.50%	8.24%	-7.48%

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

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

	Thousands of euros	
	2023	2022
Assets/liabilities on statement of financial position		
Post-employment obligations	(3,143)	(3,124)
Fair value of plan assets	1,871	1,839
Other	-	-
Net asset (provision) recognized on statement of financial position (Note 18)	**(1,272)**	**(1,285)**

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

	Thousands of euros	
	2023	2022
Charged (credited) directly to income		
Personnel expenses:		
- Current service cost	166	241
- Allocation to provisions	-	-
Net income and interest expense	44	15
Total expenses charged	**210**	**256**

The table below reconciles the amounts reported as present value of defined benefit obligations at the start and end of 2023 and 2022:

	Thousands of euros
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**
Current service cost	166
Interest expense	105
Remeasurements	(144)
Benefits paid	(108)
Effect of curtailments/settlements	-
Balance at 31 December 2023	**3,143**

The table below reconciles the amounts reported as fair value of defined benefit plan assets at the start and end of 2023 and 2022:

	Thousands of euros
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**
Expected return on plan assets	61
Remeasurements	(13)
Contributions by the Bank	145
Benefits paid	(108)
Effect of curtailments/settlements	(53)
Fair value at 31 December 2023	**1,871**

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

	2023	2022
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 2023.

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):

	2024	2025	2026	2027	2028	2029-2033
Probable post-employment benefits	144	27	105	53	67	608

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 necessary corrections 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.

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 statement of financial position. 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 perpetual 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 2023 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 2023 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. These changes have 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. These changes have 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. These changes have 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 2023. 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 "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 recognize 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 2023 and 2022, 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 2023 that the Parent Company's Governing Board will propose to members for approval at the Annual General Meeting, together with the appropriation for 2022 approved at the General Meeting held on 5 May 2023, is as follows:

	Thousands of euros	
	2023	2022
Profit or (-) loss for the year before mandatory allocation to the Education and Development Fund and after Income Tax	211,566	127,767
To dividends and remuneration (*)	(3,560)	(1,837)
Total retained earnings or surplus available	**208,006**	**125,930**
To the Mandatory Reserve Fund	187,206	113,327
To the Education and Development Fund	20,800	12,603
Total appropriated	**208,006**	**125,930**

(*) No interim dividend had been paid at 31 December 2023 and 2022.

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 2023 and 2022:

Board members	Thousands of euros 2023	2022
Ignacio Terés Los Arcos	22	21
Pedro Jesús Irisarri Valencia	7	7
Marcelino Etayo Andueza	7	6
Carlos Sánchez Diestro	7	7
Alberto Arrondo Lahera	3	3
Manuel García Díaz de Cerio	-	1
Ana María Eizaguirre Larrañaga	3	2
Ainhize Muratori Irurzun	3	2
Fernando Olleta Gayarre	-	2
Jesús María del Castillo Torres	2	2
Gabriel Urrutia Aicega	3	2
Pedro Jose Goñi Juamperez	3	3
Ignacio Zabaleta Jurio	6	6
Jose Joaquín Rodríguez Eguilaz	2	2
Fermín Esandi Santesteban	3	2
Beatriz Díaz de Cerio Martínez	1	-
Alatz Salvatierra Echeverría	3	-
Total	**75**	**68**

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 2023 and 2022, and were recognized under "Other administrative expenses" in the 2023 income statement.

Loans

Any credit facilities extended to members of the Parent Company's Governing Board at 31 December 2023 and 2022 are detailed in Note 39.

Remuneration paid to senior executives

Ordinary remuneration accrued by the Parent Company's senior executives in 2023 totalled EUR 2,491 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 2022 was EUR 2,261 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 2023 and 2022 is as follows:

Credit rating	2023	2022	S&P´s	Moody´s	Fitch	DBRS
1	14.54%	11.26%	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AAL
2	73.07%	73.73%	A+ a-	A1 to A3	A+ a-	AH to AL
3	9.33%	12.19%	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBBH to BBBL
4	2.93%	2.55%	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BBH to BBL
5	-	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	0.11%	0.23%				
	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.

The following table gives a breakdown of credit risk exposure at the close of 2023 and 2022:

	Thousands of euros	
	2023	2022
Loans and advances – Customers	9,243,273	9,511,847
Loans and advances – Credit institutions	273,996	237,797
Debt securities	4,434,342	4,649,318
Derivatives	4,468	4,336
Guarantees given	1,359,923	893,909
Total risk	**15,316,002**	**15,297,207**
Credit lines drawable by third parties	1,247,880	1,334,141
Total exposure	**16,563,882**	**16,631,348**

The breakdown of the carrying amount of credit risks benefiting from guarantees and credit enhancements in addition to the personal guarantee of the debtor at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Mortgages (guaranteed by real property)	5,258,256	5,217,088
Residential buildings	4,106,377	4,037,528
Commercial buildings	1,151,879	1,179,560
Other loans with real guarantees	191,636	197,726
Cash	22,710	22,897
Other	168,926	174,829
Financial guarantees received	1,597,314	1,713,017
Total	**7,047,206**	**7,127,831**

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

Sector

	2023	2022
Farming and stock-raising	3.37%	3.50%
Industry and construction	19.20%	19.97%
Services	24.03%	24.69%
Personal and other	53.40%	51.84%

Impaired assets and impairment adjustments

	2023	2022
Total impaired assets (Note 10)	189,012	175,796
Total loans and advances to customers, gross (before corrections for impairment)	9,486,626	9,733,216
NPL ratio (*)	2.02%	1.83%
Total valuation adjustments for impairment of financial assets	243,353	221,369
NPL coverage	128.75%	125.92%
Coverage of total loans and advances to customers	2.57%	2.27%

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

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

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 2023, only two groups are considered to be a “large exposure”, 10% or more of capital. Exposure to these groups totals EUR 458,762 thousand, equivalent to 25.81% of capital. At 31 December 2022, two groups were considered to be a “large exposure”, 10% or more of capital. Exposure to these groups totalled EUR 446,061 thousand, equivalent to 29.12% 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 2023 and 2022, 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)				
31/12/2023 (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	166,353	341	492	344	26	388	-	75
Other financial corporations and self-employed (financial businesses)	157,932	7,928	54	366	1,058	3,597	2,961	-
Non-financial corporations and self-employed (non-financial businesses) by purpose	4,033,760	1,085,502	204,479	429,068	309,794	257,151	176,934	117,093
- Construction and real-estate development (including land) (d)	219,209	209,489	5,683	74,046	54,354	41,204	33,026	12,541
- Civil engineering	24,326	2,153	5,272	3,167	2,569	1,688	-	-
- Other	3,790,225	873,860	193,524	351,855	252,871	214,259	143,908	104,552
Large corporates (e)	1,057,233	89,215	19,389	64,574	9,295	11,948	5,734	17,113
SMEs and self-employed	2,732,992	784,645	174,135	287,281	243,576	202,311	138,174	87,439
Other households (f) by purpose (g)	4,863,415	4,299,106	33,638	743,759	1,129,955	1,591,625	579,479	287,927
– Housing	4,332,541	4,151,389	18,014	680,702	1,088,581	1,562,270	567,431	270,421
– Consumption	76,716	8,488	3,546	5,073	3,560	1,637	1,543	221
– Other	454,158	139,229	12,078	57,984	37,814	27,718	10,505	17,285
TOTAL	**9,221,460**	**5,392,877**	**238,663**	**1,173,537**	**1,440,833**	**1,852,761**	**759,374**	**405,095**
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured loans	187,528	76,086	587	54,209	10,531	7,713	2,091	2,130

				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

(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 2023 and 2022:

31/12/2023	Total	Spain	Rest of EU	Americas	Rest of World
Central banks and credit institutions	2,737,888	2,158,839	451,598	36,124	91,327
General governments	3,306,114	3,002,100	290,866	-	13,148
– Central government	2,755,022	2,509,055	242,958	-	3,009
– Other public sector	551,092	493,045	47,908	-	10,139
Other financial corporations and self-employed (financial businesses)	624,922	486,305	93,935	15,318	29,364
Non-financial corporations and self-employed (non-financial businesses)	5,224,372	4,970,794	186,839	42,234	24,505
– Construction and real-estate development (including land) (b)	223,511	223,511	-	-	-
– Civil engineering	49,075	49,075	-	-	-
– Other	4,951,786	4,698,208	183,839	42,234	24,505
Large corporates (c)	1,729,838	1,495,390	175,333	40,415	18,700
SMEs and self-employed (c)	3,221,948	3,202,818	11,506	1,819	5,805
Other households (d)	4,887,642	4,880,494	5,183	1,314	651
– Housing	4,332,541	4,326,619	4,835	500	587
– Consumption	76,716	76,654	45	17	-
– Other	478,385	477,221	303	797	64
TOTAL	**16,780,938**	**15,498,532**	**1,028,421**	**94,990**	**158,995**

31/12/2023 Spain	REGIONAL GOVERNMENTS Total	Navarre	Madrid	Basque country	La Rioja	Other
Central banks and credit institutions	2,158,839	12,867	1,950,475	52,098	-	143,399
General governments	3,002,100	44,635	106,061	139,133	10,342	2,701,929
– Central government	2,509,055	-	-	-	-	2,509,055
– Other public sector	493,045	44,635	106,061	139,133	10,342	192,874
Other financial corporations and self-employed (financial businesses)	486,305	583	474,871	5,865	1,118	3,868
Non-financial corporations and self-employed (non-financial businesses)	4,970,794	1,768,843	452,726	1,928,528	476,957	343,740
– Construction and real-estate development (including land) (b)	223,511	50,610	3,248	130,047	36,692	2,914
– Civil engineering	49,075	24,119	5,839	17,244	1,552	321
– Other	4,698,208	1,694,114	443,639	1,781,237	438,713	340,505
Large corporates (c)	1,495,390	453,143	329,479	425,472	76,377	210,919
SMEs and self-employed (c)	3,202,818	1,240,971	114,160	1,355,765	362,336	129,586
Other households (d)	4,880,494	2,180,447	31,894	2,257,972	352,868	57,313
– Housing	4,326,619	1,872,544	25,027	2,098,614	280,181	50,253
– Consumption	76,654	44,808	173	23,143	7,607	923
– Other	477,221	263,095	6,694	136,215	65,080	6,137
TOTAL	**15,498,532**	**4,007,375**	**3,016,027**	**4,383,596**	**841,285**	**3,250,249**

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**

(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.

<u>Refinancing</u>

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 2023 and 2022, of the refinancing, refinanced and restructured loans made by the Bank:

31 December 2023	**TOTAL**							**Of which: in arrears/doubtful**						
	Unsecured		**Secured**					**Unsecured**		**Secured**				
					Maximum applicable collateral							Maximum applicable collateral		
	No. transactions	**Gross carrying amount**	**No. transactions**	**Gross carrying amount**	**mortgages**	**Other real collateral**	**Cumulative impairment**	**No. transactions**	**Gross carrying amount**	**No. transactions**	**Gross carrying amount**	mortgages	Other real collateral	**Cumulative impairment**
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations and self-employed (financial businesses)	1	33	1	118	95	-	(118)	-	-	1	118	95	-	(118)
Non-financial corporations and self-employed (non-financial businesses)	1,229	136,484	161	85,026	83,120	1,254	(50,045)	562	31,211	76	19,828	18,344	1,000	(39,308)
Of which: Loans for construction and real estate development (including land)	-	-	*10*	*1,901*	*1,767*	-	*(131)*	-	-	*2*	*119*	*119*	-	*(119)*
Other households	94	3,208	89	27,156	24,039	2	(14,334)	59	1,618	87	14,747	11,993	-	(13,865)
Total	**1,324**	**139,725**	**251**	**112,300**	**107,254**	**1,256**	**(64,497)**	**621**	**32,829**	**164**	**34,694**	**30,432**	**1,000**	**(53,291)**
NEW INFORMATION														
Loans classified as non-current assets and liabilities and disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 December 2022	TOTAL							Of which: in arrears/doubtful						
	Unsecured		Secured					Unsecured		Secured				
					Maximum applicable collateral							Maximum applicable collateral		
	No. transactions	Gross carrying am	No. transactions	Gross carrying am			Cumulative impairment	No. transactions	Gross carrying	No. transactions	Gross carrying am			Cumulative imp
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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 2023, it was estimated that a 200 basis point decline in interest rates would reduce net interest income by 15.78% (at 31 December 2022 the impact of such a movement was estimated to be a 6.90% 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 "2 to 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								
2023	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	239,132	-	10,860	24,004	-	-	-	-	273,996
Loans and advances – Customers	942,705	1,541,483	3,501,127	785,087	732,940	322,489	214,037	1,203,405	9,243,273
Debt securities	132,939	203,849	1,269,684	457,577	490,263	636,754	472,641	749,314	4,434,021
Total	1,305,776	1,745,332	4,781,671	1,296,668	1,223,203	959,243	686,678	1,952,719	13,951,200
Liabilities									
Deposits – Credit institutions	70,418	10,045	12,942	29,299	53,814	43,393	5,260	7,317	232,488
Deposits– Customers	942,705	893,697	3,573,735	632,767	211,836	212,522	269,512	2,284,792	12,132,882
Debt securities issued	123,939	-	-	602,563	-	1,010,567	-	51,580	1,664,710
Total	1,305,776	903,742	3,586,678	1,264,629	265,650	1,266,482	274,772	2,343,689	14,030,080
Gap	(2,818,662)	841,590	1,194,993	32,039	957,552	(307,239)	411,906	(390,970)	(78,791)
Cumulative gap	(2,818,662)	(1,977,072)	(782,079)	(750,040)	207,512	(99,727)	312,179	(78,791)	(78,791)

	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	-	-	-	-	-	237,796
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	7,769	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

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 1,363 thousand at 31 December 2023 (compared with EUR 1,379 thousand at 31 December 2022). 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 2023 and 2022 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						
2023	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	477,259	1,200,000	-	14,626	31,843	-	1,723,728
Loans and advances – Customers	-	440,421	437,249	1,391,209	4,026,337	4,669,252	10,964,468
Debt securities	-	150,293	145,200	1,086,180	2,213,040	961,673	4,556,386
Total	477,259	1,790,714	582,449	2,492,015	6,271,220	5,630,925	17,244,582
Liabilities							
Deposits – Credit institutions	-	141	3,733	13,054	215,732	9,775	242,435
Deposits – Customers	-	4,016,627	831,343	3,675,627	1,354,807	2,309,063	12,187,467
Debt securities issued	-	-	6,769	35,721	1,195,433	555,749	1,793,672
Total	-	4,016,768	841,845	3,724,402	2,765,972	2,874,587	14,223,574
Gap	477,259	(2,226,054)	(259,396)	(1,232,387)	3,505,248	2,756,338	3,021,008
Cumulative gap	477,259	(1,748,795)	(2,008,191)	(3,240,578)	264,670	3,021,008	3,021,008

	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

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 2023 and 2022, of the financial assets and liabilities indicated below grouped according to the different measurement methods used by the Group to determine fair value:

2023	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	1,618,218	1,621,409	1,621,409	-	-
Financial assets held for trading	14,779	14,779	10,806	-	3,973
Financial assets not held for trading mandatorily measured at fair value through profit or loss	320	320	320	-	-
Financial assets at fair value through other comprehensive income	853,483	853,483	599,767	-	253,716
Financial assets at amortized cost	13,396,562	13,522,501	3,711,810	9,536,695	273,996
Derivatives – hedge accounting	495	-	-	-	495
TOTAL FINANCIAL ASSETS	**15,883,856**	**16,012,987**	**5,944,112**	**9,536,695**	**532,180**
Financial liabilities held for trading	2,903	2,903	-	-	2,903
Financial liabilities at amortized cost	14,200,015	13,425,868	-	13,255,933	169,935
Derivatives – hedge accounting	89,343	89,343	-	-	89,343
TOTAL FINANCIAL LIABILITIES	**14,292,261**	**13,518,114**	**-**	**13,255,933**	**262,181**

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**

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 2023 and 2022. Movements in Level 3 assets during both years were as follows:

	Assets	Liabilities
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**
Valuation adjustments recognized in income	-	-
Valuation adjustments not recognized in income	29,655	179,747
Purchases, sales and settlements	70,756	-
Net inflows/(outflows) to Level 3	-	-
Translation and other differences	-	-
Balance at 31 December 2023	**532,180**	**262,181**

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 2023 and 2022 was as follows:

	2023		
	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)	220,973	36,244	(1,709)
Of which: in arrears/doubtful	881	72	(701)
Memorandum items: Write-offs	54,658		
Memorandum items:			
- Loans and advances to customers, excluding public sector (Spanish businesses) (carrying amount)	9,041,060		
- Total assets (all businesses)	16,315,303		
- Impairment and provisions for exposures not classified as doubtful risks (all business)	112,811		

	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)	16,097,105		
- Impairment and provisions for exposures classified as standard (all business)	112,007		

The table below shows disclosures of finance for construction, real estate development and home loans at 31 December 2023 and 2022:

	Loans for construction and real estate development. Gross carrying amount	
	2023	**2022**
Unsecured by property	9,678	72,776
Secured by property	211,295	426,389
Buildings and other completed constructions	58,654	163,887
Homes	47,457	87,946
Other	11,197	75,941
Buildings and other constructions under construction	122,519	213,498
Homes	113,707	201,816
Other	8,812	11,682
Land	30,122	49,003
Consolidated urban land	30,088	28,586
Other land	34	20,417
Total	**220,973**	**499,165**

Information on home loans

The breakdown of home loans at 31 December 2023 and 2022, is as follows:

	2023		2022	
	Gross carrying amount	**Of which: in arrears/doubtful**	**Gross carrying amount**	**Of which: in arrears/doubtful**
Home loans	4,177,036	30,557	4,141,606	28,422
Unsecured by mortgages	110,879	778	120,903	149
Secured by mortgages	4,066,157	29,779	4,020,703	28,273

At 31 December 2023 and 2022 the breakdown of home loans secured by mortgages according to the percentage loan to latest available value is as follows:

	LTV					
	2023					
	LTV under 40%	LTV 40-60%	LTV 60-80%	LTV 80-100%	LTV over 100%	Total
Gross carrying amount	640,436	1,066,583	1,537,356	560,544	261,238	4,066,157
Of which: In arrears/doubtful	3,729	6,970	8,929	4,194	5,957	29,779

	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

Information on assets acquired in settlement of debt

The detail of assets acquired in settlement of debt at 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	2023		2022	
	Gross carrying amount	Cumulative impairment	Gross carrying amount	Cumulative impairment
Real estate assets acquired from construction and real estate development loans	34,638	(15,802)	36,499	(16,244)
Buildings and other completed constructions	4,265	(514)	4,583	(453)
Homes	1,886	(182)	1,902	(108)
Other	2,379	(332)	2,681	(345)
Buildings and other constructions under construction	49	(49)	49	(49)
Homes	-	-	-	-
Other	49	(49)	49	(49)
Land	30,324	(15,239)	31,867	(15,742)
Consolidated urban land	10,882	(5,630)	12,498	(6,525)
Other land	19,442	(9,609)	19,369	(9,217)
Real estate assets originating from loans to individuals to fund home purchases	3,199	(547)	4,394	(467)
Other real estate assets foreclosed or received in settlement of debt	6,641	(1,523)	8,017	(1,905)
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	**45,423**	**(18,637)**	**49,855**	**(19,381)**

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 2023 and 2022 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 2023 and 2022 was EUR 19,484 thousand and EUR 19,531 thousand, respectively, and the net carrying amount of the company at these two dates was EUR 9,099 thousand and EUR 9,763 thousand, respectively. At 31 December 2023 the balance of capital or member contributions transferred to the company was EUR 83,081 thousand (EUR 86,425 thousand at 31 December 2022), against a revaluation for impairment of EUR 76,200 thousand (EUR 76,407 thousand at 31 December 2022).

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 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	**2022**
Cash	57,475	54,352
Cash balances at central banks	1,200,400	300,033
Other demand deposits	360,343	631,535
	1,618,218	**985,920**

At 31 December 2023, the Parent Company had a balance of EUR 1,200,400 thousand deposited with the Bank of Spain, remunerated at the marginal deposit facility rate (31 December 2022: EUR 300,033 thousand).

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 Parent Company under these agreements amounted to EUR 41,181 thousand at 31 December 2022, recognized in "Guarantees given – Other guarantees given" in the memorandum accounts (Note 23). In 2023, the investments the Bank had made under these agreements matured and no new investments were made. As a result at 31 December 2023, the Parent Company had no liabilities related to the abovementioned agreements.

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 2023 was 3.38% (0.06% in 2022). Interest accrued on the financial assets included in this portfolio in 2022 was a net positive EUR 20,036 thousand compared with a negative EUR 659 thousand in 2022.

8. Financial assets and liabilities held for trading

The breakdown of this line of the statement of financial position at 31 December 2023 and 2022 by type of counterparty is as follows:

	Thousands of euros			
	Assets		Liabilities	
	2023	2022	2023	2022
By counterparty				
Credit institutions	3,277	2,718	640	1,581
Other resident sectors	4,991	4,769	2,263	2,308
Other non-resident sectors	6,511	6,834	-	-
Total	**14,779**	**14,321**	**2,903**	**3,889**

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 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Shares in credit institutions	477	356
Shares in other resident companies	3,818	3,249
Shares in other non-resident companies	6,511	10,716
Total	**10,806**	**14,321**

All securities classified as "Equity instruments" at 31 December 2023 and 2022 were shares listed for trading on official markets.

Financial assets held for trading. Derivatives

This line includes, at 31 December 2023 and 2022:

- 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		Fair value		Fair value	
	Memorandum accounts		Assets		Liabilities	
	2023	2022	2023	2022	2023	2022
By type of market						
Bilateral (OTC) markets	461,915	406,441	3,973	3,882	2,903	3,889
TOTAL	**461,915**	**406,441**	**3,973**	**3,882**	**2,903**	**3,889**
By type of product						
Swaps	79,030	95,239	994	15	-	184
Futures	267,108	125,325	1,644	2,520	1,644	2,357
Options	115,777	185,877	1,335	1,347	1,259	1,348
TOTAL	**461,915**	**406,441**	**3,973**	**3,882**	**2,903**	**3,889**
By counterparty						
Resident credit institutions	270,033	246,235	3,277	2,362	640	1,581
Other resident sectors	191,882	160,206	696	1,520	2,263	2,308
TOTAL	**461,915**	**406,441**	**3,973**	**3,882**	**2,903**	**3,889**
By residual term to maturity						
Less than 1 year	234,476	136,928	2,797	2,540	1,259	2,357
1 to 5 years	14,867	81,307	182	1,327	-	-
Over 5 years	212,572	188,206	994	15	1,644	1,532
TOTAL	**461,915**	**406,441**	**3,973**	**3,882**	**2,903**	**3,889**
By type of risk						
Interest rate risk	79,030	95,239	994	15	-	184
Equity risk	267,108	185,877	1,644	1,347	1,644	1,348
Currency risk	115,777	125,325	1,335	2,520	1,259	2,357
TOTAL	**461,915**	**406,441**	**3,973**	**3,882**	**2,903**	**3,889**

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.

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	
	2023	**2022**
By counterparty		
Spanish public sector	60,949	60,826
Non-resident General governments	3,913	1,917
Credit institutions	288,513	329,636
Other resident sectors	307,732	264,681
Other non-resident sectors	192,376	221,825
Total	**853,483**	**878,885**
By type of instrument		
Debt securities	554,728	618,511
Spanish government debt	60,949	60,826
Non-resident General governments	3,913	1,916
Issued by credit institutions	278,745	322,480
Other Spanish fixed-income securities	36,874	31,301
Other non-resident fixed-income securities	174,247	201,988
Equity instruments	298,755	260,374
Shares in credit institutions	9,768	7,156
Shares in Spanish companies	270,827	242,111
Shares in foreign companies	18,160	11,107
Total	**853,483**	**878,885**

The recent corporate transactions (Note 1.e) and the MREL ratio requirement (Note 1.h) were not known to the Parent Company's management when it approved the various business models for investing in debt securities. In response, 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, in 2022, the Parent Company 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 Group made no reclassifications between its financial instrument portfolios in 2023.

The average annual interest rate for debt securities included in "Financial assets at financial assets at fair value through other comprehensive income" in 2023 was 0.99% (0.37% in 2022), while interest accrued in 2023 on these financial assets was EUR 4,944 thousand (EUR 3,251 thousand in 2022) (Note 25).

A breakdown by residual term to maturity at 31 December 2023 and 2022 is given in Note 6.

At the close of 2023 and 2022, 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:

	2023		2022	
	Thousands of euros	**% of total**	**Thousands of euros**	**% of total**
Listed for trading	36,866	12.38%	29,055	11.16%
Not listed for trading	261,889	87.62%	231,319	88.84%
	298,755	**100.00%**	**260,374**	**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	
	2023	**2022**
Company		
Banco Cooperativo Español, S.A. (*)	5	5
Seguros Generales Rural, S.A. de Seguros y Reaseguros (*)	1	1
Grucajrural Inversiones, S.L. (*)	231,756	205,534
Espiga Equity Fund, Fondo de Capital Riesgo de Régimen Simplificado	317	315
Rural Servicios Informáticos, S.C. (*)	17,424	16,355
Docalia, S.L. (*)	2,586	2,536
DZ Bank A.G.	1,526	1,322
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.	327	490
ABE Private Equity Fund, FCR	2,125	1,734
Fondo Innovación Filpe	2,245	1,133
Other reserves	2,612	929
Total	**261,889**	**231,319**

(*) 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 2023 and 2022.

(**) The Group derived the fair value of this investment at 31 December 2023 and 2022 from the appraisal value of an independent third party.

On 26 May 2022, 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 57 million interim dividend.

The General Meeting of Partners de Grucajrural Inversiones, S.L. held on 3 July 2023 agreed to pay the scrip dividend as a EUR 47.7 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 2,060,650,000 new shares at a ratio of 1,000 new shares for each 21,085 existing shares. Nominal value was EUR 0.01 per share, with no share premium. It took the form of a EUR 20,606,500 capital increase by Grucajrural Inversiones, S.L with a fair value per share of EUR 0.023140, equivalent to the fair value per share at 31 December 2022. Grucajrural Inversiones, S.L. also offered to buy back free allotment rights at EUR 0.0010975 per right.

Accordingly, Caja Rural de Navarra, as a partner in Grucajrural Inversiones, S.L., both in 2023 and 2022, 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 recognized EUR 14,812 thousand (2022: EUR 12,151 thousand under "Dividend income" in the income statement (Note 27).

The main differences in 2023 from previous years were as follows:

- Regarding the investment in Grucajrural Inversiones, S.L., on 22 June 2023, the General Meeting of Partners agreed to carry out a reverse stock split, increasing the nominal value of each share from EUR 0.01 to EUR 1.00 and adjusting the number of shares held by each partner correspondingly, such that there was no change in their nominal stake after the reverse split. This meant that the Bank went from holding 92,515,000 shares with a nominal value of EUR 0.01 each to holding 925,150 with a nominal of EUR 1.00 each. Also, on 28 July 2023, the Bank sold 26,167 shares with a nominal value of EUR 10.00 each for EUR 5,676 thousand, generating a gain of EUR 269 thousand. The value of the investment in Grucajrural Inversiones, S.L. increased by EUR 26,222 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 22 June 2023, its General Meeting of Partners voted to hold a EUR 7,555 thousand capital increase, by issuing 512,218 new shares with nominal value of EUR 14.75 each, and associated share premium of EUR 1,738 thousand. The capital increase was structured as a conversion of debt. As a result, the Bank subscribed for 96,074 new shares charged to the conversion of an existing EUR 1,743 thousand loan. Finally, at the end of 2023, the Bank recognized EUR 302 thousand of negative valuation adjustments.

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. The value of the investment in Grucajrural Inversiones, S.L. was reduced 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, 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 recognized EUR 1,010 thousand of negative valuation adjustments.

The breakdown of "Accumulated other comprehensive income" shown under equity at 31 December 2023 and 2022 resulting from changes in the fair value of the assets in this portfolio is as follows:

	Thousands of euros	
	2023	**2022**
Debt securities	(6,805)	(20,983)
Hedging derivatives. Cash flow hedges [effective part]	(2,256)	(2,163)
Equity instruments	51,241	25,796
	42,180	**2,650**

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 2023 and 2022 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	
	2023	**2022**
Opening balance	1,674	2,073
Net additions charged/(credited) to income (Note 36)	(231)	(399)
Balances for the year	-	-
Other movements	-	-
Closing balance	**1,443**	**1,674**

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	
	2023	**2022**
Loans and advances		
Credit institutions	273,996	237,797
Customers	9,243,273	9,511,847
Debt securities	3,879,293	4,030,408
Total	**13,396,562**	**13,780,052**

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	
	2023	**2022**
By type		
Term deposits	273,912	237,775
Other assets	-	-
Total	**273,912**	**237,775**
Valuation adjustments	84	22
Total	**273,996**	**237,797**
By currency		
Euro	213,793	199,730
US dollar	57,320	34,821
Other	2,883	3,246
Total	**273,996**	**237,797**

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 2023 of EUR 115,464 thousand, compared with EUR 105,490 thousand at 31 December 2022.

A breakdown by residual term to maturity in 2023 and 2022 is given in Note 6.

The average annual interest rate applied to deposits with credit institutions in 2023 was 2.77% (2.97% in 2022). Interest accrued on the financial assets included in this portfolio in 2023 totalled EUR 33,118 thousand compared with EUR 5,684 thousand in 2022 (Note 25).

Loans and advances – Customers. Credit risk.

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	
	2023	**2022**
Gross risk	9,445,923	9,703,014
Of which doubtful assets (Note 6.a)	*189,012*	*175,796*
Valuation adjustments	(202,650)	(191,167)
Total	**9,243,273**	**9,511,847**
By product		
On demand and short notice	416	689
Credit cards	59,968	58,164
Trade debtors	556,484	602,372
Finance leases	179,482	166,903
Other term loans	8,432,899	8,667,368
Non-loan advances	14,024	16,351
Total	**9,243,273**	**9,511,847**
By borrower sector		
General governments	166,404	194,083
Other financial corporations	156,886	157,875
Non-financial corporations	3,742,318	3,971,771
Home loans	5,177,665	5,188,118
Total	**9,243,273**	**9,511,847**
By guarantee		
Mortgages (guaranteed by real property)	5,258,256	5,217,088
Other loans with real guarantees	191,636	197,726
Financial guarantees received	1,597,314	1,713,017
Unsecured loans	2,196,067	2,384,016
Total	**9,243,273**	**9,511,847**
By interest rate type		
Floating	4,753,820	5,950,377
Fixed	4,489,453	3,561,470
Total	**9,243,273**	**9,511,847**

The average annual interest rate applied to the financial instruments included in this item in 2023 was 2.99% (1.37% in 2022) and the interest accrued was EUR 279,506 thousand (EUR 131,998 thousand in 2022) (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 80,344 thousand and EUR 96,712 thousand at 31 December 2023 and 2022, respectively.

In addition, liabilities of EUR 18,509 thousand and EUR 23,770 thousand were recognized in “Financial liabilities at amortized cost – Deposits – Customers” in the statements of financial position at 31 December 2023 and 2022, 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 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.

In addition, the Group had subordinated loans in the amount of EUR 25,187 thousand outstanding with the aforementioned securitization funds at 31 December 2023 (EUR 25,513 thousand at 31 December 2022).

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	**2023**	**2022**
Valuation adjustments for impairment of financial assets	(243,353)	(221,369)
Accrued interest	20,842	10,690
Fees and commissions	(18,774)	(17,778)
Transaction costs	38,635	36,545
Premium/discount on acquisition	-	745
	(202,650)	**(191,167)**

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 2023 and 31 December 2022:

	Thousands of euros	
	31/12/2023	**31/12/2022**
Gross (*)		
Phase 1 – Normal risk	9,002,970	9,327,739
Phase 2 – Normal risk on special watch	294,644	229,681
Phase 3 – Doubtful risk	189,012	175,796
	9,486,626	9,733,216
Valuation adjustments for impairment		
Phase 1 – Normal risk	(85,359)	(87,364)
Phase 2 – Normal risk on special watch	(26,089)	(23,015)
Phase 3 – Doubtful risk	(131,905)	(110,990)
	(243,353)	(221,369)
Net carrying amount		
Phase 1 – Normal risk	8,917,611	9,240,375
Phase 2 – Normal risk on special watch	268,555	206,666
Phase 3 – Doubtful risk	57,107	64,806
	9,243,273	**9,511,847**

(*) Not including "Other valuation adjustments".

The summary of movements by phase in the Parent Company portfolio Loans and advances – Customers in 2023 and 2022, 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**
2023	89,444	45,954	16,008	8,399	44,349	1,958
2022	93,774	27,662	14,731	3,341	23,754	3,553

Impact of the economic environment on credit risk coverage

The social and political events of the last three years are affecting the global economy in a variety of ways. The Ukraine war and subsequent sanctions on Russia caused significant disruption, instability and volatility in global markets and a surge in inflation, driven mainly by a rise in energy prices. In the euro zone, the European Central Bank has sought to contain this inflation by gradually raising interest rates since mid-2022 to levels unseen since 2008. Uncertainty remains high, but the likeliest scenario is that official interest rates – in the ECB's case this means the refinancing rate – will remain high for some months yet.

The current uncertain economic outlook has obliged accounting regulators and bank supervisors to maintain their recommendations, focusing on special measures to mitigate possible impacts on the regulatory calculation of expected loss and on solvency, and urging banks to assess all available information and to give greater weight to long-term forecasts rather than the short-term economic environment.

The common denominator of all these recommendations is that, given the doubts surrounding the depth, duration and scope of the current crisis, the difficulty of making reliable economic forecasts, the transitory nature of the economic shock and the need to factor in mitigating measures by governments, it is both sensible and necessary for the Group to apply extreme prudence and do everything it can to anticipate and minimise the impacts of the crisis on its balance sheet and income statement.

With this in mind, the Group has applied the following recommendations when calculated expected loss from credit risk under Circular 4/2017 Annex 9. These take into account the impact of current high energy and commodity costs – and, since H2 2022, the rise in interest rates – on profits in the different sectors of the Spanish economy:

- Identify those sectors or borrower groups in their area of operations which are most vulnerable to general rises in both operating and financial expense, with a view to actively managing their risks and taking prudent impairment provisions to build up conservative levels of coverage.

- Continuously update the appraisal values of collateral and foreclosed assets in light of the new circumstances of the real estate market and quantify any impacts if property prices should fall.

As a result, the Group has set aside an additional EUR 52,500 thousand provision for impairment of credit risks, at both 31 December 2023 and 2022, over and above that required by Circular 4/2017 Annex 9. Most of this reflects our analysis of exposures to the sectors hardest hit by the surge in costs of energy and raw materials and the substantial rise in financing costs.

Details of the movement in 2023 and 2022 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 2023	**87,364**	**23,015**	**110,990**	**221,369**
Increases from origination/(Reductions from derecognition)	3,817	(157)	(3,214)	446
Changes in credit risk (net)	(4,891)	2,702	34,726	32,537
Changes without derecognition (net)	-	529	-	529
Decreases due to derecognized write-offs	-	-	(21,269)	(21,269)
Other movements	(931)	-	10,672	9,741
Closing balance at end-2023	**85,359**	**26,089**	**131,905**	**243,353**

	Phase 1	Phase 2	Phase 3	Total
Opening balance 2022	**85,454**	**12,718**	**114,544**	**212,716**
Increases from origination/(Reductions from derecognition)	3,111	(869)	2,273	4,515
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	(675)	1,439	(4,139)	(3,375)
Closing balance at end-2022	**87,364**	**23,015**	**110,990**	**221,369**

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 2023 and 2022, is as follows:

	Thousands of euros	
	2023	**2022**
Net impairment in the period	32,869	21,213
Suspense items recovered	(5,190)	(2,009)
Assets directly derecognized	320	(399)
Other items	-	-
Total (Note 36)	**27,999**	**18,805**

The impairment losses recognized at 31 December 2023 and 2022 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	
	2023	**2022**
Counterparty		
Spanish public sector	2,723,667	3,025,853
Non-resident General governments	300,119	322,629
Credit institutions	615,282	502,681
Other resident sectors	131,614	115,378
Other non-resident sectors	109,974	64,819
Total	**3,880,656**	**4,031,360**
Valuation adjustments for impairment of financial assets	(1,363)	(952)
Total	**3,879,293**	**4,030,408**

As explained in Note 10 above, in 2022 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 2023 and 2022, 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 2023 was 0.90% (0.62% in 2022), while interest accrued in 2023 on these financial assets was EUR 37,288 thousand (EUR 25,995 thousand in 2022) (Note 25).

At 31 December 2023 and 2022, securities lent to other credit institutions totalled EUR 0 thousand and EUR 233,572 thousand, respectively.

A breakdown by residual term to maturity at 31 December 2023 and 2022 is given in Note 6.

Details of the valuation adjustments for asset impairment recognized by the Group at the close of 2023 and 2022 for “Debt securities” included in “Financial assets at amortized cost” are as follows:

	2023	**2022**
Closing balance at end of the prior year	952	750
Net additions charged/(credited) to income (Note 36)	409	202
Balances for the year	-	-
Other movements	2	-
Closing balance	**1,363**	**952**

Impaired assets

Details of financial assets classified as "Financial assets at amortized cost" and considered impaired due to credit risk at 31 December 2023 and 2022:

- Impaired assets

	2023	2022
Up to 6 months overdue or not due	109,761	107,896
6 to 9 months overdue	12,094	8,896
9 to 12 months overdue	10,286	5,394
12 to 15 months overdue	7,438	2,559
15 to 18 months overdue	4,811	5,618
18 to 21 months overdue	3,276	3,636
More than 21 months overdue	41,403	56,694
	189,069	**190,693**

Accumulated finance income from impaired financial assets not recognized in income at 31 December 2023 and 2022 amounted to EUR 4,738 thousand and EUR 2,079 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	
	2023	2022
Opening balance	**271,162**	**258,117**
Additions	27,520	18,451
Charged to valuation adjustments for impairment of financial assets	20,199	6,664
Charged directly to income	340	137
Receivables past-due but not collected	6,981	11,650
Recoveries	(5,190)	(2,009)
Collected in cash	(5,190)	(2,009)
Definitively derecognized	(1,310)	(3,397)
Due to write-offs	(1,310)	(3,397)
Closing balance	**292,182**	**271,162**

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

The breakdown of this line of the statement of financial position at 31 December 2023 and 2022 is as follows:

	2023	2022
Debt securities	320	399
Loans and advances	-	1,836
	320	**2,235**

The breakdown of these instruments by rating, in order of the highest rating awarded by any of the rating agencies, at 31 December 2023 and 2022, 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 2023 and 2022 was as follows:

	Thousands of euros			
	Assets		Liabilities	
	2023	2022	2023	2022
Micro-hedging				
Fair value hedges	232	-	78,054	52,062
Cash flow hedges	263	454	11,289	11,321
	495	**454**	**89,343**	**63,383**

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		Fair value		Fair value	
	Memorandum accounts		Assets		Liabilities	
	2023	2022	2023	2022	2023	2022
By type of market						
Bilateral (OTC) markets	894,755	586,706	495	454	89,343	63,383
TOTAL	**894,755**	**586,706**	**495**	**454**	**89,343**	**63,383**
By type of product						
Swaps	894,755	586,706	495	454	89,343	63,383
TOTAL	**894,755**	**586,706**	**495**	**454**	**89,343**	**63,383**
By counterparty						
Resident credit institutions	894,755	586,706	495	454	89,343	63,383
Other resident sectors	-	-	-	-	-	-
TOTAL	**894,755**	**586,706**	**495**	**454**	**89,343**	**63,383**
By residual term to maturity						
Less than 1 year	142,804	11,603	297	-	2,787	344
1 to 5 years	271,016	344,103	170	407	9,512	19,264
Over 5 years	480,935	231,000	28	47	77,044	43,775
TOTAL	**894,755**	**586,706**	**495**	**454**	**89,343**	**63,383**
By type of risk						
Interest rate risk	894,755	586,706	495	454	89,343	63,383
Equity risk	-	-	-	-	-	-
TOTAL	**894,755**	**586,706**	**495**	**454**	**89,343**	**63,383**

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 2023, the Group recognized net gains of EUR 5,342 thousand as a result of changes in the fair value of hedging transactions (compared with a net loss of EUR 8,116 thousand in 2022). With regard to the hedged items, a net loss of EUR 5,748 thousand attributable to the hedged risk was recognized in 2023 (versus a net profit of EUR 7,943 thousand in 2022). The net amount of net losses from hedges and net losses on hedged items was recognized under “Net gain/(loss) from hedge accounting” in the consolidated income statement for 2023 and 2022.

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 2023 and 2022 is as follows:

	2023	2022
Tangible assets	27,130	30,500
Investment property	502	250
Foreclosed property and equipment	44,700	49,107
Valuation adjustments for impairment of financial assets	(18,072)	(18,857)
	27,130	**30,500**

Movements in “Investment property” and “Foreclosed tangible assets” included in “Non-current assets held for sale” in 2023 and 2022 were as follows:

	Thousands of euros	
	Investment property	Foreclosed tangible assets
Cost -		
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**
Additions	263	1,478
Retirements and writedowns	-	(5,885)
Transfers	-	-
Other movements	-	-
Balance at 31 December 2023	**705**	**44,700**
Accumulated depreciation-		
Balance at 31 December 2021	**186**	**-**
Provisions	6	-
Retirements and writedowns	-	-
Transfers	-	-
Balance at 31 December 2022	**192**	**-**
Provisions	11	-
Retirements and writedowns	-	-
Transfers	-	-
Balance at 31 December 2023	**203**	**-**
Property and equipment, net -		
Balance at 31 December 2022	**250**	**49,107**
Balance at 31 December 2023	**502**	**44,700**

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 2022 and 2021 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 2023, EUR 1,390 thousand of finance was granted for sales transactions equivalent to an average of 17.06% of the sale price. This compares to EUR 1,851 thousand and 20.55% in 2022.

The net impact of such sales in 2023 was to add EUR 1,345 thousand to net income (2022: +EUR 4,524 thousand).

Movements in "Valuation adjustments for impairment of financial assets" in "Non-current assets and disposal groups held for sale" in 2023 and 2022 were as follows:

	2023	2022
Opening balance	18,857	18,397
Net additions charged to income (Note 37)	(1,461)	1,285
Reversals or sales	-	-
Transfers	676	(825)
Closing balance	**18,072**	**18,857**

14. Investments in joint ventures and associates

The detail of the Bank's equity investments at 31 December 2023 and 2022, by company, was as follows:

	% ownership interest		Thousands of euros			
			Acquisition cost		Net carrying amount	
	2023	2022	2023	2022	2023	2022
Associates						
MHM Grupo Harinero, S.L.	49.99%	49.99%	59,988	59,988	72,216	59,168
Bodegas Príncipe de Viana, S.L.	50.00%	50.00%	11,016	11,016	12,773	12,934
Renovables de la Ribera, S.L.	50.00%	50.00%	10,750	10,750	14,748	13,815
Errotabidea, S.L.	46.01%	46.01%	8,432	8,432	12,401	13,294
Iparlat, S.A.	20.17%	21.54%	4,836	4,836	10,292	9,556
Compañía Eólica de Tierras Altas, S.A.	23.75%	23.75%	3,184	3,184	5,063	4,639
Rioja Vega, S.A.	25.00%	25.00%	2,821	2,821	2,461	2,427
Iberjalón, S.A.	20.00%	20.00%	2,222	2,222	3,649	4,350
Bosqalia, S.L.	48.40%	48.40%	376	376	441	401
Omegageo, S.L.	50.00%	50.00%	1,091	1,091	2,042	1,682
Rural de Energía de Tierras Altas, S.A.	25.00%	25.00%	250	250	241	241
Servicios Empresariales Agroindustriales, S.A.	33.33%	33.33%	30	30	175	171
Total			**104,996**	**104,996**	**136,502**	**122,678**

At 31 December 2023 and 2022 no implied goodwill was recognized in the carrying amount of associates.

The activities, registered offices and key performance indicators of companies accounted for by the equity method at 31 December 2023 are as follows:

Company	Head office	Line of business	Thousands of euros		
			Total assets	Equity	Earnings
MHM Grupo Harinero, S.L.	Madrid	Holding group for production and sale of flours	404,247	144,461	23,763
Bodegas Príncipe de Viana, S.L.	Pamplona	Production and sale of wine	38,873	25,864	(386)
Omegageo, S.L.	Pamplona	Civil engineering and building projects	1,883	1,603	476
Renovables de la Ribera, S.L.	Pamplona	Construction and operation of wind farms	105,632	18,665	4,652
Bosqalia, S.L.	Pamplona	Forestry	941	910	82
Errotabidea, S.L.	Pamplona	Development and management of rent-controlled housing	33,425	18,710	1,028
Servicios Empresariales Agroindustriales, S.A.	Pamplona	Management of cooperative services	13,153	9,847	133
Rioja Vega, S.A.	Viana (Navarre)	Production and sale of wine			
Compañía Eólica de Tierras Altas, S.A.	Soria	Construction and operation of wind farms	25,542	21,359	5,409
Iparlat, S.A.	Urnieta (Guipúzcoa)	Production of dairy products	137,522	54,368	3,920
Iberjalón, S.A.	Zaragossa	Construction and operation of wind farms	25,551	17,450	1,444
Rural Energía de Tierras Altas, S.A.	Soria	Renewable electricity generation	483	483	(1)

The activities, registered offices and key performance indicators of companies accounted for by the equity method at 31 December 2022 were as follows:

Company	Head office	Line of business	Thousands of euros		
			Total assets	Equity	Earnings
MHM Grupo Harinero, S.L.	Madrid	Holding group for production and sale of flours	120,000	118,358	(1,642)
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)
Rural Energía de Tierras Altas, S.A.	Soria	Renewable electricity generation	483	483	(1)

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 2023 and 2022, all balances included under “Investments in joint ventures and associates” corresponded to securities not listed for trading on official markets.

Movements in this line of the consolidated statement of financial position in 2023 and 2022 were as follows:

	Thousands of euros
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**
Additions	-
Profit or (-) loss of companies accounted for using the equity method	17,596
Retirements	(3,772)
Transfers	-
Balance at 31 December 2023	**136,502**

In accordance with the criterion in Note 2.g, no impairment losses were recorded against investments in these companies at 31 December 2023 and 2022.

15. Tangible assets, intangible assets and business combinations

Tangible assets

Movements in “Tangible assets” on the consolidated statement of financial position in 2023 and 2022 were as follows:

	Thousands of euros			
	Property and equipment			
	For own use	Assigned to social projects	Investment property	Total
Cost -				
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**
Additions	15,975	(1,309)	253	16,237
Retirements and writedowns	(2,650)	-	(2,680)	(6,639)
Additions/(retirements) in business combinations	-	-	-	-
Transfers	-	-	-	-
Balance at 31 December 2023	**335,618**	**424**	**24,188**	**360,230**
Accumulated depreciation-				
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**
Provisions	13,624	9	38	13,671
Retirements and writedowns	(1,266)	(20)	(6)	(1,292)
Additions/(retirements) in business combinations	-	-	-	-
Transfers	-	-	-	-
Balance at 31 December 2023	**171,687**	**245**	**2,762**	**174,694**
Valuation adjustments for impairment -				
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**
Provisions (Note 36)	-	-	(257)	(257)
Additions/(retirements) in business combinations	-	-	-	-
Transfers	-	-	-	-
Balance at 31 December 2023	**-**	**-**	**(315)**	**(315)**
Property and equipment, net -	-	-	6,156	6,156
Balance at 31 December 2022	**162,964**	**1,468**	**17,158**	**181,589**
Balance at 31 December 2023	**163,931**	**179**	**15,271**	**179,381**

Payments in 2023 as a result of the application of IFRS 16 totalled EUR 764 thousand (2022: EUR 1,067 thousand).

At 31 December 2023 and 2022 the Group had no property and equipment that was temporarily out of service or had been withdrawn from active use.
At 31 December 2023 and 2022 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 100,794 thousand and EUR 98,196 thousand, respectively, at 31 December 2023 and 2022.

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.

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 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
Assets:		
Inventories relating to non-financial activities	23,095	27,646
Of which: Real estate business	3,230	2,016
Agricultural business	9,520	15,501
Other	10,345	10,129
Transactions in transit	25,137	19,816
Accruals	956	775
Other items	9,020	14,206
	58,208	**62,443**
Liabilities:		
Social Welfare Fund	61,079	47,865
Transactions in transit	7,301	91,896
Accruals	22,744	24,135
Other items	22,424	19,955
	113,548	**183,851**

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 2023 and 2022, 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	
	2023	**2022**
Consultancy, training and promotion of the cooperative business model	2,117	2,060
Teaching and research	1,535	1,334
Sports aid	1,154	619
Charity work	256	429
Cultural, recreational and other activities	430	657
Economic and social development	831	638
Strategic projects	1,263	441
	7,586	**6,178**

Tangible assets assigned to the Education and Development Fund at 31 December 2023 totalled EUR 179 thousand (31 December 2022: EUR 1,468 thousand) (Note 15).

The breakdown by item of the balances assigned to the Parent Company's Education and Development Fund at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
Application of Education and Development Fund		
Maintenance costs incurred in the year	(7,586)	(6,178)
Applied to property and equipment	179	1,039
Applied to other investments	39,167	29,836
TOTAL	**31,760**	**24,697**
Amount committed	6,901	8,474
Amount not committed (Note 32)	20,800	12,603
Amount committed for investments	1,618	2,091
TOTAL	**29,319**	**23,168**
Education and Development Fund (Social Welfare Fund)	**61,079**	**47,865**

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. The Group made no new investments in 2023.

As a result, the amount not committed increased to EUR 8,197 thousand, basically related to the allocation of the investment in Espiga I&D Alimentaria, S.L. to the Education and Development Fund (see Note 16).

17. Financial liabilities at amortized cost

The breakdown of this balance sheet item at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Deposits	12,365,370	12,488,526
Central banks	-	1,315,924
Credit institutions	232,488	233,364
Customers	12,132,882	10,939,238
Debt securities issued	1,664,710	1,642,057
Other financial liabilities	169,935	90,056
Total	**14,200,015**	**14,220,639**

Deposits – Central banks

The breakdown of "Deposits – Central banks" in the consolidated statement of financial position at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Other central banks	-	1,341,300
Valuation adjustments	-	(25,376)
Total	**-**	**1,315,924**

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 the Bank had various deposits with the ECB totalling EUR 1,341 million. In 2023, the Bank withdrew the whole of these ECB deposits.

These earned average interest in 2023 and 2022 of 2.96% and -0.73%, respectively. In 2023, financial liabilities in this portfolio generated accrued interest expense of EUR 13,826, recognized on the income statement as "Interest expense – Central banks" (Note 26). In 2022, these deposits accrued net interest of EUR 15,400 thousand, recognized as EUR 16,872 thousand of "Interest income – Interest income on liabilities" (Note 25) and EUR 1,472 thousand of "Interest expense – Central banks" on the 2022 income statement (Note 26).

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	
	2023	**2022**
Type of deposit		
Term deposits	232,049	232,904
Other accounts	-	19
Valuation adjustments	439	441
Total	**232,488**	**233,364**
Currency		
Euro	211,690	205,113
US dollar	20,414	28,220
Other currencies	384	31
Total	**232,488**	**233,364**

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

"Term deposits" also included EUR 74,413 thousand at 31 December 2023 corresponding to funds from the Instituto de Credito Oficial (ICO) relating to intermediation loans (EUR 65,110 thousand at 31 December 2022).

The average interest rate of these securities was 1.93% in 2023 (0.86% in 2022) and the accrued interest in 2023 on the financial liabilities included in this portfolio came to EUR 3,575 thousand (EUR 1,521 thousand in 2022) (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	
	2023	**2022**
Type of deposit		
Demand deposits	8,720,829	9,700,171
Term deposits	3,393,630	1,242,455
Valuation adjustments	18,423	(3,388)
Total	**12,132,882**	**10,939,238**
Type of counterparty		
General governments	641,500	540,730
Other financial corporations	73,479	61,160
Other non-financial corporations	3,121,951	2,894,224
Households	8,295,952	7,443,124
Total	**12,132,882**	**10,939,238**
Type of interest rate		
Floating	446,038	419,978
Fixed	11,686,844	10,519,260
Total	**12,132,882**	**10,939,238**
Currency		
Euro	12,070,804	10,895,036
US dollar	58,375	38,391
Other currencies	3,703	5,811
Total	**12,132,882**	**10,939,238**

The average interest rate of these securities was 0.46% in 2023 (0.007% in 2022) and the accrued interest in 2023 on the financial liabilities included in this portfolio came to EUR 57,096 thousand (EUR 1,419 thousand in 2022) (Note 26).

Pursuant to prevailing legislation, term deposits include the liability corresponding to the securitisation transactions mentioned in Note 10, amounting to EUR 18,509 thousand at 31 December 2023 (versus EUR 23,770 thousand at 31 December 2022).

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	
	2023	**2022**
Mortgage covered bonds	1,649,529	1,649,204
Other non-convertible securities	-	-
Valuation adjustments	15,181	(7,147)
Total	**1,664,710**	**1,642,057**

The details of the “Mortgage covered bonds” item are as follows:

Issue	31/12/2023	31/12/2022	Issue date	Redemption date	Effective interest rate
Issue III – Mortgage covered bonds	51,580	51,572	07/02/2014	07/02/2029	3.67%
Issue VII – Mortgage covered bonds	-	499,952	01/12/2016	01/12/2023	0.694%
Issue VIII – Mortgage covered bonds	595,972	486,596	08/05/2018	08/05/2025	0.81% (*)(**)
Issue VIII – Mortgage covered bonds (“Tap”)	-	103,029	01/10/2020	08/05/2025	-
Issue XI – Mortgage covered bonds	508,429	500,908	16/02/2022	16/02/2029	0.82%
Issue XII – Mortgage covered bonds	508,729	-	26/01/2023	26/04/2027	3.09%
	1,664,710	**1,642,057**			

(*) 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).

(**) In 2023 the Bank merged Issue VIII and Issue VIII Mortgage covered bonds (“Tap”) into a single issue. The effective interest rate on these issues for 2022 was 1.010% and -0.169%, respectively.

At 31 December 2023 and 2022 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 each year, recorded in the consolidated statement of financial position, as required by regulations on the derecognition of financial assets and liabilities (Note 2.f).

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

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 2023, the mortgage covered bonds were overcollateralised by 23.58% including the liquidity buffer set at that date (31 December 2022: 33.40%). At the same date, 95.11% of loans in the mortgage portfolio were for residential mortgages (87.56% at 31 December 2022). The rest were commercial. 64.11% were at floating rates (68.75% at 31 December 2022). The covered bond programme then in issue totalled EUR 2,150 million (EUR 2,150 million at 31 December 2022), all at a fixed coupon.

The average interest rate on these bonds was 1.69% in 2023 (0.74% in 2022) and the accrued interest on the financial liabilities included in this portfolio in 2023 was EUR 28,248 thousand (EUR 14,520 thousand in 2022) (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	
	2023	**2022**
Payment obligations	9,123	11,871
Tax revenue collection accounts	27,620	44,273
Payable for purchases and non-financial services	14,547	15,731
Other items	118,646	18,181
Total	**169,936**	**90,056**

18. Provisions

The breakdown of this line of the consolidated statement of financial position at 31 December 2023 and 2022 is as follows:

	2023	2022
Pensions and other post-employment benefit obligations (Note 2.t)	1,272	1,285
Other long-term employee benefits	-	-
Provisions for taxes and other legal contingencies	-	-
Commitments and guarantees given	11,526	14,684
Other provisions	34,459	35,507
	47,257	**51,476**

The balance recognized under “Provisions for guarantees given” and “Other provisions” of the consolidated statement of financial position at the close of 2023 and 2022 and movements in those years were as follows:

	Commitments and guarantees given	Other provisions
At 31 December 2022		
Opening balance	13,178	36,421
Increases from origination/(Reductions from derecognition)	2,758	49
(Provisions used)	(1,252)	(963)
Closing balance	**14,684**	**35,507**
At 31 December 2023		
Opening balance	14,684	35,507
Increases from origination/(Reductions from derecognition)	(3,300)	1,081
Other movements	142	(2,129)
Closing balance	**11,526**	**34,459**

Other provisions

At 31 December 2023 and 2022 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 recognized as explained in Note 2.1, unless specified otherwise.

Regarding pension commitments and the possible need to recognize additional provisions, Note 2.t) of these financial statements sets out the corresponding movements for 2023 and 2022 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 2023 and 2022 is as follows:

	2023	2022
Items that will not be reclassified to profit or loss:	51,241	25,796
Changes in fair value of equity instruments at fair value through other comprehensive income	51,241	25,796
Items that may be reclassified to profit or loss:	(9,061)	(23,146)
Hedging derivatives. Cash flow hedges [effective portion]	(2,256)	(2,163)
Changes in fair value of debt instruments at fair value through other comprehensive income	(6,805)	(20,983)
	42,180	**2,650**

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 2023 and 2022, and changes in capital occurring in those years, are shown in the table below.

	Thousands of euros
Balance at 31 December 2021	**170,285**
Subscriptions	39,749
Redemptions	-
Balance at 31 December 2022	**210,034**
Subscriptions	32,983
Redemptions	-
Balance at 31 December 2023	**243,017**

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 2023 and 2022 were represented by 4,042,873 and 3,494,166 fully paid-up registered shares, respectively, with a nominal value of EUR 60.11 each. At 31 December 2023 and 2022 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 General Meeting each year, where members authorise the Governing Board to set the rate of remuneration and the payment schedule. In 2023 and 2022 remuneration paid to cooperative members in respect of capital contributions made came to EUR 1,688 thousand and EUR 1,261 thousand, respectively. In 2023, the Bank booked EUR 1,837 thousand for pending remuneration in respect of 2022 approved at the General Meeting of 5 May 2023 (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 2023 should be EUR 3,560 thousand. This amount will be paid, if approved, in 2024.

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 2023 and 2022 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 2023	**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**	**1,236,583**
Appropriation of prior year's profit	113,327	(6,984)	4,126	110,469
Transfers	-	4,719	(4,719)	-
Other movements	-	(1,099)	(7,902)	(9,001)
Balance at 31 December 2023	**1,287,179**	**48,556**	**2,316**	**1,338,051**

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 2023 and 2022 is as follows:

	Thousands of euros			
	Other reserves		Accumulated reserves or losses from joint ventures and associates	
	2023	2022	2023	2022
Parent Company, after consolidation adjustments	78,357	85,986	-	-
Informes y Gestiones Navarra, S.A.	2,432	2,194	-	-
Promoción Estable del Norte, S.A.	(46,443)	(49,650)	-	-
Industrial Tonelera Navarra, S.A.	4,280	3,923	-	-
Solera Asistencial, S.L.	5,146	3,719	-	-
Bouquet Brands, S.A.	(746)	(1,275)	-	-
Preventia Sport, S.L.	(504)	(504)	-	-
Harivenasa, S.A.	6,416	7,971	-	-
Tonnellerie de l’Adour, SAS	(382)	(444)	-	-
Espiga I&D Alimentaria, S.L.	-	-	-	-
MHM Grupo Harinero, S.L.	-	-	(8,500)	-
Bodegas Príncipe de Viana, S.L.	-	-	1,918	2,263
Rural de Energía de Tierras Altas, S.A.	-	-	(8)	(8)
Bosqalia, S.L.	-	-	(1,051)	(1,022)
Renovables de la Ribera, S.L.	-	-	1,672	639
Omegageo, S.L.	-	-	475	425
Servicios Empresariales Agroindustriales, S.A.	-	-	145	130
Rioja Vega, S.A.	-	-	(2,063)	(2,097)
Errotabidea, S.L.	-	-	3,418	3,240
Iberjalón, S.A.	-	-	1,128	867
Compañía Eólica de Tierras Altas, S.A.	-	-	604	(510)
Iparlat, S.A.	-	-	4,578	6,884
Total	**48,556**	**51,920**	**2,316**	**10,811**

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 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
Common equity tier 1 capital ratio (CET1) (I)	1,777,136	1,531,672
Eligible capital	243,017	210,034
Eligible reserves	1,296,873	1,180,859
Qualifying profit	187,206	113,327
Accumulated other comprehensive income	42,180	1,171
Deductions and transitional adjustments	7,860	26,281
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)	**1,777,136**	**1,531,672**
Total minimum capital requirement	(588,343)	(602,028)
Surplus (*)	1,188,793	929,644
Risk-weighted assets	7,354,294	7,525,347
Capital ratios		
Common equity tier 1 ratio (minimum 4.5%)	24.16%	20.35%
Tier 1 ratio (minimum 6%)	24.16%	20.35%
Capital ratio (minimum 8%) (*)	24.16%	20.35%

(*) 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 2024 Caja Rural de Navarra must maintain a total capital ratio of 11.658% and a CET1 ratio of 7.666%, measured against regulatory phased-in capital. At 31/12/2023 the Bank calculated it had surpluses over these minimums of EUR 919,993 thousand of Total Capital and EUR 1,213,576 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 2023 and 2022 consolidated income statement is given below:

	Thousands of euros	
	2023	**2022**
Income tax expense accrued in the year	24,099	12,524
Tax expense to subsidiaries	82	232
Positive adjustments to Company income tax	-	-
Other taxes on income	92	120
TOTAL	**24,273**	**12,876**

Under Navarre Regional Law 26/2016, of 28 December, the Parent Company is subject to a 25% tax rate for the tax years 2023 and 2022.

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 2023 and 2022 is included below:

	Thousands of euros					
	2023			2022		
	Increases	Decreases	Total	Increases	Decreases	Total
Consolidated profit before accrued tax and after mandatory allocation to the Education and Development Fund			235,665			140,291
Permanent differences	3,913	(138,337)	(134,424)	5,101	(91,156)	(86,055)
Adjusted accounting profit			**101,241**			**54,236**
Temporary differences						
- Arising in the year	2,539	(4)	2,535	171	(2)	169
- Arising in prior years	478	(2,229)	(1,751)	483	(1,002)	(519)
Taxable profit for the year			**102,025**			**53,886**

In 2023 and 2022, 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 2023 to adjusted accounting profit and taxable profit, the amounts of income tax expense accrued and payable for the year were EUR 24,099 thousand and EUR 20,498 thousand, respectively (2022: EUR 12,524 thousand and EUR 8,685 thousand, respectively).

Aside from income tax expense on the income statement, the Group recognized EUR 4,759 thousand of tax assets and EUR 2,594 thousand of tax liabilities under "Tax assets" for tax reported under "Accumulated other comprehensive income" that relates to "Financial assets at fair value through other comprehensive income" up to the moment they are sold (31 December 2022: EUR 9,592 thousand of tax assets and no tax liabilities).

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 2023 and 2022 arose from the following sources:

	Thousands of euros	
	2023	**2022**
Deferred tax assets arising from:		
Allocations to pension funds	-	80
Other unallowable provisions	22,377	22,418
Equity instruments at fair value through other comprehensive income	1,470	1,876
Deferred tax of subsidiaries	1,441	831
Debt securities at fair value	2,486	7,715
Other	803	-
Total	**28,577**	**32,920**
Deferred tax liabilities arising from:		
Equity instruments at fair value	2,325	-
Remeasurement of property	2,837	3,074
Deferred tax of subsidiaries	937	1,350
Other	302	-
Total	**6,401**	**4,424**

At 31 December 2023 and 2022, the Parent Company had no income tax deductions and credits pending use.

23. Guarantees and contingent commitments given

Guarantees given

At the close of 2023 and 2022, 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	
	2023	2022
Financial guarantees	82,206	84,256
Guarantees and other sureties	742,349	744,024
Irrevocable documentary credits issued	15,515	28,598
Other guarantees given (Note 7)	519,853	37,031
Total	**1,359,923**	**893,909**

A significant proportion of these contingent exposures will mature without the Group being required to make any payment.

"Other guarantees given" at 31 December 2022, included the Bank's formal guarantee to cover the activities in the interbank market of Banco Cooperativo Español, S.A. for EUR 41,181 (Note 7). In 2023, the investments the Bank had made under these agreements matured and no new investments were made. As a result, at 31 December 2023 the Group had no liabilities related to the abovementioned agreements.

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 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Drawable by third parties	1,247,880	1,333,613
Other contingent commitments	-	528
	1,247,880	**1,334,141**

This includes irrevocable commitments to provide financing in accordance with certain previously stipulated conditions and deadlines.

The breakdown by counterparty of amounts drawable by third parties in 2023 and 2022 was as follows:

	Thousands of euros	
	2023	2022
Credit institutions	10	10
General governments	46,762	23,084
Other resident sectors		
Credit cards	264,454	252,225
Demand accounts	935,212	1,054,222
Other	1	1
Non-resident	1,441	4,071
Total	**1,247,880**	**1,333,613**

24. Off-balance sheet customer funds

The breakdown of funds from customers managed by the Group off the balance sheet at the close of 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Companies and investment funds	2,362,770	2,060,974
Pension funds and endowment policies	685,877	662,589
Total	**3,048,647**	**2,723,563**

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 2023 and 2022, which are included in "Sale of non-banking products" (Note 28), is as follows:

	Thousands of euros	
	2023	2022
Investment companies and funds	19,837	19,424
Pension funds and endowment policies	21,841	20,903
	41,678	**40,327**

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 2023 and 2022 came to EUR 600,377 thousand and EUR 516,569 thousand respectively.

25. Interest income

The breakdown by source of interest income accrued in 2023 and 2022 was as follows:

	Thousands of euros	
	2023	2022
Financial assets held for trading	11	25
Financial assets not held for trading mandatorily measured at fair value through profit or loss	10	-
Financial assets at fair value through other comprehensive income (Note 9)	4,944	3,251
Financial assets at amortized cost (Note 10)	349,912	163,697
Debt securities	37,288	25,995
Loans and advances	312,624	137,682
Credit institutions	33,118	5,684
Customers	279,506	131,998
Other assets	20,783	(176)
Interest income on liabilities (Note 17)	-	17,534
Total	**375,660**	**184,331**

26. Interest expense

The breakdown by source of interest expense accrued in 2023 and 2022 was as follows:

	Thousands of euros	
	2023	2022
Financial liabilities at amortized cost (Note 17)	103,658	21,795
Deposits	75,410	7,238
Central banks	13,826	1,472
Credit institutions	4,488	4,347
Customers	57,096	1,419
Debt securities	28,248	14,557
Derivatives – hedge accounting, interest rate risk	7,456	(1,718)
Other liabilities	290	369
Interest income on liabilities (Note 7)	-	3,820
Total	**111,404**	**24,266**

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	
	2023	2022
Financial assets held for trading	136	600
Financial assets at fair value through other comprehensive income	19,985	15,407
Total	**20,121**	**16,007**

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	
	2023	2022
For guarantees given	7,939	7,369
For contingent commitments given	2,274	2,153
For exchange of foreign currencies and notes	223	206
For collection and payment services	36,608	37,645
For securities services	7,170	5,876
For sale of non-banking products	41,724	40,375
Other fees and commissions	2,893	4,473
Total	**98,831**	**98,097**

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	
	2023	2022
Fees and commissions assigned to other entities and correspondents	8,012	7,196
Fees and commissions paid on securities transactions	705	416
Other fees and commissions	378	316
Total	**9,095**	**7,928**

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	
	2023	2022
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	306	1,881
Financial assets at fair value through other comprehensive income	218	(3,716)
Financial assets at amortized cost	75	5,599
Financial liabilities at amortized cost	13	(2)
Gains or (-) losses on financial assets and liabilities held for trading, net	2,347	(2,542)
Total	**2,653**	**(661)**

31. Other operating income

The breakdown of this line of the income statement in 2023 and 2022 was as follows:

	Thousands of euros	
	2023	2022
Rental income	646	827
Accrued income for the period	3,260	2,549
Other operating income from subsidiaries	103,175	505,381
Total	**107,081**	**508,757**

32. Other operating expenses

The breakdown of this line of the income statement in 2023 and 2022 was as follows:

	Thousands of euros	
	2023	2022
Contribution to the Deposit Guarantee Fund (Note 1.j)	4,434	4,312
Contribution to the Single Resolution Fund (Note 1.j)	3,644	4,958
Contribution to the Institutional Protection Scheme (Note 1. l)	1,557	6,543
Mandatory contribution to Social Welfare Fund (Note 16)	20,800	12,603
Other items	886	756
Other operating expenses from subsidiaries	59,620	405,345
Total	**90,941**	**434,517**

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	
	2023	2022
Wages and salaries	48,836	43,669
Social security contributions	13,585	12,500
Transfers to defined benefits plans (Note 2.t)	166	241
Other personnel expenses	852	865
Personnel expenses of subsidiaries	17,729	30,790
Total	**81,168**	**88,065**

The breakdown by professional category and gender of the Group's average headcount is as follows:

	2023		2022	
	Men	Women	Men	Women
Senior managers	213	81	214	76
Executives	133	196	135	195
Administrative staff	142	218	135	205
Messengers	2	1	3	-
Staff of subsidiaries	154	360	118	333
Total	**644**	**856**	**467**	**809**

Of the total headcount at 31 December 2023 and 2022, 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 6 employees of the subsidiaries have the same recognized level of disability at 31 December 2023 (5 at 31 December 2022).

34. Other operating expenses

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2023	2022
Property and equipment	3,186	3,127
Computer hardware and software	20,941	16,760
Communications	1,023	1,118
Advertising and marketing	4,642	3,968
Legal	3,881	3,968
Staff travel and agency costs	1,250	1,221
Security guards and cash transportation	807	746
Subcontracted administrative services	1,322	1,141
Contributions and taxes	4,196	3,967
Other general expenses	4,012	3,811
Other expenses of subsidiaries	10,968	47,149
Total	**56,228**	**86,976**

Fees paid to Ernst & Young, S.L. for the audit of the Bank's and its subsidiaries' financial statements in 2023 amounted to EUR 190 thousand (2022: EUR 180 thousand). Ernst & Young, S.L. billed fees for non-audit serves totalling EUR 18 thousand in respect of the Customer Asset Protection Report, Limited Assurance Report and agreed procedures report (2022: EUR 98 thousand billed for the same reports).

In 2023 and 2022, fees for auditing subsidiaries paid to auditors other than the statutory auditors totalled EUR 8 thousand and EUR 8 thousand, respectively.

35. Provisions and reversals

The detail of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2023	2022
Provisions for commitments and guarantees given (Note 18):	(3,300)	1,484
For contingent liabilities	(344)	603
For contingent commitments	(2,956)	881
Other provisions (Note 18)	1,081	49
Total	**(2,219)**	**1,533**

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	
	2023	2022
Financial assets at amortized cost	27,999	18,805
Customers (Note 10)	27,590	18,603
Debt securities (Note 10)	409	202
Financial assets at fair value through other comprehensive income	(231)	(399)
Total	**27,768**	**18,406**

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	
	2023	2022
(Impairment or (-) reversal of impairment on financial assets)	(1,481)	(98)
Tangible assets (Note 15)	(1,346)	-
Other	(135)	(98)
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	2,806	3,239
(Impairment) reversal (Note 13)	1,461	(1,285)
Gains or (-) losses on derecognition (Note 13)	1,345	4,524
Total	**1,325**	**3,141**

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	
	2023	**2022**
Parent Company (after consolidation adjustments)	188,194	103,063
Subsidiaries (after consolidation adjustments)	4,575	3,280
Associates	17,596	4,126
	210,365	**110,469**

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 2023 and 2022 and in the consolidated income statements for 2023 and 2022 that arise from transactions with related parties are as follows:

	Associates		Governing Board and senior management		Other related parties (*)	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Assets						
Loans and advances to customers	21,082	21,947	693	677	3,128	3,654
Liabilities						
Customer deposits	23,853	35,141	1,491	1,246	21,787	23,426
Other						
Contingent exposures	33,948	36,128	-	-	2,682	1,072
Commitments	512	383	43	42	1,072	196
Income						
Interest income	1,021	396	20	8	80	49
Interest expense	196	-	7	-	235	5
Income from equity investments	-	-	-	-		-
Fee and commission income	151	204	6	3	51	24

(*) "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 on the mortgage market

In accordance with Royal Decree 716/2009, of 24 April, developing aspects of Act 2/1981, of 25 March, on regulation of the mortgage market and other rules governing the mortgage and financial system, and Bank of Spain Circular 3/2010, of 29 June, the Governing Board approved the "Handbook of policies and procedures for managing lending", drawn up by the Parent Company to guarantee compliance with the rules governing the mortgage market, which notably sets criteria for the following measures:

- The ratio of the loan to the mortgaged building's appraisal value (in accordance with Ministerial Order ECO/805/2003) and the selection of appraisers authorized by the Bank of Spain.
- The ratio of debt to the borrower's ability to generate income, verification of information disclosed by the borrower and of their solvency as well as other additional guarantees.

- The matching of cash flows from the cover pool with the cash flows of payments required to service issues of securities.

The General Meeting of Caja Rural de Navarra is empowered to issue bonds and other fixed-income securities and delegate the Governing Board to issue any type of debt up to a set ceiling, including mortgage bonds.

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 the holders of covered bonds over their lifetime). The cover pool should be at least 5% overcollateralised relative to the principal of the issue programme.

At 31 December 2023, the mortgage covered bonds were overcollateralised by 23.58% including the liquidity buffer set at that date (31 December 2022: 33.40%). At the same date, 95.11% of loans in the mortgage portfolio were for residential mortgages (87.56% at 31 December 2022). The rest were commercial. 64.11% were at floating rates (68.75% at 31 December 2022). The covered bond programme then in issue totalled EUR 2,150 million (EUR 2,150 million at 31 December 2022), all at a fixed coupon.

The nominal value of covered bonds issued by the Bank is as follows:

	Thousands of euros	
	2023	**2022**
Issue III – Mortgage covered bonds	50,000	50,000
Issue VII – Mortgage covered bonds	-	500,000
Issue VIII – Mortgage covered bonds	600,000	500,000
Issue VIII – Mortgage covered bonds (“Tap”)	-	100,000
Issue XI – Mortgage covered bonds	500,000	500,000
Issue XII – Mortgage covered bonds	500,000	-
	1,650,000	1,650,000

None of the issues was placed by public offering. All are denominated in euros. At 31 December 2023 and 2022 the Bank had no mortgage bonds in issue and therefore had no corresponding replacement assets either.

The disclosures of mortgage market information required under Article 19 of Royal Decree-Law 24/2021 can be found on the Bank's website.

41. Agency agreements

The Bank had no “agency agreements” within the meaning of Article 22 of Royal Decree 1245/1995, of 14 July, either at the 2023 and 2022 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-2023 and end-2022 the Parent Company had balances in accounts that qualify as abandoned in the meaning of the aforesaid article, of EUR 13 thousand and EUR 17 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 2023, 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 2023 and 2022 are as follows:

	2023	**2022**
	Days	
Average supplier payment period	26.85	26.81
Ratio of transactions paid	26.85	26.81
Ratio of transactions outstanding	31.90	31.44
	Amount (thousands of euros)	
Total payments made	146,928	125,284
Total payments outstanding	1,018	423
Monetary value of invoices paid within the deadline allowed by the default regulations	129,747	123,088
Percentage of all payments made within the deadline	87.70%	97.92%
	Number of invoices	
Invoices paid within the deadline allowed by the default regulations	22,722	27,602
Percentage of all invoices	96.40%	97.08%

ANNEX I

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of financial position at 31 December 2023
(Thousands of euros)

ASSETS	31.12.2023	31.12.2022
Cash, cash balances at central banks and other demand deposits (**)	**1,615,027**	**990,506**
Financial assets held for trading	**6,606**	**6,366**
Derivatives	3,973	3,882
Equity instruments	2,633	2,484
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	**321**	**2,235**
Equity instruments	**-**	**-**
Debt securities	321	399
Loans and advances	-	1,836
Memorandum items: lent or given in guarantee with right of sale or pledge	**-**	**-**
Financial assets at fair value through other comprehensive income	**861,656**	**890,722**
Equity instruments	306,928	272,211
Debt securities	554,728	618,511
Memorandum items: lent or given in guarantee with right of sale or pledge	-	-
Financial assets at amortized cost	**13,380,408**	**13,762,255**
Debt securities	3,879,293	4,030,408
Loans and advances	9,501,115	9,731,847
Credit institutions	273,996	237,797
Customers	9,227,119	9,494,050
Memorandum items: lent or given in guarantee with right of sale or pledge	-	*233,572*
Derivatives – hedge accounting	**495**	**454**
Investments in subsidiaries, joint ventures and associates	**145,637**	**136,463**
Group companies	48,819	39,645
Associates	96,818	96,818
Tangible assets	**103,545**	**109,202**
Property and equipment	91,795	95,666
For own use	91,616	94,198
Assigned to social projects	179	1,468
Investment property	11,750	13,536
Of which: assigned under operating leases	*684*	*945*
Memorandum items: acquired under finance leases	-	-
Intangible assets	**-**	**-**
Tax assets	**28,784**	**33,316**
Current tax assets	1,648	1,227
Deferred tax assets	27,136	32,089
Other assets	**35,093**	**34,782**
Other	35,093	34,782
Non-current assets and disposal groups held for sale	**27,130**	**30,500**
TOTAL ASSETS	**16,204,701**	**15,996,801**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of financial position at 31 December 2023
(Thousands of euros)

LIABILITIES AND EQUITY	31.12.2023	31.12.2022
Financial liabilities held for trading	**2,903**	**3,889**
Derivatives	2,903	3,889
Financial liabilities designated at fair value through profit or loss	**-**	**-**
Financial liabilities at amortized cost	**14,152,143**	**14,173,603**
Deposits	12,332,044	12,457,221
Central banks	-	1,315,924
Credit institutions	185,672	184,106
Customers	12,146,372	10,957,191
Debt securities issued	1,664,710	1,642,057
Other financial liabilities	155,389	74,325
Memorandum items: subordinated liabilities	-	-
Derivatives – hedge accounting	**89,343**	**63,383**
Provisions	**47,241**	**51,476**
Pensions and other defined-benefit post-employment obligations	1,272	1,285
Commitments and guarantees given	11,526	14,684
Other provisions	34,443	35,507
Tax liabilities	**27,687**	**13,273**
Current tax liabilities	22,223	10,199
Deferred tax liabilities	5,464	3,074
Share capital redeemable on demand		**-**
Other liabilities	**113,548**	**183,949**
Of which: mandatory contributions to Social Welfare Fund	*61,079*	*47,865*
TOTAL LIABILITIES	**14,432,865**	**14,489,573**
EQUITY		
Shareholders' equity	**1,729,656**	**1,506,057**
Share capital	243,017	210,034
Called up paid capital	243,017	210,034
Memorandum items: uncalled capital	-	-
Retained earnings	1,287,178	1,173,852
Other reserves	8,695	7,008
(Treasury shares)	-	-
Profit for the year	190,766	115,163
(Interim dividends)	-	-
Accumulated other comprehensive income	**42,180**	**1,171**
Items that will not be reclassified to profit or loss	51,241	24,317
Changes in fair value of equity instruments at fair value through other comprehensive income	51,241	24,317
Items that may be reclassified to profit or loss	(9,061)	(23,146)
Hedging derivatives. Reserve of cash flow hedges [effective portion]	(2,256)	(2,163)
Changes in fair value of debt instruments at fair value through other comprehensive income	(6,805)	(20,983)
TOTAL EQUITY	**1,771,836**	**1,507,228**
TOTAL LIABILITIES AND EQUITY	**16,204,701**	**15,996,801**
Memorandum items: off-balance sheet exposures		
Contingent commitments given	**1,254,007**	**1,339,893**
Financial guarantees given	**82,206**	**84,256**
Other commitments given	**1,279,984**	**813,803**

CAJA RURAL DE NAVARRA

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Income statement for the year ended 31 December 2023
(Thousands of euros)

	2023	2022
Interest income	**376,526**	**184,773**
Financial assets at fair value through other comprehensive income	4,944	3,251
Financial assets at amortized cost	350,778	164,139
Other interest income	20,804	17,383
(Interest expense)	**(110,491)**	**(21,440)**
(Expense on share capital redeemable on demand)	**-**	**-**
NET INTEREST INCOME	**266,035**	**163,333**
Dividend income	**23,340**	**22,766**
Fee and commission income	**100,970**	**100,908**
(Fee and commission expense)	**(9,095)**	**(7,928)**
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**306**	**1,880**
Gains or (-) losses on financial assets and liabilities held for trading, net	**672**	**681**
Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net	**(2,144)**	**(1,836)**
Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net	**-**	**-**
Gains or (-) losses from hedge accounting, net	**(407)**	**(173)**
Gains or (-) losses from translation differences, net	**1,374**	**1,587**
Other operating income	**3,906**	**3,376**
(Other operating expenses)	**(31,321)**	**(29,172)**
Of which: mandatory contributions to Social Welfare Fund	*(20,800)*	*(12,603)*
GROSS INCOME	**353,636**	**255,422**
(Administrative expenses)	**(108,699)**	**(97,102)**
(Personnel expenses)	(63,439)	(57,275)
(Other operating expenses)	(45,260)	(39,827)
(Depreciation and amortization)	**(6,815)**	**(7,458)**
(Provisions or (-) reversals)	**2,219**	**(1,534)**
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	**(27,766)**	**(23,650)**
(Financial assets at fair value through other comprehensive income)	231	399
(Financial assets at amortized cost)	(27,997)	(24,049)
Net (impairment)/reversal of investments in subsidiaries, joint ventures and associates	**608**	**680**
(Impairment or (-) reversal of impairment on financial assets)	**(1,503)**	**(507)**
(Tangible assets)	(1,368)	-
(Other)	(135)	(507)
Gains or (-) losses on derecognition of non-financial assets and investments, net	**325**	**(67)**
Of which: investments in subsidiaries, joint ventures and associates		(67)
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	**3,034**	**3,615**
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**215,039**	**128,039**
(Tax expense or (-) income on profit from continuing operations)	**(24,273)**	**(12,876)**
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	**190,766**	**115,163**
Profit or (-) loss after tax from discontinued operations	**-**	**-**
PROFIT FOR THE YEAR	**190,766**	**115,163**

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of Recognized Income and Expense for the year ended 31 December 2023
(Thousands of euros)

	2023	2022
PROFIT FOR THE YEAR	**190,766**	**115,163**
OTHER COMPREHENSIVE INCOME	**41,009**	**(47,742)**
Items that will not be reclassified to profit or loss	**26,924**	**(19,416)**
Actuarial gains or (-) losses on defined benefit pension plans	-	-
Changes in fair value of equity instruments at fair value through other comprehensive income, net	29,656	(20,889)
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	(2,732)	1,474
Items that may be reclassified to profit or loss	**14,085**	**(28,327)**
Hedges of net investments in foreign operations (effective part)	**-**	**-**
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Currency translation	**-**	**-**
Gains or (-) losses on currency translation recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Cash flow hedges (effective part)	**(124)**	**(2,163)**
Valuation gains or (-) losses recognized in equity	(124)	(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	**18,904**	**(34,885)**
Valuation gains or (-) losses recognized in equity	19,122	(38,601)
Reclassified to profit or loss	(218)	3,716
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	**(4,695)**	**8,721**
TOTAL RECOGNIZED INCOME AND EXPENSES FOR THE YEAR	**231,775**	**67,421**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Comprehensive statement of changes in equity for the year ended 31 December 2023

(Thousands of euros)

At 31 December 2023

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 2023	**210,034**	**1,173,852**	**7,008**	**-**	**115,163**	**-**	**1,171**	**1,507,228**
Adjustments due to error correction	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-
Balance at 1 January 2023 (*)	**210,034**	**1,173,852**	**7,008**	**-**	**115,163**	**-**	**1,171**	**1,507,228**
Total recognized income and expenses for the year	-	-	-	-	**190,766**	**-**	**41,009**	**231,775**
Other changes to equity	**32,983**	**113,326**	**1,687**	**-**	**(115,163)**	**-**	**-**	**32,833**
Ordinary shares issued	32,983	-	-	-	-	-	-	32,983
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)	-	-	-	-	(1,837)	-	-	(1,837)
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	-	113,326	-	-	(113,326)	-	-	-
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	1,687	-	-	-	-	1,687
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-
Balance at 31 December 2023	**243,017**	**1,287,178**	**8,695**	**-**	**190,766**	**-**	**42,180**	**1,771,836**

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 2022	**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 2022 (*)	**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**

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CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Cash flow statement for the year ended 31 December 2023

(Thousands of euros)

	2023	2022
H) CASH FLOW FROM OPERATING ACTIVITIES	**601,248**	**(180,399)**
Profit for the year	**190,766**	**115,163**
Adjustments to obtain cash flows from operating activities	**29,131**	**40,681**
Depreciation and amortization	6,815	7,458
Other adjustments	22,316	33,223
Net (increase) decrease in operating assets	**392,371**	**(86,913)**
Financial assets held for trading	(240)	(622)
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,915	1,983
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	29,297	520,486
Financial assets at amortized cost	353,850	(601,246)
Other operating expenses	7,549	(7,512)
Net (increase) decrease in operating liabilities	**13,253**	**(236,454)**
Financial liabilities held for trading	(986)	2,526
Financial liabilities at amortized cost	(23,296)	(237,285)
Other operating expenses	37,535	(1,695)
Company income tax receipts (payments)	**(24,273)**	**(12,876)**
I) CASH FLOWS FROM INVESTING ACTIVITIES	**(9,247)**	**(315)**
Payments	**(21,564)**	**(14,926)**
Tangible assets	(5,840)	(5,088)
Investments in subsidiaries, joint ventures and associates	(12,808)	(5,576)
Non-current assets and liabilities held for sale	(2,916)	(4,262)
Receipts	**12,317**	**14,611**
Tangible assets	432	6,040
Investments in subsidiaries, joint ventures and associates	4,242	177
Non-current assets and liabilities held for sale	7,643	8,394
J) CASH FLOWS FROM FINANCING ACTIVITIES	**31,146**	**39,749**
Payments	**(1,837)**	**-**
Dividends	(1,837)	-
Subordinated liabilities	-	-
Cancellation of own equity instruments	-	-
Acquisition of own equity instruments	-	-
Other payments related to financing activities	-	-
Receipts	**32,983**	**39,749**
Subordinated liabilities	-	-
Issue of own equity instruments	32,983	39,749
Disposal of own equity instruments	-	-
Other receipts relating to financing activities	-	-
K) EFFECT OF EXCHANGE RATE FLUCTUATIONS	**1,374**	**1,587**
L) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**624,521**	**(139,379)**
M) CASH AND CASH EQUIVALENTS AT START OF YEAR	**990,506**	**1,129,885**
N) CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,615,027**	**990,506**
MEMORANDUM ITEMS		
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,615,027**	**990,506**
Cash	57,475	54,352
Cash equivalents in central banks	1,200,400	300,033
Other demand deposits	357,152	636,121
Other financial assets		-
Less: Bank overdrafts repayable on demand		-

ANNEX I – ANNUAL BANKING REPORT

Information at 31 December 2023 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 409,346 thousand. For the purposes of this report, turnover is taken to be the gross income reported in the 2023 consolidated income statement.

c) Number of employees on a full time equivalent basis: 1,007 in the Caja Rural de Navarra Parent Company and 605 in its non-financial subsidiaries. FTE employee data was based on the headcount at each entity at end-2023.

d) Profit or loss before tax: EUR 236,270 thousand. Return on consolidated assets was 1.29% at 31 December 2023.

e) Tax on profit or loss: EUR 25,905 thousand

f) Public subsidies received: Public subsidies received: The amount of public subsidies received by the Group in 2023 was EUR 336 thousand, all of which was paid to non-financial subsidiaries.

CONSOLIDATED MANAGEMENT REPORT

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

INTRODUCTION

Events in 2023 confirmed the powerful influence monetary policy can have on the economy. The US Federal Reserve (Fed) and European Central Bank (ECB) had both embarked on a historically fast tightening of monetary policy in 2022. This continued in 2023 and these measures proved clearly effective in damping down prices and, more positively and perhaps surprisingly, did so without overly depressing the growth of GDP in the short term. Early in the year commentators had seen recession as a fairly likely scenario but it seems the world's main economies have managed to avoid it. With policy rates now around 4.5-5.5% in Europe and the United States, inflation has halved, helped by an easing of pressures on energy prices although these have revived to some degree since the summer. – the price of crude fell by 40% between June 2022 and June 2023 but then rebounded 4.3% by December 2023.

As a result, 2023 turned out much better than expected for investors in both equity and fixed-income markets. In a highly complex global environment dominated by the historically rapid tightening of monetary policy, major new and continuing conflicts such as the Ukraine and Gaza wars, and the contained bank crises in the United States and Switzerland, the world's leading stock markets made strong gains while fixed-income markets not only halted their previous price decline but rallied strongly in the last two months, ending the year up and with high but falling yields. Volatility also remained low all year, particularly on equity markets.

Two main factors underlay this healthy market performance: global GDP grew 3% despite the monetary clampdown and the world's leading listed companies reported robust results. Public and private institutions and bodies have modestly upgraded their forecasts as data has shown activity is holding up better than expected and inflation, though sticky, is clearly on the way down. The strongest economies were the USA, Japan and Latin America, while China and Europe faltered. Euro zone GDP slowed sharply in 2023 to a forecast 0.7% according to the IMF. This is down 2.6 percentage points on 2022, hampered by a struggling German economy whose GDP looks to have shrunk around 0.5% in 2023.

On the plus side, the weak euro zone economy has helped bring down inflation, from near 10% the previous year to 2.9% at end-2023 and expected to fall further in 2024. As in 2022, Spain was again one of the biggest contributors to zone growth with GDP set to grow by 2.5% in 2023, more than triple the zone average, helped by tourism, strong domestic demand and the increasing impact of NextGenerationEU funds. Headline inflation corrected significantly from 6% to 3.1% year-on-year in December, despite upticking worryingly in a couple of months during the second half of the year. Core inflation meanwhile remains stuck at 3.8%. Both figures show the marked improvement in inflation but also the stubborn momentum behind the upward drift in prices.

Once again this year, the central banks of the world's leading countries and economic regions led the financial news, using monetary policy to continue tightening the terms of finance for the economy and squeezing aggregate demand. Progress made against inflation was clear and evident all year, but the monetary authorities repeatedly warned that it could remain high for some time to come. Nevertheless, as the year-end looms, improving price data and weak forecasts for some major economies in 2024 have firmed expectations that the rate hikes are now over and the next move may well be downward. The US Federal Reserve (Fed) raised rates four times in the year to November, peaking at 5.50%. This came on top of its astonishingly hawkish seven consecutive rises in 2022. In the euro zone, the ECB had moved more cautiously in 2022 but doubled down in 2023 with no fewer than six rises in its benchmark rates to 4.5%. By October, November and December, after ten rises in 14 months, it opted to hold rates steady given the cooling of the European economy and the desperate events in the Middle East.

On the 7 October, the terrorist group Hamas attacked Israeli territory, prompting a decisive response from the Israelis who declared war on the whole Gaza strip, a war that continues to rage in 2024. So far, stock markets have been largely unaffected by the outbreak of war. Aside from the appalling loss of human life, any impact on oil prices, and hence the global economy, will depend on whether the conflict expands to draw in oil-producing countries.

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 modest global growth in 2024. Spain is expected to continue growing faster than the euro zone average.

Forecasts suggest Spanish GDP will continue to grow at a relatively steady pace in 2024. However, whereas in 2023 net export demand and public spending made a substantial contribution to growth, in the next few years the main drivers of the Spanish economy will be consumer spending and investment. Rising household consumption – which by the end of 2023 had still not returned to pre-Covid levels – will be stimulated in coming quarters by a rising population, rising real incomes thanks to falling inflation, dynamic job creation and projected wage rises. One of the risks we face is the reimposition of tight fiscal rules by Europe, which would demand the drafting and implementation of a medium-term fiscal consolidation plan to bring down the structural public sector deficit.

2023 FINANCIAL YEAR

CAJA RURAL DE NAVARRA MADE CONSOLIDATED PROFIT OF EUR 210.4 MILLION, ALL OF WHICH WILL BE TAKEN TO RESERVES

- Caja Rural de Navarra is maintaining its historic commitment to prudence by allocating nearly all of its profit for the year to reserves and so increasing the value of its consolidated equity by 17.6% on the previous year to EUR 1,834 million.
- This confirms Caja Rural de Navarra’s position as one of the most solvent institutions in the market, with a CET1 phased-in ratio of 24.16%.
- Caja Rural de Navarra has a network of 254 branches, including 139 in Navarre, employing 1,007 people.
- The NPL ratio was 2.02% of the loan book, well below the sector average of 3.7% according to latest published data.

EARNINGS

Counter-inflation measures by the European monetary authority had a marked effect on interest rates. This, coupled with careful management of NPLs, allowed Caja Rural de Navarra to improve its effectiveness and efficiency. In these, in some ways exceptional, circumstances the Bank was able to generate consolidated net interest income of EUR 264 million and consolidated gross income of EUR 409.3 million, up 19% on the previous year. As a result, consolidated profit for the year was EUR 210.4 million, up 90.4% on the prior year.

The Parent Company, Caja Rural de Navarra, as is becoming habitual, intends to use this profit to boost its equity capital, allocating nearly all of it (EUR 187.2 million) to non-distributable reserves and so increasing equity by 17.6% on the previous year to EUR 1,772 million.

In this way, the Bank has strengthened its financial solidity and generated the resources to sustain future growth.

SOLVENCY

Consolidated shareholders’ equity totalled EUR 1,834 million, 17.6% more than the previous year.

Caja Rural de Navarra’s solvency measured by its Common Equity Tier 1 (CET1) ratio was 24.16%, 3.81 points up on the previous year and, once again, among the highest in the Spanish financial sector.

CREDIT RATING

Caja Rural de Navarra is rated by international agencies Fitch and Moody's. The Bank's credit ratings are among the highest in the sector. At December 2023 it is rated: BBB+ (stable) by Fitch and Baa1 (stable) by Moody's.

KEY BUSINESS FIGURES

Customer deposits:

The Bank manages EUR 12,133 million in deposits from private customers, a 10.9% increase on the previous year, including a substantial rise in fixed-term deposits as the Bank was one of the first financial institutions to start paying interest on customer savings deposits.
In Navarre, the Bank’s market share on this measure continues to increase and currently stands at 32.05%.

Loans and Advances:

Loans and advances to customers outstanding at the Bank totalled EUR 9,243 million at end-2023, 2.82% down on the previous year. Lending growth was held back by economic uncertainty and the interest rate environment. In Navarre, the Bank’s market share on this measure is 27.95%.

Non-performing loans

Caja Rural de Navarra's NPL ratio at the end of 2023 was 2.02%, similar to last year and well below the national NPL ratio of 3.7%, according to latest published figures.

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CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL ACTION

In 2023, Caja Rural de Navarra continued to manage its relations with its community in accordance with a long-term vision, looking to address social needs as they arise and building up its role in wider society.

The Bank focuses financing on activities with a high positive impact, either environmental or social, such as the construction and energy renovation of buildings, clean energy, social housing, sustainable farming or the special funding lines for SMEs to sustain employment and support the local economy.

Social commitment is one of the Bank’s clear differentiating factors and reflected in the many initiatives channelled through its social action programme. Standout projects in this field include continuous support for training, entrepreneurship, digitisation, grass-roots sport, culture and charity work, among others.

Milestones this year included the project to build a new cereals research centre in Sarriguren, due for delivery by end-2024, roll-out of the Forest Management Plan under which 73.53 hectares were replanted in 2023, 349.14 hectares cleaned up and 16 environmental projects run in collaboration with local organisations and educational institutions, the CIMA agreement to support research into new cancer therapies through three science projects investigating immunotherapy combination strategies, development of drugs to stimulate the immune system and CAR-T therapies, and actions in the area of university and Professional Training, to develop students’ international mobility, promote young talent and improve employability.

Once again this year, the Bank’s CSR – corporate social responsibility – report sets out the most important actions in this field for the community and stakeholders.

CAJA RURAL DE NAVARRA'S BUSINESS MODEL

Proximity and neighbourhood banking is now a successful model in the European financial sector. Credit cooperatives, the main exponents of this model, command a European market share of 23.3% of lending and 22.4% of deposits. This makes credit cooperatives key parts of a competitive banking industry, serving one in five retail banking customers across Europe and providing nearly a third of all financing for SMEs. One in five European citizens, 89 million people, are members of a credit cooperative.

Also, looking to Spain, 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 is maintaining its branch network (currently 254, of which 139 in Navarre) and staff numbers. It now employs 1,007 people. This, together with its drive for digitisation, means the Bank can deliver a coherent and responsive service to all its customers.

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SUMMARY OF THE ANNUAL REPORT OF THE CUSTOMER SERVICES DEPARTMENT 2023

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 2023 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 2023.

2023 ended with a big jump in the number of claims and complaints received compared to 2022. This was again due to claims for mortgage servicing costs received during the year as a result of the many and varied news stories that have been coming out.
As in previous years, we should also 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 in 2023:

1.- The image of the banking sector as a whole has suffered over recent months. This is largely due to the high profits being made by all banks following the jump in interest rates which affected their customers' finances.

2.- A sensitivity and irritation with banks that persists in wider society and among our customers;

3.- Better-educated customers both financially and legally;

4.- Easy access to any sort of information about claims and complaints via the internet;

5.- Easy access to new channels for submitting claims and complaints: website complaint forms and email;

6.- Heavy advertising and media pressure from the "claims industry", lawyers and consumer associations, both national and regional, encouraging people to claim.

7.- Constant press headlines providing partial information on the rulings handed down, normally slanted against the financial institutions.

In these circumstances, which we do not expect to change, at least until the issue of the cut-off period for mortgage servicing cost claims is resolved, 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 2023, the Customer Services Department received a total of 6,300 complaints, claims, suggestions and congratulations. These contacts are analysed below by **type**:

Type	2023	2022
Complaint	278	128
Claim	5,868	2,197
Consultation	154	-

Suggestion	-	5
Request	-	214
Congratulation	-	4
Total	**6,300**	**2,458**

Of these 6,300 submissions, 607 were resolved in favour of the customer, 1,500 not admitted and the remaining 4,193 rejected. Payouts to customers this year totalled EUR 258,130.29.

By **Autonomous Region**, they broke down as follows:

Region	2023	2022
Navarre	3,318	987
Basque Country	2,649	1,074
La Rioja	333	136
TOTAL	**6,300**	**2,548**

The ratio of claims by Autonomous Region where the Bank is active weighted by the number of branches in each Region is as follows:

	Navarre	Basque Country	La Rioja
2023	23.70	29.43	13.88
2022	7	12.20	5.44

By **product** the 6,300 complaints and claims broke down as follows:

Subject	2023
Assets	5,363
Liabilities and payment accounts	257
Instruments and payments services	244
Other products/banking services	338
Other (investment products/services, data protection, etc.)	98
TOTAL	**6,300**

A key point to note was the processing of claims about clauses in mortgage contracts, which surged late in 2023. The Customer Services Department was expanded during this period to handle the new situation. The new staff were given special training in the relevant issues as quickly as possible so they could deal with the high number of claims that were being, and continue to be, filed.

As in the past three 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 2023 was mortgage clauses, mainly clauses on administration costs, with a total of 5,310 received, 66.13% 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 2023 was fraudulent transactions.

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Also, 16 claims were passed up to the Bank of Spain’s Banking Conduct Department. Of these, 4 related to fees for savings book and current accounts. This represents a massive fall on the 36 complaints received by this body in 2022.

The annual average response time of the Customer Services Department was 18.53 days, in line with that for recent years. This reflects the drive by the department to comply with regulations in force even as the number of claims more than doubled.

The Bank of Spain requires that banks file a detailed report every half-year, in accordance with Circular 4/2021, of 25 November, on model reserved financial statements regarding market conduct, transparency and customer protection and the register of claims and complaints. Accordingly, each six months the Bank submits a record of claims and complaints received by the Customer Service Department over the period. We therefore continue to insist that complaints should be managed quickly and effectively at branch level, providing the best possible service to our customers, to avoid damaging the Bank’s image and quality of service in the eyes of the regulator. In this way, the number of claims and complaints will come down as the services to our customers improve.

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 deliver its core purpose.

FINANCIAL RISK MANAGEMENT

The main risks to which the Group is exposed in its transactions in financial instruments are detailed in Note 6 to the consolidated financial statements. 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 2023.

AVERAGE SUPPLIER PAYMENT PERIOD

Payments to suppliers of the Parent Company Caja Rural de Navarra in 2023 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 2024

The Bank is currently rolling out its 2023-2025 Strategic Plan. One year in, we can conclude that it has been a year with more upsides than downsides, a year when the unexpectedly large and fast rise in rates was good for volumes of some products, mainly deposits, and bad for others, notably lending.

In 2024, we expect interest rates to come back down, but more gradually than they rose in 2023. We therefore expect it to be a good year for growth in the Bank's resources and have updated the target in the Strategic Plan. It will also be a difficult year for lending growth, and we have therefore budgeted for more modest growth in the Strategic Plan. We will have to keep an especially close eye this year on doubtful positions and pre-doubtful phases (missed payments, past due loans, etc.).

In these circumstances, we expect to grow faster than the market and add market share, especially in the provinces where we are less represented and therefore have more scope for expansion, seeking to grow sustainably with top-quality customer service.

Given these projections for growth and interest rates, we expect to continue improving our net interest income, at least during the early months of the year, although the impact of interest paid on credit balances should also start feeding through. The improvement in net interest income should translate into higher profits, despite an expected rise in insolvency provisions.

Accordingly, thanks to the results obtained, the Bank expects to further improve its already high solvency and market footprint.

CSR REPORT AND NON-FINANCIAL STATEMENTS 2023

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 can be found on the website: https://www.cajaruraldenavarra.com/en/information-investors under Sustainability – CSR Report.

CSR REPORT
AND NON-FINANCIAL STATEMENTS
2023

CORPORATE SOCIAL RESPONSIBILITY REPORT OF CAJA RURAL DE NAVARRA AND CONSOLIDATED NON-FINANCIAL STATEMENTS OF THE CAJA RURAL DE NAVARRA GROUP 2023

EXTERNAL VERIFICATION DATE: 10 APRIL 2024
WWW.CAJARURALDENAVARRA.COM

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

In this Corporate Social Responsibility Report Caja Rural de Navarra has applied GRI Standards and incorporated the requirements of Spain's Act 11/2018 of 28 December, as verified by AENOR as external assurer.

Annex II reports information for the Non-Financial Statements 2023 on the equity investments comprising the Caja Rural de Navarra Consolidated Group, in accordance with Act 11/2018 (applying international GRI standards).

CONTENTS

1. CHAIRMAN'S LETTER

Dear reader,

The release of our annual report is a big moment which gives us the opportunity to reflect on how far we have come and to share our vision for the Bank's future. It is also a chance to report on work done and progress made in 2023 to positively impact the lives of our customers and to review our commitment to wider society and the environment.

Our vision is clearly set out and well understood throughout our organisation: the prime aim is to support our customers in their financial and social development, acting as a sound and solvent financial institution that will always be there for them, because behind Caja Rural de Navarra/Rural Kutxa are local people you can trust. This means we must continue – and refresh – the good work we are already doing, building relationships of trust and supporting customers not just to grow economically but in every aspect of their financial and social well-being.

On the economic front, 2023 was dominated by the European Central Bank's measures to bear down on inflation. The most obvious effect was the change in interest rates, which, coupled with careful management of bad debt, helped Caja Rural de Navarra to close the year on a profit of EUR 190.8 million, up 65.6% on the previous year.

As is now becoming usual, the Bank allocated most of these profits to boost Reserves and finance the Social Welfare Fund. In this way, it has strengthens its financial solidity and generates the resources to grow and have an impact in the future.

Caja Rural de Navarra's solvency measured by its Common Equity Tier 1 (CET1) ratio was 24.16%, 3.81 points up on the previous year and, once again, among the highest in the Spanish financial sector. All in all, we have had a great year in a complex environment and can look forward to 2024, confident in our strengths and starting from a healthy position.

We expect the economy to continue growing throughout 2024, despite plentiful uncertainties, not least the ongoing wars in and around Europe. We are especially worried and saddened by current events, not just because of their major economic impacts, but more for the human tragedy that accompanies any war, something we had thought Europe had left behind.
These conflicts will also have major repercussions for geopolitics and the global economy, affecting relations between countries and international trade and hampering flows of goods and services. These terrible events have come at a time of deep and rapid social change, driven by technological progress and the quest for sustainability. Artificial intelligence and leaps forward in genetic science, renewable energy and robotics are transforming society and will heavily impact many business sectors.
On this point, innovation and digitisation hold out extraordinary promise for a more prosperous future for the whole of society, keeping in mind that it is the responsibility of us all to make sure no-one is left behind in the process. We must take special care of vulnerable groups and make sure the undeniable benefits of digitisation are there for everyone. For this very reason, we are maintaining our drive for financial inclusion, providing on-the-ground services in hundreds of small communities with fewer than 3,000 people.

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Faced with this challenging environment, Caja Rural de Navarra must continue to build up its market position in a positive and responsible manner, to continue the Bank's transformation. We have opted for a model of proximity banking in which personal advice, transparency, quality of service and social engagement are our identity and USP, allowing us to knit ever tighter relations with our stakeholders and the wider community in pursuit of a better future for all.

By reading this report you will get to know Caja Rural de Navarra better. You will find that, as well as being a sound and profitable bank we are a company with heart and soul, that believes in people and strives to create the social wealth that helps build a society based on greater inclusiveness, justice and solidarity. Thank you for putting your faith in us.

Yours sincerely.

1. ABOUT THE REPORT

1. ABOUT THE REPORT

This is the seventh Corporate Social Responsibility Report, based on data at 31 December 2023 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.

Annex II presents 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 gives an overview of Caja Rural de Navarra's progress in 2023, 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.

As for 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.
Published at: 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: www.bancocooperativo.es/en/customer-service
Email: info@crnavarra.com

mail:
Servicio de Atención al Cliente
CAJA RURAL DE NAVARRA
Plaza de los Fueros 1
31003 Pamplona
Spain

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 also assured the 2023 report and Non-financial Statements for Caja Rural de Navarra for the sixth year.

2. DIALOGUE WITH STAKEHOLDERS

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Dialogue with stakeholders is 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 can 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 organisations.

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 making improvements**.

The above-mentioned 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

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3. EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION

As part of the process of preparing the CSR report in accordance with GRI standards (www.globalreporting.org/standards), Caja Rural de Navarra conducted the new materiality analysis for the 2021 CSR report, covering two scopes: one at the level of the Bank (Caja Rural de Navarra) and another based on information about Caja Rural de Navarra's Equity investments.

This work was done by AFI (Analistas Financieros Internacionales) and the validity of the study was reconfirmed this year by the materiality report for 2023.

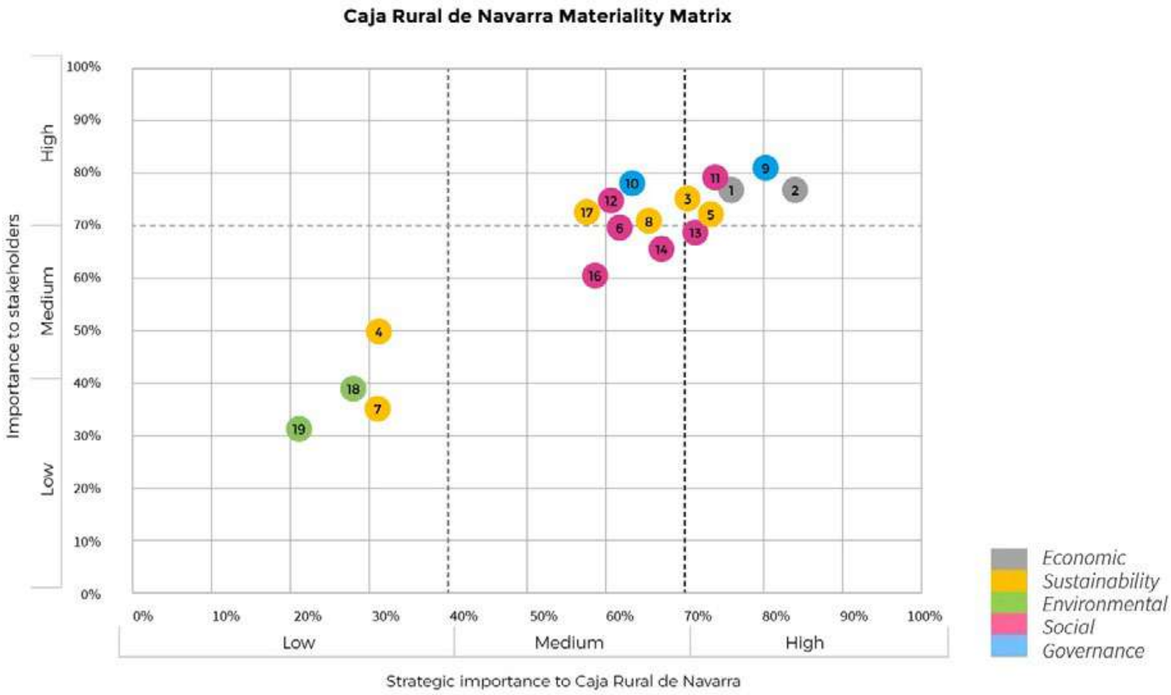
The aim is to identify those issues that most impact the organisation and its stakeholders and which it is therefore essential to report on.

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.

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 organisations 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	SCOPE
High	2	Profitability, solvency and risk management	
	9	Ethics, integrity and good governance	
	1	Strategy	
	11	Responsible and transparent 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	
Medium	8	Marketing channels	
	6	Range of products and services	
	14	Equality, diversity and work-life balance	
	16	Social action	
Medium - Low	15	Responsible purchasing	
Baja	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. 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 groups that responded and their key features.
We summarise below the system for identifying and classifying the main stakeholder groups 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 conducted with up to 8 participants, for individual, companies, self-employed and institutional customers, with the aim of obtaining more detailed information and calibrating 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.

D. **Partner social organisations**

The number of partner social organisations responding was 5. Of these, 100% are institutions and private or state-assisted organisations. 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 organisations 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 organisations, 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 organisations.

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 aggregate importance (external vision) and for the Bank (internal vision).

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

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	Red	Red	Red	Red	Red	Red	Red	Red	Red		Red		Red	Red
Ethics, transparency and integrity of the Caja	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
The management of the Caja by its directors and employees	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
Support for society	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow		Yellow	Yellow	Yellow
Environmental protection by the Caja	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow		Yellow	Yellow	Yellow
The measure adopted by the Caja during the pandemic	Yellow	Yellow	Yellow	Green	Yellow	Green	Green	Green	Green	Yellow		Green	Yellow	Green
Employment conditions						Red	Red	Red	Red				Red	Red
Management in relation to the Caja's suppliers										Yellow			Yellow	Green

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	Nº	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	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
	2	Profitability, solvency and risk management	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
	3	Mission, vision and values	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red
	4	Sustainability strategy	Yellow	Yellow	Green	Yellow	Yellow	Green	Green	Green	Green	Yellow	Red	Green	Yellow	Yellow
	5	Digitalisation						Red	Red	Yellow	Red				Red	Red
Business model	6	Range of products and services	Red	Red	Red	Red	Red	Yellow	Yellow	Red	Yellow				Red	Green
	7	Sustainable finances	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Yellow	Green	Green	Red
	8	Customer care and marketing channels	Red	Red	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow				Red	Green
Ethics, transparency and integrity	9	Ethics, integrity and good governance	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green
	10	Responsible communication and transparency	Red	Red	Red	Yellow	Red	Yellow	Red	Red	Red	Red	Red	Red	Red	Green
Customer satisfaction	11	Responsible marketing and transparency	Red	Red	Red	Red	Red	Red	Red	Red	Red		Red		Red	Red
	12	Customer care service	Red	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow				Red	Green
Employment conditions	13	People development	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow				Yellow	Red
	14	Equality, diversity and reconciliation	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow				Yellow	Green
Management of suppliers	15	Responsible purchasing						Yellow				Red			Red	Green
Support for society	16	Social action	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Green		Green			Red	Yellow	Green
	17	Contribution to development and economic growth	Red	Red	Red	Red	Red	Yellow	Red		Yellow			Red	Red	Green
Environmental protection	18	Promotion of environmental protection initiatives	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow		Green	Green	Green
	19	Reduction of the environmental footprint	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green		Green	Green	Green

- 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%)

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 exercise are set out in **section 3.7 "Materiality self-assessment"**.

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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 and with a far more direct knowledge of the economic and social realities of the towns and cities in our regions. A local partner that backs key social groups to support long-term community development, such as SMEs, entrepreneurs, grass-roots sport and educational and cultural activities, 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, it 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.

5. STRATEGY

Caja Rural de Navarra is a cooperative institution specialising in retail and regional banking, which serves its customers through a network of 254 branches (no new branches were opened in 2023) in the regions of Comunidad Foral de Navarra, the Basque Autonomous Region and La Rioja as well as through its virtual channels.

The Bank works to three-year Strategic Plans. 2023 was the first year of the current Strategic Plan which runs from 2023 to 2025. 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 254 branches in Navarre, the Basque Autonomous Region and La Rioja (including the commercial office in Madrid).

6. CAJA RURAL DE NAVARRA STRATEGIC PLAN

2023 was the first year of the 2023-2025 plan, a year when the market was awash with liquidity injected by the European Central Bank during the Covid years. This, as we explain in detail below, guided most of our policies.

- Loans and advances:

A difficult year for lending, for two main reasons: First, a rise in interest rates, which makes it harder for customers to pay their instalments, always tends to make it harder to grow the loan book. For the same reason, there was a jump in early repayments by companies and individual borrowers.
Second, since lenders in the market were awash with post-Covid cash, there was heavy competition for the meagre demand for credit.
The combination of these two effects meant that not only did we fail to hit our targets, falling short by -EUR 705 million, but loans and advances outstanding actually fell by -EUR 307 million (-3.40%) compared to end-2022.

- Liabilities:

However, it was an excellent year for the liabilities side of the balance sheet. Liabilities grew by EUR 1,141 million, or 10.56%, beating the budget target by EUR 512 million. Key to this growth were strong sales, driven by competitive products that offered good returns to customers and healthy margins to Caja Rural de Navarra. It also boosted customer business, creating opportunities not only to attract new customers but also to cross-sell products.

- New customers:

This was another success for the first year of the Strategic Plan, particularly as regards winning new individual customers. True, the Bank launched an active drive for new customers, but this was greatly helped by the lending policy, resulting in the capture of 42,585

new customers in 2023, well above the target of 33,700 in each of the three years of the Strategic Plan.
Nor was it a bad year for new corporate customers. The Bank came close to hitting 100% of its target, attracting 4,442 new customers compared to a target of 4,500.
Growing new customers is one of the most critical aims of the new Strategic Plan and, so far, we have made a pretty good start.

- Non-performing loans:

Despite higher interest rates, that always herald a rise in defaults, we successfully kept NPLs under control, with barely any rise in doubtful assets over the year. We ended 2023 with EUR 192 million of doubtful assets even though we had budgeted for more than EUR 240 million. The NPL ratio ended the year close to 2%, at just 2.05%.

- Net income:

The Bank reported net income of EUR 190 million at end-2023, largely thanks to the improved net interest income, which beat its target and was more than EUR 70 million higher than the prior year.

- Solvency:

The definitive solvency ratio – measured as the ratio of fully loaded Common Equity Tier 1 (CET1), the highest-quality capital, to assets – at 31 December 2023 was 24.16%. The Plan's target for this year was 21.21%, which we therefore exceeded by nearly 300 bp.
We can therefore conclude that the Bank enjoys a very high level of solvency. The target set in the Risk Appetite Framework (RAF) for this indicator was to exceed 14.74%, which we amply met. What is more, the whole of the Bank's Capital consists of Tier 1 equity, the Bank issuing no other types of capital instrument.
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 "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:

<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.

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 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 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. To fulfil this role it can draw on a solidarity fund.

The IPS 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.) who are all full members.

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 holds the shares in the following companies belonging to the Caja Rural Group:

- RGA Seguros Generales Rural S.A. de Seguros y Reaseguros
- Banco Cooperativo Español

Caja Rural de Navarra, because of its weighting within the Group, sits on the Board of Directors of this company, which it also currently chairs.

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 preponderant 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 87.97% owned by the member Banks – either directly or indirectly via Grucajrural 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 (in Spanish):

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 (in Spanish): 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 18.25% 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. Caja Rural de Navarra currently has an 18.24% stake in the company.

At the moment, it is governed by a Sole Director who acts as its top representative and management body. Links (in Spanish):
https://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 interlocutor and representative 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 organisation 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, 712,000 employees, 89 million members and 225 million customers, in European institutions. It commands 20% of the European market.
Links:
www.unacc.com (in Spanish)
www.eacb.coop

- As a credit institution, whose corporate purpose involves the banking business, 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. 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 internal functions of risk management, compliance and audit, ensuring they have the independence, authority, range and resources to properly fulfil their duties.

- Caja Rural de Navarra has more than 185,000 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/Personal Banking, Corporate Banking, Private Banking and Institutions.

- Retail Banking/Personal 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. 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 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:

9,708 employees
2,346 branches
3,115 ATMs
More than 1.5 million members
More than 6.5 million customers

3.2 PROFILE OF THE ORGANISATION

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 in the Navarre Companies Register, 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 its effective and prudent management.

In line with the Company's permanent commitment to best corporate governance practice, the Governing Board of Caja Rural de Navarra, has defined a System for Internal Governance for Caja Rural de Navarra (the "System"). Its implementation and development are 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, organisation 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 defined framework for relations between the Company's governance bodies and Management.

iv. Commitment to transparency, by defining a System based **on clear, transparent and documented decision-making processes**.

v. Embedding a corporate culture based on an **ethical and sustainable approach** 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 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 organisational 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 185,993 members at 31 December 2023, contributing EUR 243.01 million to the Bank's share capital. The number of members rose by 3,749 since the previous year and the contribution to capital rose by EUR 32.9 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.

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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.

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 the 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 organisational 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. For full rules of procedure see:

https://www.cajaruraldenavarra.com/es/gobierno-corporativo (in Spanish)

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 the different issues in their remit constructively, objectively and where appropriate, critically.
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 those that 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 (in Spanish) 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 are 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.

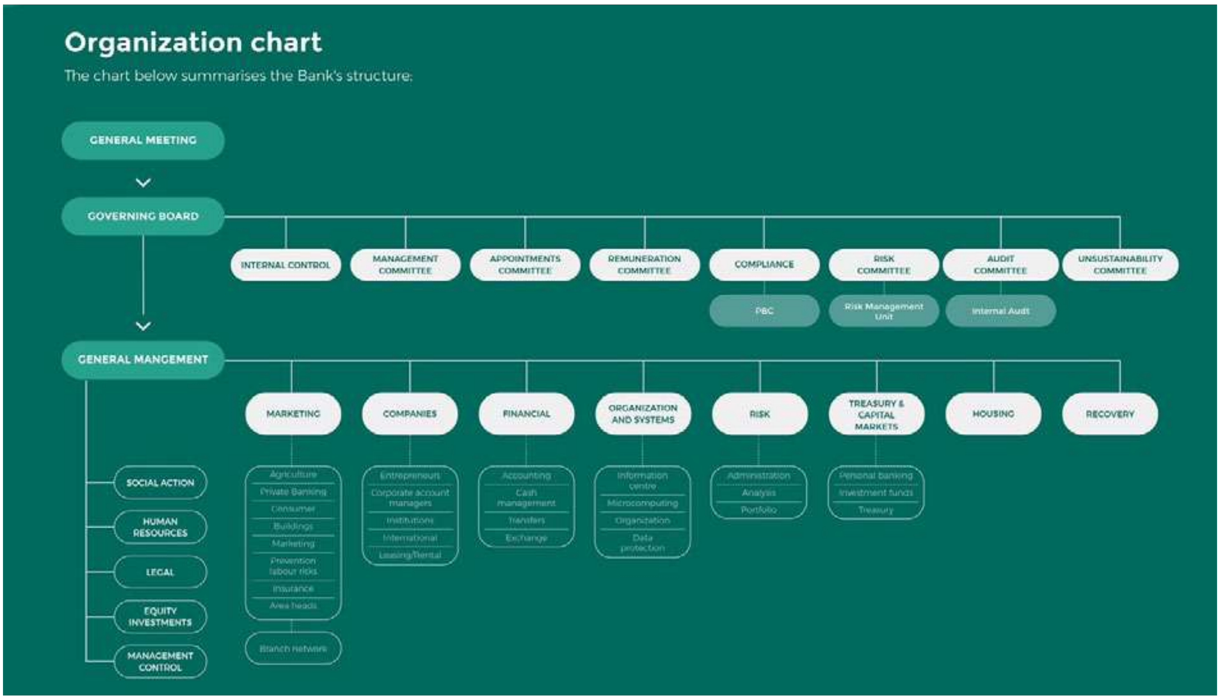
He/she must also notify the Chairman of the Bank of any issue that he/she considers requires the convocation of the Governing Board and/or General Meeting or whose importance requires that it be made known to the Governing Board.

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, Organisation 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 organisational structure and an appropriate operational management and control model.

1.- Principles and responsible bodies

Caja Rural de Navarra has a clear organisational 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 CRN Group.

Caja Rural de Navarra's internal control framework therefore rests on the following main principles:

- A well-defined and appropriate organisational 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 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) supplemented by the External Auditors.
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.

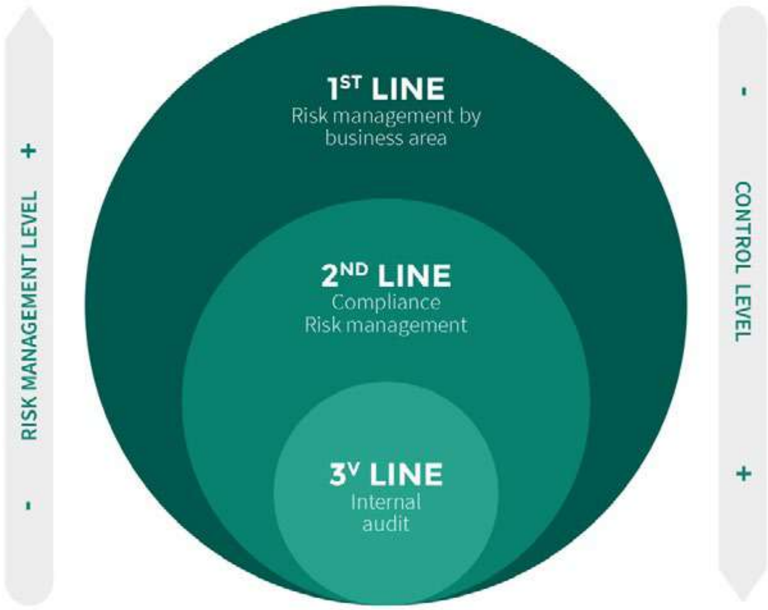
3rd line of defence -> Internal Audit

- 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 the 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.

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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 risk management is one of the defining features of the Bank and a key priority area. We apply a combination of prudent policies and proven methodologies and procedures to ensure we can deliver solid recurrent results and sustain our 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. Also, the most important metrics include long-term targets. These targets and levels are revised and approved at least once a year 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 does not want to breach and which would trigger decisive measures to get back to the Board's guidelines.

Regular reports are prepared for the Governing Board on risks taken and, 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 Expenditure and Outsourcing Committee 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 for 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.

It also 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 recognized 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 best 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 31.a 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 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 also applies to the controlled entities Informes y Gestiones Generales S.A., Promoción Estable del Norte S.A, both of which provide activities complementary to Caja Rural de Navarra's, and Explotación Agrícola Las Limas, S.L. and Espiga I&D Alimentaria, S.L., which depend on the Social Welfare Fund.

The Bank is confident that it has a robust and efficient Criminal Compliance Management Systems. Since 18 May 2021, it has been certified by AENOR with a Certificate that accredits the Bank's compliance with UNE 19601:2017. This Certificate is renewed each year.

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. The 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 organisational 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 variable remuneration.

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 organisation 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 conduit for complaints.

On 26 May 2023, the Bank's Governing Board approved the implementation of the new Channel in accordance with Spain's Whistleblower Protection Act (Act 2/2023 of 20 February).

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 ensuring long-term management that respects its stakeholders.

Alignment is achieved thanks to the following sustainability principles around which the policy revolves:

1.- To 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 internal and external products, services and initiatives for action, 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 Organisation'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 can deliver the **confidence and transparency** of a local institution offering personal advice, because ***we are people who work for people.***

2. Modernised but retaining core qualities

Caja Rural de Navarra/Rural Kutxa continues to provide a **local model** and advice services, **social commitment** to the communities where we operate, and the **security** of a stable solvent bank.

3. Accessible

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. Promoting future growth and development

Life evolves and changes and Caja Rural de Navarra/Rural Kutxa offer **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

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 a 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 community and culture are valuable assets that need preserving.

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.

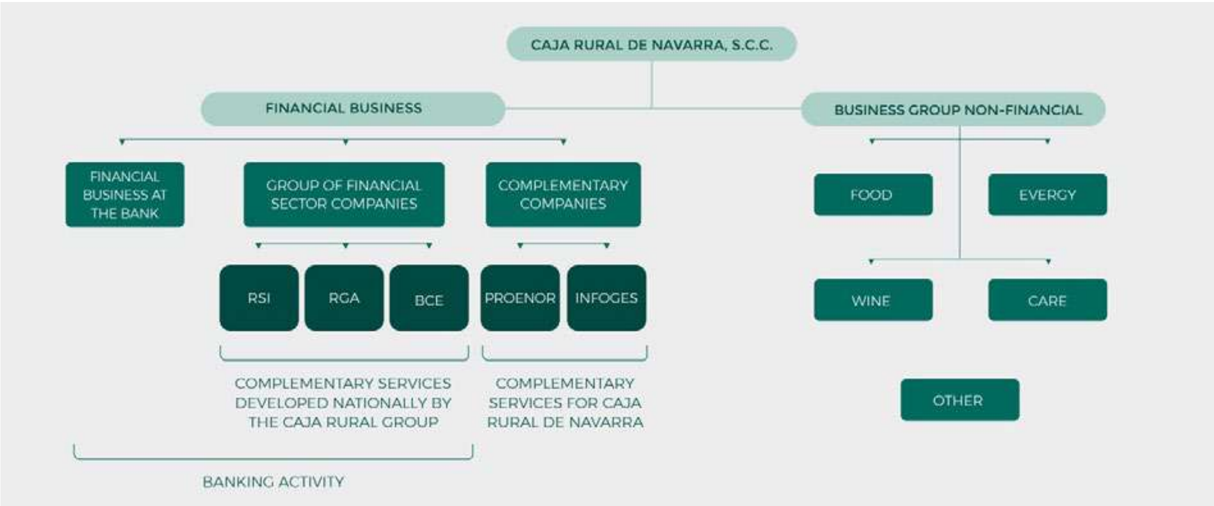
One of Caja Rural de Navarra's defining features is the rooting of its financial activities in its regional environment, with its proximity to cooperative members and customers as the nucleus of its operations.

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) avoidance of any distortion of sector competition and recurrent activities of its cooperative members and customers; (ii) support for the regional economy in all its aspects, but with special relevance to the agri-food and agri-industrial sector reflecting its historical origins; (iii) viability and profitability of the business being analysed, and, (iv) 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 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 made where the Bank has policies to support a newly emerging area of the economy, and also for companies that are jointly owned by the Grupo Cooperativo de Cajas Rurales and provide shared services. One 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 Bank also invests in companies that 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-2023, by sector:

SECTOR	COMPANY	Status in Group[1]
FOOD		
	Cereal production and transformation	
	HARIVENASA, S.L.	subsidiary
	EXPLOTACIÓN AGRÍCOLA LAS LIMAS, S.L.	subsidiary
	ESPIGA I&D ALIMENTARIA, S.L.	subsidiary
	MHM GRUPO, S.L.	associate
	HARINERA DEL MAR, S.L..U. (equity investment of MHM Group)	associate
	HARINERA LA META, S.A.U. (equity investment of MHM Group)	associate
	CERELIA AGRO, S.L (equity investment of Harinera del Mar)	associate
	HRVS Eood (equity investment of Cerelia Agro)	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. (equity investment of Bouquet Brands)	subsidiary
	INDUSTRIA TONELERA DE NAVARRA	subsidiary
	TONNELLERIE DE L'ADOUR, S.L.	subsidiary
	MERRANDERIE DE L'ADOUR, S.L. (equity investment	subsidiary

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	of Tonnellerie de L'Adour)	
	Dairy	
	IPARLAT , S.A.	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, S.A.	associate
	RENOVABLES DE LA RIBERA, S.L.	associate
	UTE 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, S.L.	associate
REAL ESTATE		
	Rental of state-subsidized housing	
	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, S.L.	subsidiary
	SOLERA NAVARRA, S.L. (equity investment of Solera Asistencial)	subsidiary
	TORRE MONREAL, S.L. (equity investment of Solera Asistencial)	subsidiary
	SERESGERNA, S.A. (equity investment of Solera Asistencial)	subsidiary

ENGINEERING		
	Civil engineering and testing	
	OMEGAGEO, S.L.	associate
	LABORATORIOS ENTECSA, S.A. (equity investment of Omegageo)	associate
	ENTECSA BILBAO, S.L. (equity investment of Omegageo)	associate
	IGEO2, S.L. (equity investment of Omegageo)	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	equity investment
	ESPIGA CAPITAL INVERSIÓN II	equity investment
	ESPIGA EQUITY FUND	equity investment
	RURAL SERVICIOS INFORMÁTICOS	equity investment
	DOCALIA	equity investment

(1) Group status is based on standard definitions: (i) equity investments, where the Bank has a direct or indirect stake of up to 20%, (ii) associates, with a direct or indirect stake of between 20% and 50%, (iii) subsidiaries, with a direct or indirect stake of over 50%.

This non-financial report covers Caja Rural de Navarra and its subsidiaries.

Annex II contains detailed Non-Financial Statements for 2023, covering the Group scope (full consolidation), in accordance with Act 11/2018.

Finally, in 2020, the Governing Board of Caja Rural de Navarra approved the "Policy and procedures for investing in equity investments" which defines procedures for the following aspects of managing equity investments:

- Scope and general principles
- Limits on equity investments
- Approval
- Planning and monitoring
- Management and control
- Dividend policy
- 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 oversight.

3.6 KEY FIGURES

CAJA RURAL DE NAVARRA KEY FIGURES

Caja Rural de Navarra key figures

	2019	2020	2021	2022	2023
Turnover					
Total assets	12,945,945	15,632,289	16,073,014	15,996,801	16,204,701
Shareholders' equity	1,176,846	1,261,282	1,349,392	1,506,057	1,729,656
Customer deposits	8,741,063	10,211,373	10,281,452	10,957,191	12,146,372
Loans and advances to customers	8,127,188	9,266,436	9,375,082	9,495,886	9,227,119
Services					
Branches	253	254	254	255	254
ATMs	316	322	316	320	327
People					
Number of employees	963	948	947	956	1,007
Profit					
Net interest income	145,467	148,976	142,709	163,333	266,035
Gross income	222,115	214,270	229,915	255,422	353,636
Administrative expenses	87,389	89,447	93,010	97,102	108,699
Profit for the year	85,153	81,392	88,262	115,163	190,766
Distribution of wealth generated					
1. Directly generated economic value	**247,063**	**241,767**	**258,364**	**289,547**	**388,663**
Gross income (excluding other operating expenses)	242,969	239,368	253,964	284,594	384,957
Proceeds of sales, property and equipment and foreclosed assets	4,094	2,399	4,400	4,952	3,706
2. Distributed economic value	**119,081**	**126,991**	**127,733**	**140,986**	**167,853**
Payments to suppliers (operating expenses)	47,409	52,288	52,206	56,396	55,781
- Other general administrative expenses	35,831	36,047	37,776	39,827	45,260
- Other operating expenses	11,578	16,241	14,430	16,569	10,521
Personnel expenses	51,558	53,400	55,234	57,275	63,439
Income tax	9,163	10,768	8,987	12,876	24,273
Interest on investment capital	1,676	1,678	1,688	1,837	3,560
Investment/Donations to the community	9,275	8,857	9,619	12,603	20,800
- Education and Development Fund (EDF)	9,275	8,857	9,619	12,603	20,800
3. Retained economic value (1-2)	**127,981**	**114,777**	**130,631**	**148,560**	**220,810**

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

Figures are for companies belonging to the Caja Rural de Navarra Group.

	2019	2020	2021	2022	2023
Turnover					
Total assets	13,133,114	15,849,799	16,333,118	16,097,105	16,315,303
Shareholders' equity	1,223,266	1,313,888	1,409,555	1,557,086	1,791,433
Customer deposits	8,729,469	10,198,137	10,261,080	10,939,238	12,132,882
Loans and advances to customers	8,176,553	9,313,939	9,446,163	9,500,293	9,243,273
Profit					
Net interest income	143,634	147,007	140,924	160,065	264,255
Gross income	293,966	288,760	306,710	344,114	409,346
Administrative expenses	151,605	152,364	157,598	175,041	137,396
Income from operating activities	N/A (1)	N/A (1)	N/A (1)	110,469	210,365
Profit before tax	98,449	86,935	91,386	69,512	
Distribution of wealth generated					
1. Directly generated economic value	**556,801**	**560,597**	**633,825**	**783,584**	**503,993**
Gross income (excluding other operating expenses)	552,707	558,197	629,425	778,632	500,287
Proceeds of sales, property and equipment and foreclosed assets	4,094	2,399	4,400	4952	3,706
2. Distributed economic value	**422,594**	**435,666**	**492,501**	**625,114**	**257,802**
Payments to suppliers (operating expenses)	324,151	333,759	388,548	508,890	126,369
- Other general administrative expenses	74,685	73,179	75,452	86 976	56,228
- Other operating expenses	249,466	260,580	313,096	421,914	70,141
Personnel expenses	76,920	79,185	82,146	88,065	81,168
Income tax	10,571	12,187	10,501	13,719	25,905
Interest on investment capital	1,676	1,678	1,688	1,837	3,560
Investment/Donations to the community	9,275	8,857	9,619	12,603	20,800
- Education and Development Fund (EDF)	9,275	8,857	9,619	12,603	20,800
3. Retained economic value (1-2)	**134,207**	**124,930**	**141,323**	**158,471**	**246,191**
Public Subsidies received	1,067	161	252	1,009	336

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.

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 those customers who so wish to conduct any transaction through digital channels.

In 2023 we continued our work to improve the service to users by creating and improving the digital tools available on our websites (cajaruraldenavarra.com and ruralkutxa.com), which make customers' lives easier. Highlights of the year include:

New digital tools:

Two pages where customers can transfer direct debits and/or accounts held at other institutions online, without needing to come into a branch: www.cajaruraldenavarra.com/es/domiciliacion-recibos and www.cajaruraldenavarra.com/es/traslado-de-cuentas

A personal banking page: www.cajaruraldenavarra.com/es/particulares/banca-personal on the website, in the individual customers' area, which is driving the profile of this new business segment that the Bank is seeking to develop. As well as key information about this service, users can get regular Market Reports to keep them up to date on investment trends.

A page setting out our Disfruta Seguro Plan, an initiative where users can see all the insurance products and check out discounts:
https://www.cajaruraldenavarra.com/es/particulares/plan-disfruta-seguro. The page also includes a calculator where users can simulate what discounts they would get on their various insurance policies.

A specific "Broker Online" section www.cajaruraldenavarra.com/es/particulares/broker-online including in-depth training content to support users investing in Securities Markets: monitoring reports, daily videos of Stock Market news, training videos and explanatory guides on everything that can be done through the "Broker Online" service available through our Ruralvía digital banking service.

Improvements to existing digital tools:

We have made a number of tweaks and improvements to tools already available, including:

- The recommender for loans, leasing and renting in the companies section of the website.
- The recommender for personal loans and mortgages in the individuals section of the website.
- The blog for companies, with articles on current economic events and weekly reports on the main news on the currency markets.

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- A dedicated website where confirming customers can access, check and anticipate payments from their supplier.

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 2023, Caja Rural de Navarra ran 31 communication projects, producing 81 publicity items, of which 53 obtained copy advice approval from Autocontrol. The rest went through the Bank's internal control process.

Image

The new Corporate Identity Handbook launched at the end of 2021 lays 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 2023 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 2023.

Product Committee

The Product Committee continued its work in 2023. 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 the documents highlighted and designed by BCE's Compliance Department to suit the Bank's needs 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. There were also 29 sessions of the Permanent Committee to approve one-off measures that were subsequently ratified in a full Product Committee meeting. Overall, 89 internal product brochures and 18 other documents were approved and/or revised.
In a new development this year, ESG reports have been prepared and are now available for 26 products.

Quality surveys and Mystery Shopping

In 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 ensure compliance 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 that include quality factors.
• Improving the candidate experience.
This project applies two methodologies:

• 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 2023 were as follows:

MORTGAGE MYSTERY SHOPPING				
	2020	2021	2022	2023
Sales approach	62.93	67.70	60.69	58.65
Physical aspects	98.46	97.52	94.56	95.27
Explanation of products	57.80	63.22	55.71	56.34
Speed	94.63	93.34	90.48	93.16
Treatment	95.43	96.51	89.16	92.13
Total	**72.84%**	**76.17%**	**69.56%**	**65.91%**

• 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.

	SATISFACTION SURVEY					
	2018	2019	2020	2021	2022	2023
Service	9.1	9.1	9.2	9.2	9.4	9.4
Explanation of products	8.9	8.9	9.1	9.0	9.2	9.2
Documentation provided	8.8	8.8	8.9	8.9	9.0	9.1
NPS recommendation	60%	61%	66%	63%	69%	72%
Emotional value	**78.0%**	**77.9%**	**80.7%**	**79.7%**	**82.6%**	**84.0%**

2024 data show a positive trend, but that we still have room for improvement.

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. Since those dates, by 31 December 2023, it has taken advantage of Royal Decree-Law 6/2012 in 88 transactions with primary residence guarantees, involving a cumulative total of EUR 9,472,165.55. A further 35 transactions were launched under Royal Decree-Law 19/2022, totalling EUR 3,348,892.10.

Customers can get all the information they need on both codes at their branch or on the noticeboard of the Bank's website: www.cajaruraldenavarra.com, or 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 2023, Caja Rural de Navarra continued to market Investment Funds through the same investment services as in 2022 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 areas within the Bank offer investment funds:

- <u>Non-independent advisory* service:</u> 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 face-to-face (in branch).

The Bank's non-independent advisory* service also continued to market the investment funds of third-party managers in 2023. 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 verify any changes to the instructions and limits in the investment management contract.

In this Caja Rural de Navarra service, all investment funds are marketed face-to-face.

In the course of 2023, we worked to develop the sustainability module of our suitability test, both to comply with regulatory requirements on sustainability and to meet the demand for sustainable investment among our customers. The functional specifications for technological development were completed but the module has not yet gone live due to the technical complexity of the task. Improvements to the sustainability module of our Suitability Test for customers are scheduled to be implemented in our operating systems for the Advisory Service and portfolio management service in late April 2024. Once in place, these improvements will allow all Bank customers currently receiving advice to continuously tweak the sustainability preferences of their investments.

- RTO (Reception and transmission of orders): 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 (Ruralvía) channel.

Transparency and investor protection in subscribing for investment funds

In 2023, 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 2023, 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 2023, Caja Rural de Navarra continued to pursue its socially responsible investment strategy of recent years, from three different but related angles:

- Sales
  - The full range of pension plans and voluntary social provision plans (Entidades de Previsión Social Voluntaria or EPSVs) are managed according to socially responsible investment (SRI) criteria.
  - In 2023, there was 1 Article 9 fund – compliant with Article 9 of EU Sustainable Finance Disclosure Regulation 2019/2088, the SFDR – in the range of impact funds we sell: **RURAL IMPACTO GLOBAL, FI.** It is an investment fund directly invested in international equities whose investment policy seeks to further 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 2023 with net assets of EUR 4 million at Caja Rural group level. Assets under management were down EUR 6 million on end-2022. This reflects the shortfall in the profitability of this fund compared to other equity funds and the different investment policy applied in 2023.
  - At end-2023, 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 ISR, FI Fondos Sostenible y Solidario. Total donations to charitable causes from this fund and the Fondo Sostenible Moderado in 2023 were EUR 147,582.24, as follows:
      - Red cross: EUR 40,000
      - Asociación Española contra el Cáncer: EUR 40,000
      - Save the Children: EUR 15,000
      - Unicef: EUR 15,000
      - Cáritas: EUR 37,582.24
    - Rural Impacto Global, FI.
  - This range of funds makes up 14.10% of the Bank's total fund assets, a lower percentage than in 2022 (21.58%) as, this year, funds with sustainable investment criteria made lower returns that those without. It was mainly the rise in rates that impacted the value of the companies comprising the assets of sustainable funds and some customers were reluctant to stand by the long-term vision characteristic of this type of investment.
  - A video presentation and brochures explaining the socially responsible investment funds sold by the Bank remain available to the sales network and customers, as in 2022.
  - In 2023, neither Gescooperativo nor RGA subscribed to the UN principles for responsible investment (PRI) as had been planned, priority instead being given to developing the regulatory requirements for the sustainability module in the Suitability Test.

- Finally, all the model portfolios used by the Discretionary Portfolio Management service continue to be managed using socially responsible investment criteria.

- Regulations
    - Regulatory requirements on socially responsible investment continued to be implemented, following the **principle of better compliance**, given the lack of regulatory clarity that persists in the sector. Key actions in this area included the following:
        - Governance of investment products continues to be adapted to update the target market and product brochures to the new requirements for socially responsible investment.
        - In 2023 this mainly meant **developing the sustainability module for the MiFID Suitability Test to adapt it to the latest regulations**.

- Employee training

    - To keep Caja Rural de Navarra staff up to speed on the new regulations for socially responsible investment, the entire MiFID II-certified workforce followed a course on the Green MiFID rules in 2023. We also continued to provide the retail network with educational material on this point, including:
        - Brochures and a sales video for the whole commercial network, which explained the key features of our socially responsible fund range.
        - Posting a **sustainable finances module** on our Bank intranet, which briefly presents sustainability and how it should be deployed 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. This is a dynamic document that is updated as new elements emerge.

The key sustainability targets and working areas **in 2024** will be:

- With the entry into force of the new sustainability requirements for the Suitability Tests that companies need to run on customers before providing advisory or portfolio management services and, depending on the scale of customer demand for sustainable investment, we will review whether we need to extend the range of Article 9 funds.
- We will repeat the procedure first applied in 2023 to find the right 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.
- Complete implementation in the operating systems of the new sustainability module of our Suitability Test for customers seeking advisory and portfolio management services. Also, to comply with the requirement that all existing advisory customers be given the option to adapt the sustainability preferences of their investments.
- Continue internal and public communications about our range of Sustainable Funds in line with recent years.
- Review in 2024 the possibility of expanding our range of sustainable funds with another fund that donates part of its fees to non-profit organisations.
- Continue to adapt to the new sustainability regulations and requirements for savings investment products..

4.2. PROFILE AND DISTRIBUTION OF CUSTOMERS

At 31 December 2023, Caja Rural de Navarra had a total of 652,499 customers. Of these 57,321 (8.78%) were classed as "Companies, institutions" and 595,178 (91.224%) were "Individuals".
The table below shows the breakdown by customer type:

SEGMENT	Customers
Individuals	595,178
Legal entities	57,321
COMPANIES	45,903
INSTITUTIONS	11,086
OTHER	332
TOTAL (individuals + legal entities)	652,499

The distribution of customers between the different provinces where the Bank operates and the associated turnovers are as follows:

Geographical area	Loans And Advances	Deposits	Customers
Navarre	44.41%	58.16%	51.68%
Basque Country	43.72%	32.05%	38.8%
La Rioja	10.03%	9.41%	10.106
Madrid	1.84%	0.39%	0.0%
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:

- www.bancocooperativo.es/en/customer-service
- 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, email, official forms of the Autonomous Regions where Caja Rural de Navarra operates or through the Bank's official documents and online.
In 2023, this Service received 6,300 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	2023	2022
Not accepted	1,500	421
Rejected	4,193	1,484
Upheld	607	643
Claims addressed	**6,300**	**2,548**

More consultations, complaints and claims were received in 2023 than in 2022 and previous years. This was due to the number of claims about "mortgage administration costs", mostly received late on in the year. In 2022 these claims made up 42.47% of 2,548 issues raised. In 2023 this rose to 66.16% of 6,300 claims.

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. The Board was kept informed about the surge in mortgage administration cost claims to the Customer Services Department late in the year.

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 64 claims for fraud perpetrated through cards, transfers and Bizum payments, or retailers' PoS terminals or a combination of the above. Of these, 19 were upheld in full or in part in favour of the customer. 11 were not accepted for processing because they lacked essential data requested from the claimants, had already been resolved, or were before the courts. Finally, 34 were not upheld, on the grounds either that the transactions in question had been authorized by the customer and were therefore not a fraudulent use of the payment media in question or that the customer had not kept the payment media sufficiently secure, in which case regulations say claims cannot be accepted.
None of the above claims came through the Bank of Spain's Banking Conduct Department.
There were no firm penalties, warnings or cases of non-compliance in this area in 2023.

2.- Information on products and services
99 issues were raised about information and documentation on products and services in 2023: 74 consultations, 17 complaints and 8 claims.
There were no firm penalties, warnings or cases of non-compliance in this area in 2023.

3.- Publicity for products and services

The Customer Services Department received no consultations, complaints or claims about advertising for products and services in 2023.
There were no firm penalties, warnings or cases of non-compliance in this area in 2023.

4.- Data protection
In 2023, the Department dealt with 5 requests not to receive marketing communications and 16 customers asked to delete and cancel their personal data held by the Bank. The Department also received 3 consultations and 1 complaint related to data protection. One case was referred to the Spanish Data Protection Agency (AEPD).
There were no firm penalties, warnings or cases of non-compliance in this area in 2023.

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 254 branches to serve its business at the end of 2023, distributed among the Autonomous Regions as follows:
139 in Navarre, 90 in the Basque Country, 24 in La Rioja and 1 in Madrid.
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, maintaining 72 branches in locations with fewer than 3,000 inhabitants. The Bank’s presence in these communities 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 they are 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.

2. PAYMENT MEDIA (cards, PoS terminals and ATMs)

At the end of the year, the Bank had 327 ATMs, of which 311 were in branches and 15 elsewhere.
It also had 29,592 PoS terminals in 24,277 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.

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 app).
To guarantee secure delivery of financial services through Ruralvía, Rural Servicios Informáticos (RSI) develops security protocols that comply with legal standards.

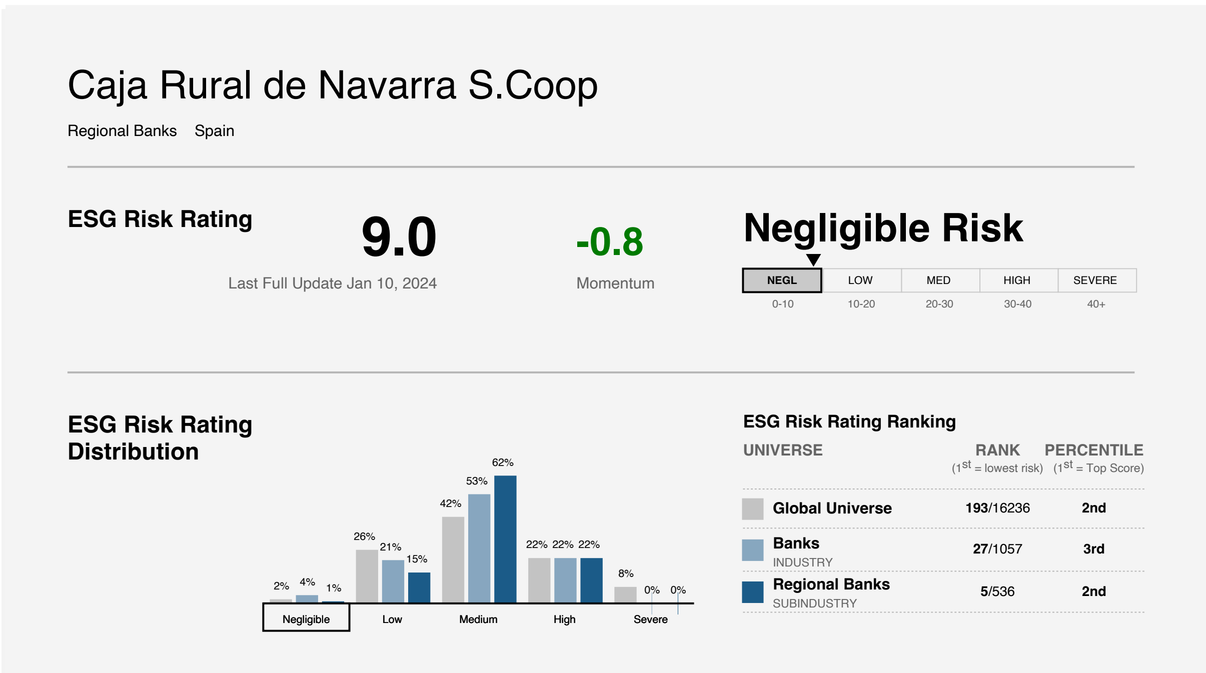
A new Ruralvía app was built in 2023, with a modern design and new functionalities:

- Access to the new online broker
- Integrated Bizum
- Option to delay payments
- Breakdown of spending by category

4.5 PRODUCTS AND SERVICES

2023 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 Caja Rural de Navarra’s published information[1].
The organisation adheres to Environmental, Social and Governance (ESG) standards that shape the focus, targets and policies of the Bank regarding different aspects of sustainability. This is why Sustainalytics, the leading ESG rating company, was able to give Caja Rural de Navarra an ESG risk rating for 2024 of “negligible”, one of the best in the financial sector.



[1] https://www.cajaruraldenavarra.com/en/information-investors

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As part of its focus on ESG issues Caja Rural de Navarra created a sustainability framework (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 updated as necessary**, since the categories it addresses tend to change, evolving and developing to keep pace with responsible social and environmental practices. The Framework was last updated in 2021[2] to incorporate the latest developments in sustainability, including bringing it into line with the EU's taxonomy of sustainable activities[3] and the United Nationals Sustainable Development Goals (SDGs)[4].

Caja Rural de Navarra has been active in wholesale markets with issues of sustainable financial instruments (bonds or loans) that comply with 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 600 million Sustainable mortgage-backed covered bond (European covered bond (Premium)) maturing in 2025,
- a EUR 500 million Green mortgage-backed covered bond (European covered bond (Premium) maturing in 2027,
- a EUR 500 million Green mortgage-backed covered bond (European covered bond (Premium) maturing in 2029.

The successive versions of the Framework are supervised by Sustainalytics[5] whose "Second-Party Opinion"[6] (last issued in December 2021) looks at the Bank's commitments to devote at least the amount raised by these sustainable/green issues to financing or refinancing future or existing projects identified by the Bank as meeting the criteria for its sustainability framework and to produce a regular sustainability impact report on the projects. Caja Rural de Navarra's transparency policy meets generally accepted international criteria for defining such activities. It also requires the regular publication of the allocation report with updated details on the sustainability lines, and of the impact report covering the Bank's area of operations, as well as the Bank's involvement in environmental and social actions in fulfilment of its commitment to support enough projects that comply with the Framework.

Caja Rural de Navarra's CSR Report includes the information from the allocation and impact reports and is verified by a third party (AENOR[7]).

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

The Green Bond Principles

[2] https://www.cajaruraldenavarra.com/sites/default/files/files/2017-Sustainability-Bond-Framework-Caja-Rural-de-Navarra.pdf
[3] https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en
[4] https://sdgs.un.org/goals
[5] https://www.sustainalytics.com/
[6] https://www.cajaruraldenavarra.com/sites/default/files/info-inversores/Sostenibilidad/Sustainalytics/crn-sustainability-bond-framework-second-party-opinion-2021.pdf
[7] https://www.aenor.com/certificacion/certificado/?codigo=220390
[8] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/
[9] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/
[10] 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 the availability of information necessary to evaluate the environmental impact of their green bond investments; and they assist underwriters by moving the market towards new practices that 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 refinance eligible social projects, in part or in full. 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 the availability of information necessary to evaluate the positive impact of their social bond investments; and they assist underwriters by moving the market towards new practices 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 by 2030. 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[11] 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 (European Covered Bond (Premium)).

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

Besides adhering to these certifications and standards, Caja Rural de Navarra takes part in a range of international initiatives and working groups to develop green finance and to promote energy efficient homes which meet the environmental and social goals set out in the UN Paris Agreement, including stimulating investment and creating employment:
- **EeMAP-EEMI**[12] ("Energy Efficient Mortgage Action Plan-Energy Efficient Mortgage Initiative")
- **Energy efficient mortgage label**[13]

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

Sustainable portfolio – Loans outstanding				
2023	2022	2021	2020	2019
5,022,827,594.09	4,538,225,085	4,422,381,157	4,159,965,114	3,144,616,831
Number of borrowers				
2023	2022	2021	2020	2019
54,681	49,692	53,184	52,064	43,608

As the table above shows, at 31 December 2023 the sustainable portfolio totalled more than EUR 5,000 million, which was allocated as follows:

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

[11] https://www.coveredbondlabel.com/issuer/118-caja-rural-de-navarra-sociedad-coop-de-credito
[12] https://energyefficientmortgages.eu/
[13] https://www.energy-efficient-mortgage-label.org

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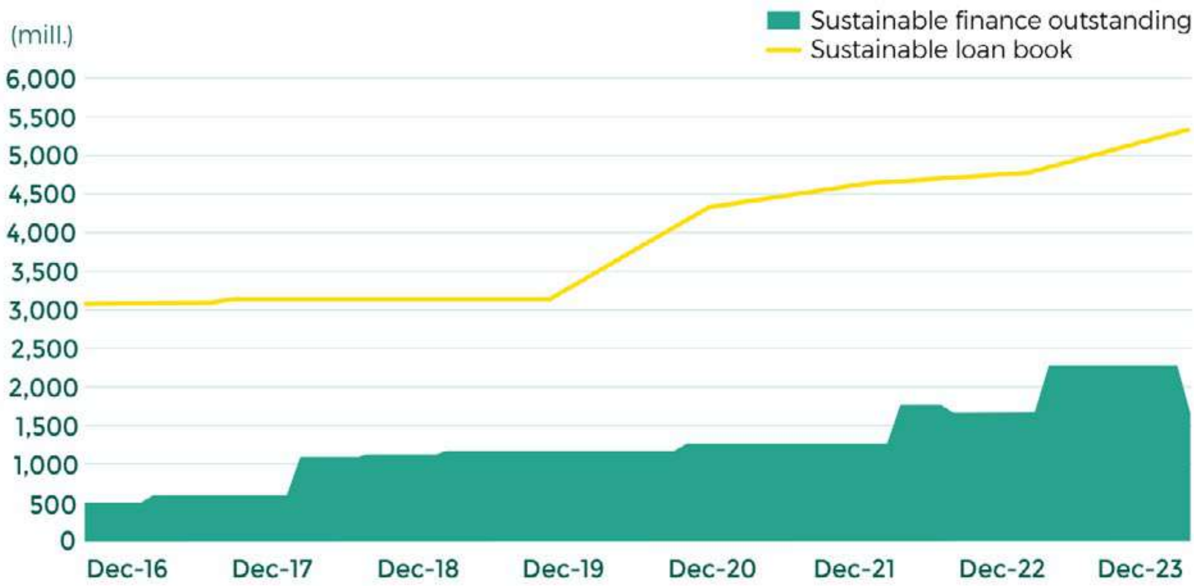
Sustainable portfolio categories	ASSETS (EUR)	LIABILITIES AND EQUITY (EUR)	Allocation of sustainable finance
Sustainable farming	107,595,648	500,000,000	Mortgage covered bond CRUNAV 3.00 26/04/2027
Renewable energy	46,640,702	500,000,000	Mortgage covered bond CRUNAV 0.750 16/02/2029
Energy efficiency	1,445,092,626	600,000,000	Mortgage covered bond CRUNAV 0.875 08/05/2025
Sustainable forestry	1,156,841	40,000,000	EIB loan to SMEs (2018)
Waste management	10,256,226	10,000,000	EIB loan for SMEs and climate change (2018)
Social housing	372,127,577	40,000,000	EIB loan to SMEs (2019)
Social inclusion	54,202,110		
Education	27,478,203		
Economic inclusion	2,958,277,660		
		3,332,827,594	Unassigned sustainable portfolio
Total Sustainable Portfolio	**5,022,827,594**	**5,022,827,594**	**Maximum potential Sustainable Finance**

* Figures are for sustainable lending granted by Caja Rural de Navarra and outstanding at 31 December 2023

Caja Rural de Navarra is committed to growing its most sustainable credit lines and therefore seeks to improve the "additionality" of its sustainability framework. As a result of this policy 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 64% since it was established in 2016, benefiting 62,852 people and companies in 2023.
The sustainable loans portfolio grew again in 2023, 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 contributors to the growth of the sustainable investment portfolio were renewable energy, social inclusion, educational projects and economic inclusion to reduce inequality.
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:

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(euros)	2023	2022	2021	2020	2019	2018	2017
4 EDUCACIÓN DE CALIDAD	27,478,203	26,509,565	25,041,131	26,747,946	24,028,003		
7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	1,491,733,328	1,606,250,824	930,394,552	623,854,030	504,305,152	482,853,904	281,168,595
8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO	2,958,277,660	2,345,593,478	2,748,036,910	2,725,578,705	1,777,932,762		
10 REDUCCIÓN DE LAS DESIGUALDADES	54,202,110	51,678,727	50,905,439	56,650,785	50,888,474		
11 CIUDADES Y COMUNIDADES SOSTENIBLES	372,127,577	372,471,553	519,940,487	595,814,908	628,560,131	2,533,004,109	2,685,353,502
12 PRODUCCIÓN Y CONSUMO RESPONSABLES	117,851,875	134,287,351	146,381,150	130,044,118	157,603,620	132,415,063	87,934,406
15 VIDA DE ECOSISTEMAS TERRESTRES	1,156,841	1,433,587	1,681,489	1,274,623	1,298,688		
	5,022,827,594	**4,538,225,086**	**4,422,381,157**	**4,159,965,114**	**3,144,616,831**	**3,148,273,076**	**3,054,456,504**

BREAKDOWN OF SUSTAINABILITY LINES[14]

1. SUSTAINABLE FARMING (12 RESPONSIBLE CONSUMPTION AND PRODUCTION)

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.

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

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 2023 the current sustainable farming line totals EUR 107.6 million, spread across 1,647 loans to 1,218 borrowers.

Lending history:

	2023	2022	2021	2020	2019	2018	2017
Loans outstanding (millions of euros)	107.6	117.3	126.1	108.4	134.7	103.3	69.9
Number of loans	1,647	1,742	2,001	1,653	1,688	1,220	808
Number of borrowers	1,218	1,285	1,435	1,265	1,284	963	671

The Bank's is committed to supporting the new generation that will sustain a vigorous primary sector and rural environment in the future. So 25.72% of loans to individual customers went to young farmers under 40. Another 24.57% 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	
Plant purchase	0.9%
Consolidation and strengthening of farms	34.35%
Construction of buildings and greenhouses	13.09%
Financial support for adverse weather conditions	0.58%
Investments under European rural development plans	4.21%
Improved agricultural transportation (energy efficiency)	15.77%
Other	9.12%
Other resource efficiency improvements	2.66%
Other emission reductions	0.14%
New farmer and stock-raiser start-ups	11.97%
Irrigation and improved watering systems (energy efficiency and reduction of CO_2 emissions) – irrigation associations	7.25%

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. Based on an analysis of information collected, we calculate that the total sustainable energy credit line amounted to EUR 46.6 million at 31 December 2023, spread across 52 loan transactions to 44 borrowers.

Lending history:

	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Loans outstanding (millions of euros)	46.6	22.3	20.7	30.4	40.5	39.7	29.4
Number of loans	52	45	57	68	87	80	71
Number of borrowers	44	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:*
  <u>Loans outstanding</u>: EUR 26.4 million
  Number of loans: 35
- *Builders of renewable energy equipment:*
  <u>Loans outstanding</u>: EUR 20.3 million
  <u>Number of loans</u>: 17

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 2023 the current loan book for these purposes totalled EUR 1,445 million, spread across 11,518 loans to 11,225 borrowers.

Lending history:

	2023	2022	2021	2020	2019	2018	2017
Loans outstanding (millions of euros)	1,445.1	1,583.9	909.7	593.4	463.7	443.0	251.6
Number of loans	11,518	12,191	6,194	4,575	3,968	3,711	2,132
Number of borrowers	11,255	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:

- *Renewal of fleets with EVs:*
  <u>Loans outstanding</u>: EUR 0.1 million
  <u>No. of transactions</u>: 1
- *Modernization of industrial facilities to reduce their environmental footprint, improving insulation and reducing CO2 emissions:*
  <u>Loans outstanding</u>: EUR 68.1 million
  <u>No. of transactions</u>: 66

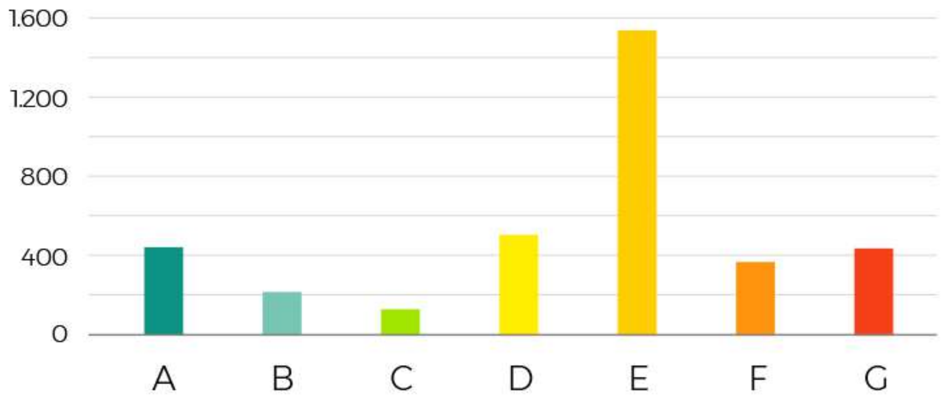
- *Modernization of production processes to reduce inputs and make more efficient use of raw materials and energy:*
  Loans outstanding: EUR 49.0 million
  No. of transactions: 184
- *Renewing equipment to use materials with a lower ecological impact and/or reduce consumption by the equipment produced:*
  Loans outstanding: EUR 5.5 million
  No. of transactions: 88
- *Cogeneration or combined-heat-and-power plants that improve overall energy efficiency:*
  Loans outstanding: EUR 0.4 million
  No. of transactions: 4
- *Engineering, consultancy and manufacture of energy efficiency equipment:*
  Loans outstanding: EUR 0.2 million
  No. of transactions: 2
- *Energy efficient homes:*
  Loans outstanding: EUR 1,321.7 million
  No. of transactions: 11,173

At 31 December 2023 there were a total of 11,173 loans outstanding to finance the acquisition or renovation of buildings.
The buildings concerned 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

The Bank has included energy efficiency data that applies these criteria in its system for all new mortgages since 2019. Also, Sociedad de Tasación conducted a general third-party review of the mortgage book in 2021 to 2022 which obtained additional data, such that 70% of the mortgage portfolio was labelled with energy efficiency data in 2022. In 2023 we continued working with Sociedad de Tasación to gather further energy efficiency data.

Energy Performance Certificate (EPC) ratings of the mortgage portfolio at 31 December 2023:



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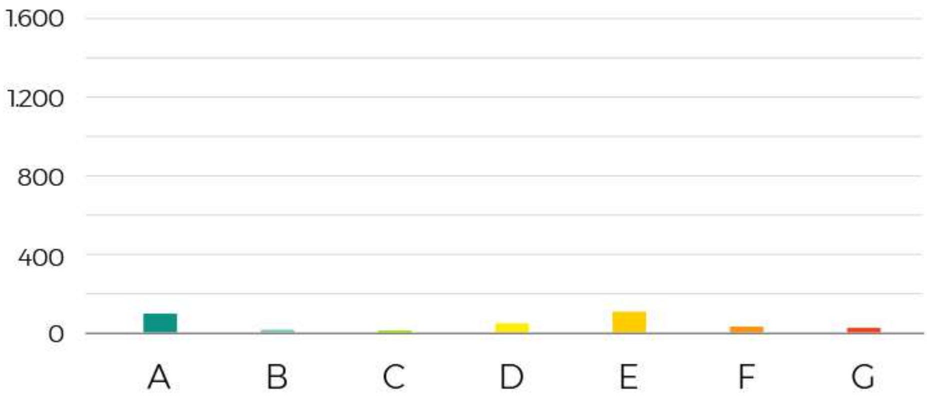

In 2023, Caja Rural de Navarra commissioned METROECONÓMICA[15] to compile an expert report on the impact of emissions from the buildings underlying the Bank's mortgage book. The key conclusions were as follows:

"The total number of homes with Energy Performance Certificates in Caja Rural de Navarra's mortgage book emit 176,440,532 KgCO_2eq annually, 45% of which comes from homes with level E energy ratings.

Geographically, 97% of total emissions (171,145,085 kgCO_2eq) are in the Navarre, Basque Country and La Rioja Autonomous Regions. The type of housing also affects emissions. Single-family homes contribute 48.4% of total emissions with the remaining 51.6% corresponding to "block" type housing.

Regarding energy consumption, these homes consume a total of 786,703,882 kWh annually.

E-rated homes consume the largest percentage, 47%, followed by those rated even lower, G (21%) and F (19%). As with emissions, the energy consumption of Caja Rural de Navarra's portfolio is concentrated in the Navarre, Basque Country and La Rioja Autonomous Regions (763,515,312 kWh/year). Type of building also makes a difference to energy consumption. Single-family homes are less efficient, as they cover just 36.5% of the portfolio's total floor space but consume a disproportionately high 46% of all energy.

Throughout the report, category A, B, C and D homes are described as the most efficient and hence associated with green mortgages. In Caja Rural de Navarra's loan book, homes in these categories emit a total of 25,952,281 kgCO2e and 108,651,290 kWh/year, equivalent to 14% and 13% of the totals, respectively.

Comparing the impacts of Caja Rural de Navarra's mortgage book with those of all Spanish property, we find annual energy and emission savings of 8.7 kWh/m^2 and 3.4 kgCO_2e/m^2, respectively. However, these savings are much greater if we compare only the green mortgages granted by the Bank: an energy saving of 127.4 kWh/m^2/year and emissions savings of 28.6 kgCO_2/m^2/year. These figures equate to a total saving of 149,791,287 kWh/year and 33,681,663 kgCO_2/year.

The results show the strong potential of green mortgages to improve energy efficiency and that increasing their share of Caja Rural de Navarra's portfolio could result in high levels of savings."

The data above on emissions from Caja Rural de Navarra's mortgage book refer to all emissions from all buildings underlying the portfolio. In other words, figures are not weighted for the outstanding LTV of the buildings.

[15] https://www.metroeconomica.com/

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4. SUSTAINABLE FORESTRY

15.2 ***"By 2030, 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 1.2 million in 2023, spread across 5 loan transactions to 3 borrowers.

Lending history:

	2023	2022	2021	2020	2019	2018	2017
Loans outstanding (millions of euros)	1.2	1.4	1.7	1.2	1.2	3.2	2.1
Number of loans	5	6	5	4	4	8	6
Number of borrowers	3	3	2	3	3	5	4

All the loans in this category were for sustainably managed woodlands certified either by the PEFC (Programme for the Endorsement of Forest Certification)[16] 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 10.3 million at 31 December 2023, spread across 36 loans to 28 borrowers

Lending history:

	2023	2022	2021	2020	2019	2018	2017
Loans outstanding (millions of euros)	**10.3**	17.0	20.3	21.6	22.8	25.8	15.8
Number of loans	**36**	56	65	67	70	74	46
Number of borrowers	**28**	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 7.3 million
  Number of loans: 20
- *Manufacture of commercial products from recycled materials:*
  Loans outstanding: EUR 1.2 million

[16] https://www.pefc.org/

Number of loans: 5

- *Clean-up of waste:*
  Loans outstanding: EUR 1.7 million
  Number of loans: 11

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. Both 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 budget. The aim of VPO/VPT projects is to allow citizens with lower incomes (or who meet other qualifying criteria) to buy or rent good quality and appropriate housing at accessible prices.
In our case, before lending to customers to buy such homes we must have prior authorization from the local authority which guarantees to us that the borrower meets all necessary requirements.
In general, loans included of this type are to:
- **People** taking out a mortgage to buy a VTO/VPT home.
- **Developers and other legal entities** who take out a mortgage to build a VTO/VTP building which will subsequently be sold on or let out at a social rent to people meeting the necessary requirements..

Key indicators report:
A. *Basic figures*:
• Total investment of EUR 372 million.
• To 4,893 borrowers, of whom 45 are legal entities and the rest are individuals.

Lending history:

	2023	2022	2021	2020	2019	2018	2017
Loans outstanding (millions of euros)	372.1	372.5	519.9	595.8	628	644	723
Number of loans	4,893	4,769	6,410	7,047	7,165	7,127	8,178
Number of borrowers	4,752	4,615	6,224	6,827	6,930	6,882	7,742

B. *Current status of loans:*
Only 0.2% of these loans by value are more than 90 days 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. *Distribution of these loans*:
• 99.08% were to individuals (of which 39.93% had two or more signatories and 60,078 had a single signatory).
• 0.92% were to legal entities.
D. *Age distribution of amounts lent* (at the time the borrower takes out the mortgage):

AGE	
Younger than 25	0.1%
25 to 30	2.7%
30 to 35	10.1%
35 to 40	19.7%
40 to 45	25.5%
45 to 50	20.8%
Over 50	21.2%
NA	0.0%

More than 12.9% 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 21.2% of loans were to people over 50 who, due to various life circumstances, need a home later on in their lives.

E. Also, data collected means we can show (see table below) that nearly 53.8% of loans granted were in *towns with a population of less than 25,000* residents with just over 17.9% 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	17.9%
5,000 to 10,000	7.0%
10,000 to 25,000	28.9%
25,000 to 50,000	6.5%
50,000 to 100,000	2.7%
100,000 to 150,000	1.5%
150,000 to 200,000	6.9%
More than 200,000	27.5%
NA	1.1%

F. *Average income per person* in the family unit taking out the mortgage:

AVERAGE INCOME PER PERSON	
Less than EUR 12,000	2.7%
EUR 12,000 to 25,000	24.8%
EUR 25,000 to 50,000	13.8%
More than EUR 50,000	1.3%
NA	57.4%

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 organisations that bring together people with a disability. These organisations run training and rehabilitation centres as well as special employment centres to support people into work. Caja Rural de Navarra devotes EUR 8.0 million to this financing line, which allows 55 organisations 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.

- 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 20.8 million to fund 49 bodies helping more than 100,000 people of all ages.

- Culture: Rural de Navarra also provides EUR 8.9 million of funding for investments designed to foster social integration through culture. The money goes to 114 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 1.8 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 organisations. We have invested EUR 2.8 million to support a total of 28 professional associations whose membership includes more than 3,000 professionals and organisations 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 organisations working to include groups at risk of social exclusion: immigrants, the gypsy community, young people, drug users and the older unemployed. We provide EUR 11.8 million in financing to support 37 social organisations 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 54.2 million to 288 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 27.5 million committed to financing investments by 70 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. 787 students were supported: 551 UPNA, 71 Erasmus Plus Professional Training Navarre, 70 Erasmus Plus Professional Training Basque Country and 45 Global Scholarships by Caja Rural.

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"***

Caja Rural de Navarra is especially active in 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 the various lines of finance.
The Covid-19 pandemic and invasion of Ukraine 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.
Overall, the category comprises 44,217 loans totalling EUR 2,958 million spread across 37,023 borrowers.

Lending history:

	2023	**2022**	**2021**	**2020**	**2019**	**2018**
Loans outstanding (millions of euros)	2,958.3	2,345.6	2,748.0	2,725.5	1,777.9	1,810.7
Number of loans	44,217	41,676	45,403	46,370	37,329	38,274
Number of borrowers	37,023	35,715	39,109	39,682	31,895	32,771

This category includes loans that meet the following requirements:

- **Small loans and remote areas** 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 the following criteria:
  - It must be for less than EUR 25,000.
  - Loans 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.

- **Covid-19 and Ukraine** lines, under different government schemes to support and maintain economic activity and jobs in the face of the Covid-19 pandemic and the fallout from the invasion of Ukraine.
- Loans to SMEs as defined by the European Union[17]
- Loans to entrepreneurs (for details see section "8 – Caja Rural de Navarra and society").

- **Small loans and remote areas**

Based on available data, we calculate that the current loan book for these purposes totals EUR 669 million, consisting of 29,982 loans to 26,980 borrowers.
Lending history:

	2023	2022	2021	2020	2019	2018
Loans outstanding (millions of euros)	669.6	587.3	433.6	406.5	376.5	598.2
Number of loans	29,982	30,309	31,721	32,718	30,302	33,556
Number of borrowers	26,980	26,988	28,555	29,191	27,054	29,480

As a result this is a highly diversified line reaching a great many people, particularly in rural areas and small population clusters. Specifically, 23% of financing in the economic inclusion segment goes to populations at risk of financial exclusion.

- **Covid-19 and Ukraine 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 crises brought on by the Covid-19 pandemic and Russia's invasion of Ukraine.

Loans awarded totalled EUR 751 million, supporting 4,920 companies with 6,659 transactions.

This finance had a massive positive impact in mitigating the impact of the two crises and sustaining jobs in our regions, particularly in small and medium-sized enterprises.

- **Financing SMEs**

This section covers SMEs not covered in previous sections.
Based on available data, we calculate that the current loan book for these purposes totals EUR 1,498 million at 31 December 2023, consisting of 6,778 loans to 4,205 borrowers.

Lending history:

	2023	2022	2021	2020	2019	2018
Loans outstanding (millions of euros)	1,498.5	1,011.7	1,393.0	1,448.4	1,344.4	1,159.7
Number of loans	6,778	4,697	6,399	6,572	5,775	4,539
Number of borrowers	4,205	3,466	4,406	4,466	3,914	3,221

Breaking this data down we can identify a significant number of positive social impacts:
1. Regarding the *current status of these loans*, 0.4% of the total amount is more than 90 days past due, an excellent figure given the average for the financial sector.

[17] Commission Regulation (EU) 651/2014

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2. Secondly, we present below the *number of transactions* in micro-, small- and medium-sized enterprises. These categories are defined under Commission Regulation (EU) 651/2014, based on 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
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 91% of financing in this category went to micro-enterprises (75.4%) and small companies (16.2%), underlining the Bank's penetration and its concern to maintain the local business fabric.

COMPANY SIZE	
Micro	75.4%
Small	16.2%
Medium	8.4%

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 37% 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 3% of companies initiated their relationship with the Bank in the last year.

Length of relationship with CRN	
Less than 1 year	3.0%
1-5 years	33.1%
5-10 years	26.5%
10-20 years	24.0%
+20 years	13.4%

4. The Bank's involvement in rural development is an important strand of its work. Nearly 19% 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	9.6%
5,000 to 10,000	9.1%
10,000 to 25,000	21.5%
25,000 to 50,000	7.6%
50,000 to 100,000	4.8%
100,000 to 150,000	1.7%
150,000 to 200,000	11.3%
More than 200,000	34.5%

5. Also, regarding type of customer, figures show that most are limited companies (consistent with the points made above) and more than 9% 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	13.8%
LIMITED COMPANIES	73.0%
COOPERATIVES	9.6%
OTHER	3.6%

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	67.9%
1 to 10 million	18.3%
10 to 20 million	6.2%
20 to 30 million	2.7%
30 to 45 million	2.0%
45 million or more	2.7%

NUMBER OF EMPLOYEES	
Less than 10	73.8%
10 to 50	16.9%
50 to 100	4.9%
100 to 150	1.9%
150 to 200	1.5%
More than 200	1.1%

These two tables show the small scale of most companies financed by this line. 86.3% of funds went to firms with turnover of less than EUR 10 million and more than 90.6% 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	3.1%
EXPORTING	3.9%
BOTH	8.8%
NEITHER	84.2%

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	0.3%
Agriculture, livestock, forestry and fisheries	1.5%
Manufacturing	12.2%
Construction	6.3%
Wholesale and retail commerce	5.3%

Transport and warehousing	4.5%
Hospitality	2.7%
Property	7.5%
Professionals, scientific and technical	6.0%
Administration and auxiliary services	1.1%
Other/NA	52.5%

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

5. THE TEAM

5.1 THE TEAM

At Caja Rural de Navarra the people who make up the team are its biggest asset and the foundation stone on which the Bank is built. 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". We are people who share our lives with others, whether in urban or rural settings, and try to do our bit to make sure the community develops alongside us.

Our Bank believes in a diverse range of people, paying special attention to generational diversity in an egalitarian workspace. Everyone on the payroll has their own distinguishing set of talents and characteristics. This diverse mix of people must be understood and respected by all of us, being a way to enhance the value of the whole collective, bringing complementary talents to the table and cultivating the very skills that make us different.

In this way, the diversity of our people ultimately makes us all stronger. A diverse workforce also means we can understand and reflect modern society. We all learn, work, develop and progress together.

5.2 DISTRIBUTION OF STAFF AND TYPES OF CONTRACT

*** Employee data is taken at 31 December of the year analysed**

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%

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

	Total	**116**	**12.25%**

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**	
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.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

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%**

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%
	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.

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.

2023

Total employees	1007

1. By sex

Sex	Employees	% of total
Men	492	48.86%
Women	515	51.14%

2. By age

Age range	Sex	Employees 2022	% of total
Under 30	Men	117	11.62%

	Women	181	17.97%
	Total	**298**	**29.59%**
30 to 50 years	Men	281	27.90%
	Women	297	29.49%
	Total	**578**	**57.40%**
Over 50	Men	94	9.33%
	Women	37	3.67%
	Total	**131**	**13.01%**

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	6	0.60%
	Women	0	0.00%
	Total	**6**	
Group II Grade 2	Men	6	0.60%
	Women	0	0.00%
	Total	**6**	
Group II Grade 3	Men	1	0.10%
	Women	0	0.00%
	Total	**1**	
Group II Grade 4	Men	8	0.79%
	Women	2	0.20%
	Total	**10**	
Group II Grade 5	Men	15	1.49%

	Women	2	0.20%
	Total	**17**	
Group II Grade 6	Men	171	16.98%
	Women	77	7.65%
	Total	**248**	
Group II Grade 7	Men	108	10.72%
	Women	171	16.98%
	Total	**279**	
Group II Grade 8	Men	21	2.09%
	Women	24	2.38%
	Total	**45**	
Group II Grade 9	Men	43	4.27%
	Women	80	7.94%
	Total	**123**	
Group II Grade 10	Men	70	6.95%
	Women	91	9.04%
	Total	**161**	
Group II Access to Profession	Men	40	3.97%
	Women	67	6.65%
	Total	**107**	
Group III	Men	2	0.20%
	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.

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.

Employee data is taken at 31 December of the year analysed

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	956

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**	100.00%

*F/T: Full time
* P/T: Part time

2023	
Total employees	1007

1. Type of contract

	Description	Employees	% of total
	Permanent F/T	898	89.18%
	Permanent P/T	0	0.00%
	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	15	1.49%
	Apprenticeship F/T	94	9.33%
	Work experience P/T	0	0.00%
	Total	**1007**	100.00%

*F/T: Full time
* P/T: Part time

5.2.3. ANNUAL AVERAGE OF PERMANENT/TEMPORARY CONTRACTS

Total employees 2023	1007

	2023	2022	2021
Total permanent contracts	898	804	774

	Description	2023	2022	2021
	Permanent F/T	898	803	772
	Permanent P/T	0	1	2

1. By sex

Sex	Employees 2023	% of 2023 total
Men	443	49.33%
Women	455	50.67%

2. By age

Age range	Employees 2023	% of 2023 total
Under 30	190	21.16%
30 to 50 years	577	64.25%
Over 50	131	14.59%

3. By professional classification

Professional category	Employees 2023	% of 2023 total
Group I	1	0.11%
Group II Grade 1	6	0.67%
Group II Grade 2	6	0.67%
Group II Grade 3	1	0.11%
Group II Grade 4	10	1.11%
Group II Grade 5	17	1.89%
Group II Grade 6	248	27.62%
Group II Grade 7	279	31.07%

Group II Grade 8	45	5.01%
Group II Grade 9	123	13.70%
Group II Grade 10	110	12.25%
Group II Access to Profession	49	5.46%
Group III Assistants	3	0.33%

4. By province

PROVINCE	Employees 2023	% of 2023 total
ÁLAVA	51	5.68%
GUIPÚZCOA	131	14.59%
LA RIOJA	74	8.24%
MADRID	2	0.22%
NAVARRE	517	57.57%
VIZCAYA	123	13.70%
Total	898	100.00%

* Employee data is taken at 31 December of the year analysed

	2023	2022	2021
Total temporary contracts	109	152	173

	Description	Employees 2023	Employees 2022	Employees 2021
	F/T fixed-term work or services	0	0	0
	F/T circumstances of production	0	0	40
	Temporary F/T	15	14	11
	Apprenticeship F/T	94	137	121
	P/T circumstances of production	0	0	0
	Work experience P/T	0	1	1

1. By sex

Sex	Employees 2023	% of total
Men	49	44.95%
Women	60	55.05%

2. By age

Age range	Employees 2023	% of total
Under 30	108	99.08%
30 to 50 years	1	0.92%
Over 50	0	0.00%

3. By professional classification

Professional category	Employees 2023	% of total
Group II Grade 10	51	46.79%
Group II Access to Profession	58	53.21%

PROVINCE	Employees 2023	% of 2023 total
ÁLAVA	7	6.42%
GUIPÚZCOA	15	13.76%
LA RIOJA	10	9.17%
MADRID	1	0.92%
NAVARRE	70	64.22%

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VIZCAYA	6	5.50%
Total	109	100.00%

5.2.4. DEPARTURES BY SEX, AGE, COUNTRY AND PROFESSIONAL CLASSIFICATION

2021	
Total departures	4

1. By sex

Sex	Employees	% of total
Men	3	75.00%
Women	1	25.00%

2. By age

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
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%

2023	
Total departures	8

1. By sex

Sex	Employees	% of total
Men	5	62.50%
Women	3	37.50%

2. By age

Age range	Employees	% of total
Under 30	1	12.50%
30 to 50 years	3	37.50%
Over 50	4	50.00%

3. By professional classification

Professional category	Employees	% of total
Group II Grade 1	1	12.50%
Group II Grade 2	2	25.00%
Group II Grade 6	1	12.50%
Group II Grade 7	1	12.50%
Group II Grade 8	1	12.50%
Group II Grade 9	1	12.50%
Group II Grade 10	1	12.50%

5.2.5. EMPLOYEES AT YEAR-END, BY PROVINCE

2021	
PROVINCE	EMPLOYEES
NAVARRE	553
VIZCAYA	119
GUIPÚZCOA	135
LA RIOJA	82
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

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

	Total	**82**
MADRID	Men	3
	Total	**3**
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
	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
	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

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**

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

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**

2023	
PROVINCE	**EMPLOYEES**
NAVARRE	587
VIZCAYA	129
GUIPÚZCOA	146
LA RIOJA	84
ÁLAVA	58
MADRID	3
TOTAL	1007

Province	**Sex**	**Employees**
ÁLAVA	Men	37
	Women	21
	Total	**58**
GUIPÚZCOA	Men	77
	Women	69

	Total	**146**
LA RIOJA	Men	39
	Women	45
	Total	**84**
MADRID	Men	2
	Women	1
	Total	**3**
NAVARRE	Men	288
	Women	299
	Total	**587**
VIZCAYA	Men	49
	Women	80
	Total	**129**
Total		1007

Province	**Age range**	**Employees**
ÁLAVA	Under 30	18
	30 to 50 years	39
	Over 50	1
	Total	**58**
GUIPÚZCOA	Under 30	47
	30 to 50 years	87
	Over 50	12
	Total	**146**
LA RIOJA	Under 30	26

	30 to 50 years	51
	Over 50	7
	Total	**84**
MADRID	Under 30	**1**
	30 to 50 years	2
	Total	**3**
NAVARRE	Under 30	161
	30 to 50 years	319
	Over 50	107
	Total	**587**
VIZCAYA	Under 30	45
	30 to 50 years	80
	Over 50	4
	Total	**129**
Total		**1007**

* Employee data is taken at 31/12 of the year analysed

5.2.6 INTEGRATED REPORT 2022

EXPERIENCE (AVERAGE SENIORITY) 2023	13.31
EXPERIENCE (AVERAGE SENIORITY) 2022	13.65
EXPERIENCE (AVERAGE SENIORITY) 2021	13.66

DIVERSITY	**Employees 2023**	**% of 2023 total**	**% of 2022 total**	**% of 2021 total**
Men	492	48.86%	50.42%	51.00%
Women	515	51.14%	49.58%	49.00%

University graduates	**Employees 2023**	**% of 2023 total**	**% of 2022 total**	**% of 2021 total**
Non-graduates	47	4.67%	5.13%	5.91%
Graduates	960	95.33%	94.87%	94.09%

Total	1007			

	2023	**2022**	**2021**
People with disabilities	6	5	5

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 design and planning of remuneration policy involves Employees' legal representatives, via the National Collective Agreement for Credit Cooperatives, and the Bank management. It must then be approved by the Remuneration Committee and, finally, signed off by the Governing Board.

Long-term aims include the need to generate financial profit but also take account of other key issues for a cooperative organisation 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, ASEMECC and the unions, which sets the standard for all employees.

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.

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

	2023	**2022**	**2021**
Collectively negotiated salary	62.99	67.39	69.99
Discretionary salary	22.2	21.61	20.71
Incentives	14.81	11.01	9.30

* 2023 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 shall take account of employees’ performance, results achieved by their team and results achieved by the Bank as a whole.

All salary information refers to the Average Labour Index for the Caja Rural de Navarra.

Average remuneration by professional classification

Category	Average Salary 2023	Average Salary 2022	Average Salary 2021
Group II Grade 1	3.09	3.06	2.91
Group II Grade 2	2.44	2.25	2.28
Group II Grade 4	1.97	1.97	1.98
Group II Grade 5	1.87	1.85	1.85
Group II Grade 6	1.36	1.34	1.35
Group II Grade 7	1.01	0.99	0.99
Group II Grade 8	0.94	0.93	0.89
Group II Grade 9	0.81	0.77	0.74
Group II Grade 10	0.63	0.57	0.55
Group II Access to Profession	0.52	0.49	
Group III Assistants	0.77	0.75	0.83

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

2022

Minimum starting salary EUR/h

19,735.83	1,700	11.61

** For reasons of confidentiality, where a group contains only one person it has been merged in the table with the nearest multi-person group.

** Data based on average labour index

Minimum starting salary EUR/NMW 2022		
19,735.83	14,000.00	1.41

*NMW = Spanish national minimum wage in 2022

Category	Average Salary 2023	Average Salary 2022	Average Salary 2021
Group II Grade 1	3.35	3.34	3.16
Group II Grade 2	2.64	2.45	2.47
Group II Grade 4	2.13	2.16	2.15
Group II Grade 5	2.03	2.02	2.00
Group II Grade 6	1.47	1.46	1.46
Group II Grade 7	1.09	1.08	1.07
Group II Grade 8	1.01	1.02	0.96
Group II Grade 9	0.87	0.84	0.80
Group II Grade 10	0.68	0.62	0.60
Group II Access to Profession	0.56	0.54	
Group III Assistants	0.84	0.82	0.90

2023

Minimum starting salary EUR/h		
20,623.94	1,700	12.13

Minimum starting salary EUR/NMW 2023		
20,623.94	15,120.00	1.36

*NMW = Spanish national minimum wage in 2023

** For reasons of confidentiality, where a group contains only one person it has been merged in the table with the nearest multi-person group.

** Data based on average salary

2. AVERAGE REMUNERATION AND BREAKDOWN BY SEX AND AGE

Sex:	AVERAGE	AVERAGE	AVERAGE

Financial institution: 3008
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	SALARY 2021	SALARY 2022	SALARY 2023
MEN	1.16	1.15	1.15
WOMEN	0.83	0.85	0.86

Age:	AVERAGE MEN'S SALARY 2021	AVERAGE MEN'S SALARY 2022	AVERAGE MEN'S SALARY 2023	AVERAGE WOMEN'S SALARY 2021	AVERAGE WOMEN'S SALARY 2022	AVERAGE WOMEN'S SALARY 2023
Under 30	0.58	0.60	0.61	0.57	0.59	0.61
30 to 50 years	1.21	1.20	1.21	0.94	0.95	0.97
Over 50	1.64	1.66	1.64	1.11	1.11	1.22

3. AVERAGE SALARY GAP BY FUNCTION, MEN vs. WOMEN

By function:	AVERAGE MEN'S SALARY 2021	AVERAGE MEN'S SALARY 2022	AVERAGE MEN'S SALARY 2023	AVERAGE WOMEN'S SALARY 2021	AVERAGE WOMEN'S SALARY 2022	AVERAGE WOMEN'S SALARY 2023
Head of Area/Zone	2.57	2.60	2.55	2.05	2.15	2.22
Manager of Branch/CS	1.38	1.39	1.42	1.13	1.15	1.18
Administration-Sales/CS	0.92	0.91	0.91	0.75	0.77	0.78

* CS: Central Services
* Data based on average labour index

AVERAGE SALARY GAP

Sex:	AVERAGE SALARY 2021/Mean	AVERAGE SALARY 2022/Mean	AVERAGE SALARY 2023/Mean
MEN	1.26	1.26	1.25
WOMEN	0.90	0.92	0.93

Age:	AVERAGE SALARY MEN 2021/Mean	AVERAGE SALARY MEN 2022/Mean	AVERAGE SALARY MEN 2023/Mean	AVERAGE SALARY WOMEN 2021/Mean	AVERAGE SALARY WOMEN 2022/Mean	AVERAGE SALARY WOMEN 2023/Mean
Under 30	0.63	0.66	0.66	0.61	0.65	0.66
30 to 50 years	1.31	1.31	1.31	1.02	1.04	1.05
Over 50	1.78	1.81	1.78	1.21	1.21	1.32

By function:	AVERAGE SALARY MEN 2021/Mean	AVERAGE SALARY MEN 2022/Mean	AVERAGE SALARY MEN 2023/Mean	AVERAGE SALARY WOMEN 2021/Mean	AVERAGE SALARY WOMEN 2022/Mean	AVERAGE SALARY WOMEN 2023/Mean
Head of Area/Zone	2.78	2.84	2.77	2.22	2.35	2.41
Manager of Branch/CS	1.50	1.51	1.54	1.22	1.26	1.28
Administration-Sales/CS	1.00	0.99	0.99	0.81	0.84	0.84

* CS: Central Services
* Data based on average salary

4. SALARY DISTRIBUTION 2023

	2023	2022	2021
Ratio of best-paid person's salary vs. mean employee salary	**6.89**	**6.67**	**6.31**
MEAN % PAY RISE	4.50	1.76	1.25
Ratio of % increase best-paid person's salary vs. mean % increase	**1.01**	**0.15**	**0.95**

5. AVERAGE REMUNERATION OF DIRECTORS AND MANAGERS

GOVERNING BOARD

IGNACIO TERES LOS ARCOS

JOSÉ JOAQUÍN RODRÍGUEZ EGUILAZ

FERMÍN ESANDI SANTESTEBAN

CARLOS SÁNCHEZ DIESTRO

ALBERTO ARRONDO LAHERA

MARCELINO ETAYO ANDUEZA

PEDRO JOSÉ GOÑI JUAMPÉREZ

JESÚS MARÍA DEL CASTILLO TORRES

AINHIZE MURATORI IRURZUN

ALATZ SALVATIERRA ECHEVERRIA

ANA MARIA EIZAGUIRRE LARRAÑAGA

GABRIEL URRUTIA AICEGA

PEDRO JESÚS IRISARRI VALENCIA

IGNACIO ZABALETA JURIO

BEATRIZ DÍAZ DE CERIO MARTÍNEZ

Gross total remuneration of the Board was EUR 75,000
Annual average remuneration per person: EUR 5,000

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Tel.: 948 168 100

<u>IDENTIFIED STAFF BANK OF SPAIN</u>

ARRIETA DEL VALLE IGNACIO (SM)
MAEZTU ZAPATERIA IGNACIO (SM)
AYECHU REDIN JUAN MARIA (SM)
GARCIA DE EULATE MARTIN MORO MIGUEL (SM)
RODRIGUEZ LASPIUR FRANCISCO J. (SM)
TURRILLAS RECARI ALBERTO (SM)
SOLA ARRESE FELIX (SM)
SAGASETA GARCIA CARLOS ALBERTO (SM)
SOTRO BELZARENA RODOLFO (MF)
BERAZALUCE MINONDO FRANCISCO J. (MF)
BACAICOA ELIZARI ASIER (MF)
TABOADA PLATAS SERGIO (MF)
MORIONES ARAMENDIA MARIA (MF)
MENA SOLA IGNACIO (MF)
URDANGARIN TOLOSA MIKEL (MF)
SORBET LAMPEREZ IÑAKI (MF)
VERTIZ SUBIZAR JAVIER (OF)
IBAÑEZ CORCUERA ANE (OF)
SANZ NICUESA ALBERTO JOSE (OF)

(*) SM – Senior management
MF – Management functions
OF – Other functions

Gross total remuneration EUR 2,491,023
Annual average remuneration per person: EUR 131,106.47

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 and remunerated current/savings accounts

* Subsidised cards and Via-T cards

* Special conditions on international transactions

* Free Ruralvía transfers and ATMs

* Securities: special terms for employees, spouses and non-adult children

* Car, home and life insurance with special premiums for employees

* Discounted stock portfolio management for employees

* Employee discount on Guuk basic package

* Energy consumption: 15% discount on installation of solar panels

* Cycling gear: discounts on cycling clothes and accessories.

5.5 CONCILIATION MEASURES

CONCILIATION MEASURES

- Digital disconnection policies
- Flexible working
- Paid and unpaid leave and sabbaticals
- Maternity leave
- Shorter day for care of children and relatives
- Medical support
- Voluntary leave and leave for care of children under 3
- Option to choose days for evening work
- Parental leave

OTHER BENEFITS

- Help with children's studies
- Help with employee's studies
- Family support for children
- Food support for evening work
- Salary advances
- Additional orphan's pension for children of employees who died while on the payroll
- Life and casualty insurance for employees
- Right to receive 100% of real salary for a period of 18 months of temporary disability
- Training in emotional well-being support
- Flexible payment, tax breaks for employees with young children and medical insurance.

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

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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.

This year, to cultivate employees' personal development, the Bank set up a series of workshops that link together to walk employees through their career path, described below.

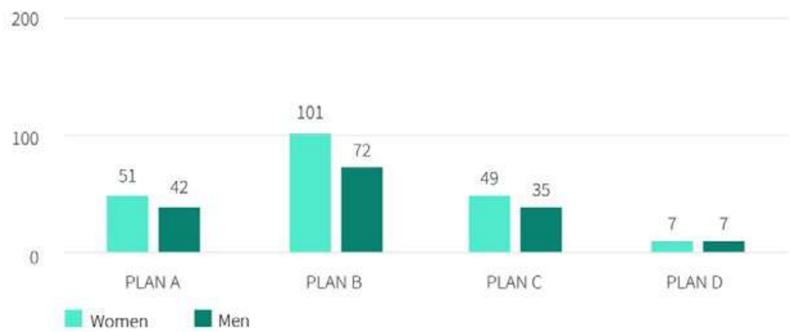
DEVELOPMENT PLAN A: "LANDING": This is the first stage that all new employees joining the Bank go through. The aim is that new intake should gain official qualifications in MiFID 2, LCCI and Insurance so they can provide comprehensive advice to customers.

DEVELOPMENT PLAN B: "WELCOME": Second stage in the Development Plan. Here, the new arrival, having passed Plan A and gained their qualifications, practices giving advice and starts work in sales.

DEVELOPMENT PLAN C: "CONSOLIDATION": The third stage that all new employees must pass in the Retail Network. In this personal development phase, the aim is that the employee should consolidated their knowledge and practice in areas including "Sales Visits and Sales Planning", "Advising on Investment Funds", "Risk Analysis", "Non-Performing Loans" and "Administering Risks".

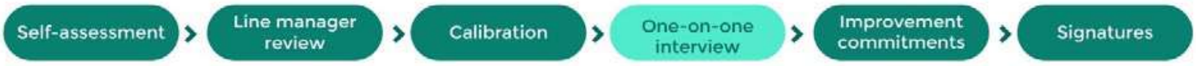
DEVELOPMENT PLAN D: "DEVELOPMENT": This stage is reserved for a smaller sub-group of Bank employees who are ready to take the step up to posts of responsibility. They are people with some experience who have shown promise in their work with the Bank. As well as management training, the development process includes a "Rural-Erasmus" experience, which fosters a clearer strategic overview of the Bank by sending them out on exchange to branches in other regions and Central Services departments.

The total number of participants in these courses was 364.



NOTE: In 2023, figures for Plan A only included participants in the Experience programme.

Development is assessed via the Improvement Plan, the process used to assess performance and produce the above diagnostic.
Competences assessed 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 2023, 915 people underwent the assessment process.
The whole assessment process takes as its starting point a formula that evolves through different phases, which will involve the person being assessed, the line manager, 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.

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 the whole workforce has 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. This also applies to the areas and departments that make up the Bank's Central Services.

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 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.), Unión General de Trabajadores (UGT) and Federación Fuerza Independencia y Empleo (FINE) 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 staff and coordinated with the working team. It also covers extra holidays.

Second, social benefits such as loans for various purposes, inclusion of products via flexible remuneration, insurance in various circumstances and support for families with children, etc. All of these benefits are summarised in a file distributed internally to all staff.

5.9 TRAINING POLICIES

By encouraging the development of everyone working at Caja Rural de Navarra we create opportunities and help people to grow. This is the core purpose of training. The Bank believes in professional development, with financial investment playing a key role but also the time that staff put in to train themselves and others, enabling them to have a career that allows them to take on greater responsibility and fulfil different roles.

We encourage an atmosphere of continuous learning, with close attention to the generational diversity of the workforce. Collaboration is a learning process for both sides, about advice and business focus on one side and about digitisation of the business and innovations in customer relationships on the other. Everyone contributes and helps us learn, reflecting our values of proximity, commitment and responsibility.

We make a particular effort with people who join the Bank on the work experience programmes that we run with Universities every year, or through the "Experience programme" investing time and resources to support their personal development and financial education that will be useful in their future lives.

Every year, we draw up a training plan of the actions that will be 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 by providing the right training for each group.

Key training actions this year focused on people's professional development, sales skills, professional advisory qualifications, and preventative actions on cybersecurity, as well as regulatory training on Insurance, anti-money laundering, compliance and data protection among other issues. We also have our own Virtual Classroom with a wide range of e-learning programmes that are open to the whole workforce.

In 2023, a total of 97,640.50 training hours were delivered as follows:

By gender (hours):

MEN	45,712.5
WOMEN	51,928

By age (hours):

Age range	Hours
30 to 50	47,478.5
Over 50	12,405
Under 30	37,757
Total	**97,640.5**

In 2023, average training hours per person were just over 90 hours, ensuring the workforce was kept permanently updated on major issues.

Type of course	Hours
Regulations	79,334
Other	18,306.5
Total	**97,640.5**

Finally, we would point out that 88.81 % of training hours in 2023 were delivered online, improving work-life balance and, by reducing travel time, sustainability.

Delivery	Hours
Online	86,713
Face-to-face	10,927.5
Total	**97,640.5**

5.10 ABSENTEEISM INDEX AT CAJA RURAL DE NAVARRA

TYPE OF ABSENTEEISM	2020	2021	2022	2023
Common illness	32,190.00	26,077.50	33,382.50	38,902.50
Covid-19 illness	17,805.00	17,085.00	11,130.00	187.50
Non-work accident	1,267.50	1,605.00	1,950.00	5,587.00
Accident at work/Work-related illness	555.00	1,807.50	262.50	262.50
Maternity	12,667.50	12,705.00	12,915.00	10,260.00
Paternity/full or part time	7,230.00	10,785.00	10,353.75	13,091.25
Paid leave	N/A	6,187.50	6,545.03	8,255.40
TOTAL HOURS OFF WORK	**71,715.00**	**76,252.50**	**76,538.78**	**70,959.15**
ABSENTEEISM INDEX	**4.45%**	**4.33%**	**4.42%**	**4.14%**

5.11 MEASURES TO PROMOTE GENDER EQUALITY OF TREATMENT AND OPPORTUNITIES

At Caja Rural de Navarra we have an Equality Plan negotiated with the legal representatives of the workforce and registered in 2023.

The Plan includes a series of measures that embody our commitment to develop policies for equal opportunities and treatment of men and women. As a company, we foster a culture of equality in the workforce that we also apply in our relationship with other external stakeholders.

We would emphasise that the workforce at Caja Rural de Navarra is equally balanced in terms of gender and that 38.94% of branch managers, the key management post in the Bank, are women, one of the highest proportions 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 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.

This year we attended the following events:

Navarre: Jobs fairs at the University of Navarre and Public University of Navarre.
Guipúzcoa: Jobs fair at the University of the Basque Country and Guipuzkoa Chamber of Commerce. Participation in Careers Days.
Vizcaya: Jobs fair at the University of Deusto, the University of the Basque Country and the Chamber of Commerce. We also took part in the Gazte Ekonomistak, organised by the College of Economists and University of the Basque Country.
Álava: We attended Empleogune, organised by the Vitoria municipality and the University of the Basque Country.

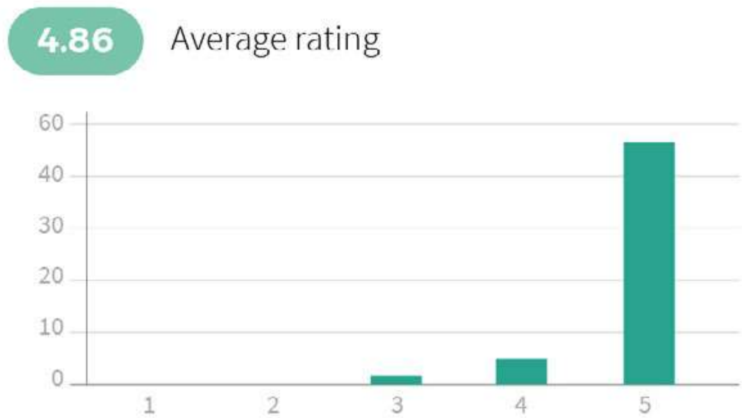
Practical experience

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 acquired knowledge into practice and to develop skills linked to the business.
For Caja Rural de Navarra, these programmes are the main channel for recruiting talent.

The various work experience programmes welcomed 234 students through the following educational centres:

PUBLIC UNIVERSITY OF NAVARRE
UNIVERSITY OF NAVARRE
UNIVERSITY OF LA RIOJA
INTERNATIONAL UNIVERSITY OF LA RIOJA
UNIVERSITY OF THE BASQUE COUNTRY
UNIVERSITY OF DEUSTO
UNIVERSITY OF MONTRAGÓN
UNIVERSITY OF ZARAGOSSA
UNIVERSITY OF CANTABRIA
UNIVERSITY OF LEÓN
UNIVERSIDAD DE VALLADOLID
UNIVERSIDAD FRANCISCO DE VITORIA
UNIVERSIDAD JUAN CARLOS I
MEDAC
INSTITUTO OF LECAROZ

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. Examples include the two questions which we put to students and the conclusions we drew.



Experience programme

The Bank runs several internship programmes, including the Experience programme in which candidates undergo postgraduate training for certificates in MiFID 2 and LCCI while getting practical experience in one of the Bank's teams.
The programme is our "school" for financial advisory professionals. 93 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 the conduct of their role
- Overseeing, guiding and controlling the development of their work experience

Five people began and completed the course this year, following 171 people last year.

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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 work in our team.

Stability is a feature of Caja Rural de Navarra's culture. In 2023, there were 28 voluntary resignations among people on permanent contracts and, in line with our policy of sustainable growth, 126 new people were hired on permanent contracts.

5.13 PROTOCOL ON SEXUAL AND GENDER HARASSMENT AND AGAINST ANY KIND OF DISCRIMINATION

As part of Caja Rural de Navarra's Equalities Plan 2023 we have a Protocol for the Prevention of Harassment at Work either sexual or for reasons of sex that includes a firm commitment to "zero tolerance" of any type of discrimination.

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-, professional-, 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.

The protocol applies to all staff and all people providing services to the Bank.

5.14 OCCUPATIONAL HEALTH AND SAFETY: PREVENTING WORK RELATING RISKS

PREVENTING WORK-RELATED 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:

1. Prevention structures at Caja Rural de Navarra
2. Risk assessment at workstations and other work areas
3. Prevention planning
4. Health research and measurements
5. Training and informing employees
6. Emergency and evacuation plans
7. Documentation of work teams and premises
8. Documentation of the Health and Safety Committee
9. Health monitoring: certificates of standards and medical protocols applied

Annual objectives are set each year as part of the Prevention plan. In 2023, these led to the following actions:

- 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 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, to be 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. There is currently no need to update it.

In 2023, there were a total of 5 workplace accidents at Caja Rural de Navarra, involving 2 women and 3 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 2 when travelling to or from work. There are no recognized occupational illnesses for the industry.

The indicators for 2023 are as follows:

- Frequency rate: 4.08
  (Accidents per million hours worked)
- Severity rate: 0.022
  (working days lost per 1,000 hours worked)

There is also a difference between men and women:

- Frequency rate - Men: 5.97
- Frequency rate: - Women: 2.28
- Severity rate - Men: 0.019
- Severity rate: - Women: 0.021

The following actions are planned for 2024:

- Training of new staff members
- Continued coordination across business
- Meeting the targets in the annual plan
- Continuation of the Healthy Company group

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 conduct our business and which covers Human Rights issues as part of its remit. We therefore ensure respect for Human Rights by ensuring compliance with the Code and by living up to our values of proximity, commitment and responsibility in all aspects of our communication with employees.
For this to work, everyone needs 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, which is available 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 recognized in the labour standards or their legal obligations as a business.

3. RECOGNIZED 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 recognized in the course of trade.

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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.

• 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 Expenditure and Outsourcing Committee.

Having each department contract its own suppliers ensures better quality control of the services provided. Each Area head has first-hand knowledge of any incidents or irregularities.

Regarding expense control, an expense budget for each area is approved annually by the Expenditure and Outsourcing Committee. Expenses are controlled monthly by the Management Committee. Additionally, there are two semi-annual controls by the Expense and Outsourcing 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.

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.

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, both of which come 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 all critical suppliers have a copy of the CSR Report.

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).

Concerning procurement from local suppliers, the total expense (2023 billings) was EUR 150.1 million, of which 77.7 million was for purchases from local suppliers in Navarre, the Basque Country and La Rioja (51.72%).

7. CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

RELATIONSHIP WITH 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 it did last year, in 2023 Caja Rural de Navarra compiled a detailed definition of its carbon footprint which underpins the content of this chapter.
Caja Rural de Navarra conducted its business in 2023 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.)
- Support 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.

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- Support for cooperativism and the traditional farming sector, which sustains the rural population and ensures farming is done in a way that respects the natural environment.
- 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. This requires sensible and sustainable human impacts.
- Optimising resource consumption (energy, plastics, paper, etc.) and reducing, recycling and reusing waste.
- Providing essential services to customers: maintaining face-to-face services in all branches in small rural communities where we provide this service, which tend to have a higher proportion of older people.

We expand on these points below.

RESOURCE CONSUMPTION AND IMPROVEMENT PLANS

Banking is usually thought of as a bureaucratic and largely inflexible business. This is not true of Caja Rural de Navarra. Caja Rural de Navarra's 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 organisation, 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 lower 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:

RESOURCE CONSUMPTION

PAPER AND TONER

At Caja Rural de Navarra, we have had for ten years a document management system in the branches that digitizes internal and customer processes, significantly reducing the volume of paper used by branches. In 2022, the process of digitizing 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.

Paper consumption	2016	2017	2018	2019	2020	Actua kg/2021	Forecast kg/2022	Actua kg/2022	Forecast kg/2023	Actua kg/2023
Chlorine-free paper (sheets)	65,656	63,278	58,349	50,800	45,825	49,387	49,000	46,512	47,000	47,700
PoS thermal paper	340	332	0	0	0	0	0	0	0	0
ATM paper	294	148	277	1,533	1,415	1,428	1,400	1,352	1,250	702
Envelopes	4,214	3,568	3,767	2,576	3,618	3,692	3,500	951	2,000	593

Brochure and poster paper	**4,565**	**4,300**	**4,200**	**1,195**	**416**	**435**	**450**	**4,119**	**2,000**	**2,401**
Total paper consumption	**75,069**	**70,894**	**66,593**	**56,104**	**51,274**	**54,942**	**54,350**	**52,934**	**52,250**	**51,396**

Paper consumption per employee in 2023 (at 31 December the headcount was 1,007) was 51.03 kg/employee, lower than the ratio of 55.37 kg/employee in 2022, and previous years (57.91 kg in 2021).
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	Actua 2020	Actua 2021	Forecast 2022	Actua 2022	Forecast 2023	Actua 2023
Recycled toner	**3,276**	**3,368**	**1,957**	**3,183**	**3,378**	**3,100**	**2,526**	**2,400**	**1,747**
Original toner	**251**	**229**	**106**	**82**	**78**	**80**	**31**	**50**	**14**

Toner consumption per employee in 2023 was 1.73 in recycled toner and 0.01 in original toner, compared to 2022 figures of 2.64 recycled toner and 0.03 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 2023 all electricity was supplied from renewable sources.
2023 consumption data show a continuing downward trend year-on-year thanks to the energy efficiency measures in place. Consumption was as follows:

Electricity consumption kw/h.	2017	2018	2019	Actua 2020	Actua 2021	Forecast 2022	Actual 2022	Forecast 2023	Actual 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**	**4,311,551**

Energy consumption per employee during the year was 4,281.6 KWh, compared to 4,823.37 KWh in 2022.
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 and 3,413 GJ in 2023 (94,808 litres of diesel), a small increase on 2022 although this also reflects a rise in the number of employees (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 2023 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 2023, we replaced units in 9 branches.

- Lighting

We continued to replace fluorescent with LED lighting, which is much more efficient and lower consumption. In 2023, much more office lighting was changed than the previous year, specifically in 11 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 2023, 11 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	Actua 2020	Actua 2021	Forecast 2022	Actua 2022	Forecast 2023	Actua 2023
	12,810	12,220	9,830	8,519	7,428	8,000	5,851	7,000	6,630

Water consumption per employee in 2023 (at 31 December the headcount was 1,007) was 6.58 m^3 compared to 6.12 m^3 in 2022.
These figures were calculated by adding up actual consumption at all branches.

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 253 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:

- 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:

Waste	2017	2018	2019	Actual 2020	Actua 2021	Forecast 2022	Actua 2022	Forecast 2023	Actua 2023
Toner removed	2,280	684	3,162	3,277	3,035	2,950	3,054	3,060	0

The company responsible for handling toner cartridges had logistics problems and toner was therefore not removed as usual in 2023. Cartridges used in 2023 will therefore be dealt with in 2024.

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.
- 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.

INITIATIVES TO REDUCE WASTE AND CONSUMABLES IN 2024

- 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 2024.
- 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.

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 of tonnes of CO_2 equivalent due to electricity consumption should be zero in 2023 as, as in the previous year, electricity was the only energy used and was all bought from renewable sources with 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.

This has saved the emission of 14,960 tonnes of CO_2 (average emission factor of our electricity supplier: 0.272). Of these savings, 1,173 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 do not damage the ozone layer. 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 2023 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 a 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 this means: 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 2020.

Emissions caused by third parties 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 or 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.

Caja Rural de Navarra's GHG footprint for 2023 is calculated at 1,598 tonnes of CO_2eq from scope 3 only, giving a total across all scopes of 1,638 tonnes, or 1.626 tonnes per employee, of CO_2. Of these, 1,086 tonnes correspond to travel to or from work.

Scope 1, 2 and 3 carbon footprints were also calculated for associates more than 50% owned by Caja Rural de Navarra. These are the companies in Annex I of this Report.

In total, these companies had a carbon footprint of 77,325 tonnes in 2023.

Scope 1:
Emissions and particulates emitted into the atmosphere, waste from the Bank's own activities, including owned vehicles used to transport people and goods.

Scope 2:
Indirect emissions generated by consumption of electricity.

Scope 3:
Covers the same basic areas as the Caja Rural parent company: emissions caused by employees travelling to work and for work, transport of goods, waste. However, it also includes a major source of GHG emissions in the form of raw materials, basically agri-goods, such as oats and rice, with their accompanying impact.

Comparing these figures to those for 2022 which basically refer to the same scopes and activities, we find:

		tCO_2eq 2023		tCO_2eq 2022		tCO_2eq 2022	
		CRN	Subsidiaries	CRN	Subs. Corr.*	CRN	Subsidiaries
Scope 1							
Fuel consumption		0.00	234.38	0.00	192.88	0.00	192.88
Natural gas and propane consumption		0.00	3,501.41	0.00	2,732.09	0.00	2,732.09
Refrigerant greenhouse gases		39.23	3.10	130.70	0.25	130.70	0.25
Scope 2	MWh						
Consumption of renewable electricity - Bank	4,312.00						
Consumption of renewable electricity - subsidiaries	6,140.00						
Consumption of non-renewable electricity - Bank	0.00	0.00		33.13		33.13	
Consumption of non-renewable electricity - subsidiaries	5,028.02		1,304.04		1,194.56		1,194.56
Own production - subsidiaries	76.22						
Scope 3							
Drinking water		1.42	13.58	0.87	11.82	0.87	11.82
Travel to/from work		1,086.14	312.98	799.58	117.13	799.58	117.13
Travel for work		332.19	12.03	261.50	32.28	261.50	32.28
Waste		68.31	55.24	108.21	57.76	108.21	57.76
Transport of goods and finished products		46.11	1,794.68	45.42	1,444.55	45.42	1,444.55
Data storage and processing		64.16	0.00	110.01	0.00	110.01	0.00
Transport of raw materials to factory		0.00	8,259.75	0.00	6,892.91	0.00	6,892.91
Purchase and cultivation of raw materials		0.00	61,834.32	0.00	56,522.40	0.00	39,350.40
Total		1,637.56	77,325.51	1,489.43	69,198.63	1,489.43	52,026.63
Offsetting of scope 1 and 2 emissions in INTONA			-45.90				

Note: to facilitate comparison with prior years, these calculations do not include the carbon footprint from projects financed by the Bank, which is shown below.

The adjustment to 2022 data for comparison purposes was due to a change in the emission factor used for common and organic oats. In 2022, the benchmark for common oats was based on a study of agriculture in Navarre by INTIA SA, the public company supporting the agri-fisheries sector. In 2023 we used official data from the French government (ADEME - GHG footprint). The two benchmarks differ substantially and since we have no way of distinguishing which is more correct we have opted for the official figures.

The carbon footprint reduction plan set a number of targets:

Caja Rural de Navarra, parent company, financial activity: A 5% reduction in carbon footprint intensity by 2024
A 2% annual reduction in emissions from travel to/from work

Caja Rural de Navarra, subsidiaries: A 5% reduction in carbon footprint intensity by 2024 compared to 2022

To achieve this, Caja Rural de Navarra planned to introduce the following measures for its employees in 2023:
Incentivise urban mobility by bicycle and on foot. Not achieved

Incentivise the acquisition of plug-in hybrid and pure electric vehicles. Not achieved

7.2 CALCULATION OF THE CARBON FOOTPRINT

1. DESCRIPTION OF ACTIVITY

Caja Rural de Navarra, Sociedad Cooperativa de Crédito

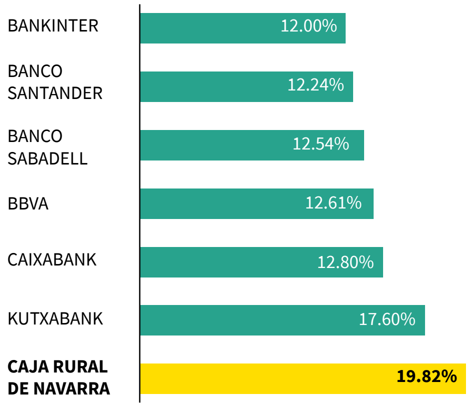
- A financial institution resident in Pamplona, subject to Spanish banking law and supervised by the Bank of Spain.
- A private institution with a wide membership base (over 185,000 members) with a proven track record of stability and sound corporate Governance. Restricted voting rights to maintain independence.
- High internal generation of capital: 90% of annual profit is taken to non-distributable reserves and 10% to the Education and Development Fund, the Credit Cooperative's Social Welfare Fund.
- At December 2023, total assets of EUR 16,205 million and capital of EUR 1,777 million.
- Ratings: Moody's Baa1 (positive) and Fitch BBB+ (stable)

Part of a community of peers in Spain and across Europe

- Europe has more than 4,000 cooperative banks, forming national Groups in over 25 countries: 72,000 branches, 860,000 employees and over 217 million customers. European market share of 20%.
- - Spain has 30 cooperative banks (cajas rurales), with 2,334 branches, 6.3 million customers, 1.1 million members and over 9,000 employees. Approximately 5% of the financial sector.

One of the highest levels of solvency in the Spanish financial system

Ordinary Tier 1 (cet1) fully loaded capital ratio chart.



Data referring to the individual annual accounts for the financial year 2023.

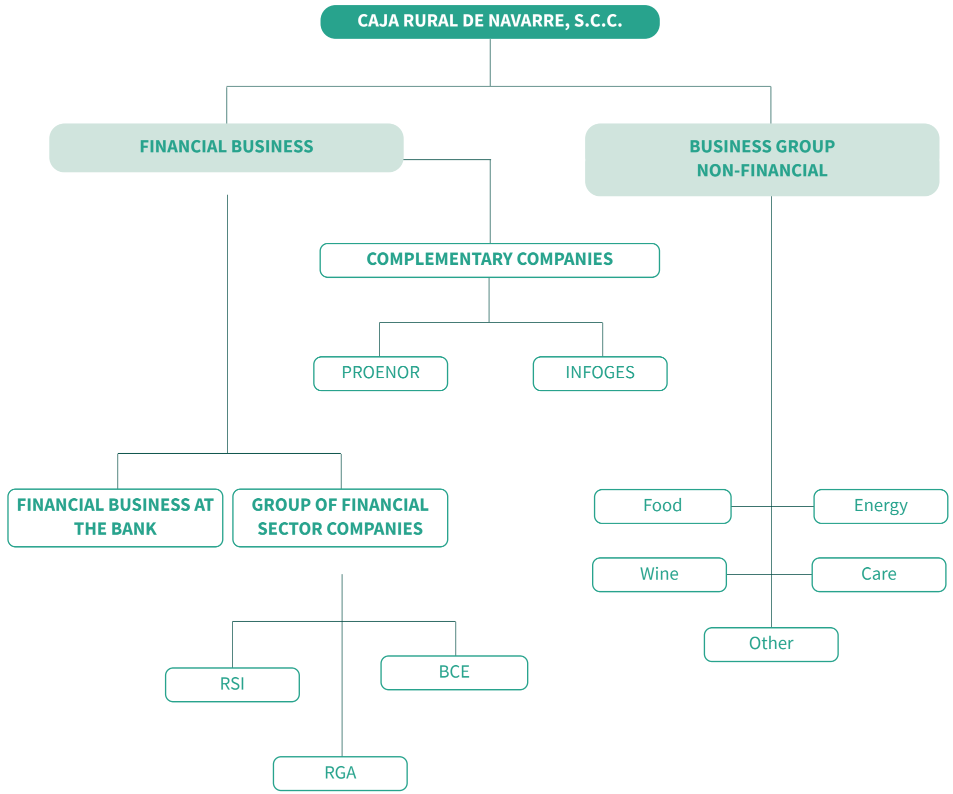
Socially responsible business

Its corporate strategy and its structuring values are focused on the Bank's growth and solvency, safeguarding the interests of its shareholders and other stakeholders. Socially and environmentally responsible sectors are a priority focus of its business.

https://www.cajaruraldenavarra.com

Caja Rural de Navarra, head of a business group

Caja Rural de Navarra, for historical reasons, has a range of equity investments in companies that complement or service its financial business, but it also has a portfolio of companies active in industrial sectors:



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Caja Rural de Navarra: head of a business group

The companies working in non-financial industries are as follows, grouped by sector:

FOOD SECTOR

- **Bakery Flour Sector**
  49.9% of Harinera la Meta and Harinera del Mar, with an annual production of over 1 million tonnes of flour
- **Oat flakes and muesli**
  Owns 100% of Harivenasa
- **Dairy**
  Non-controlling stake in Iparlat: annual production of 500 million litres of milk.
- **Cereal farming: rice, wheat and oats**

WINE SECTOR

- **Wineries (50.0%)**
  Rioja Vega
  Príncipe de Viana
  Finca Albret
  Clunia
- **Cooperage**
  Tonelería 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
  (in development)
- **Minicentral del Canal de la Bardenas (5 MW, 15%)**

CARE

- **Solera Asistencial, 100%**
  Senior residences
  Senior hotels
  Day centres

OTHER SECTORS

- **Construction (≤50%)**
  - Real estate developer
  - Housing rentals
  - Construction engineering companies
- **Wood (less than 50%)**
  Poplar forestry

2. METHODOLOGY

GHG Protocol

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 necessary, 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.

This summary is an extract from the document setting out the calculation of the carbon footprint. Some data that could be market-sensitive has been omitted.

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 over the product's life cycle, from sourcing its raw materials to disposal or final recycling) or on an organization, as in this document, in which it is a question of measuring all the GHGs emitted directly or indirectly by the organisation in pursuit of its corporate purpose over a specific period, usually a financial year.

The carbon footprint identifies **the volume of emissions** that are r**eleased into the atmosphere** in the normal course of the organisation's business, breaks them down by source and establishes effective **measures to reduce** them in future.

The GHG methodology structures GHG emissions into direct emissions, where the sources are under the company's control, and indirect emissions, where they are controlled by third parties but produced for the organisation. In many cases, GHG emissions will be correlated with the company's business volumes in the year, and much of the volume may derive from the GHG-generating activities required to extract or produce the raw material inputs.

There are also 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 for vehicle fleets, etc., as well as the equivalent emissions of refrigerant gases leaked from heat pumps or gas pipes.

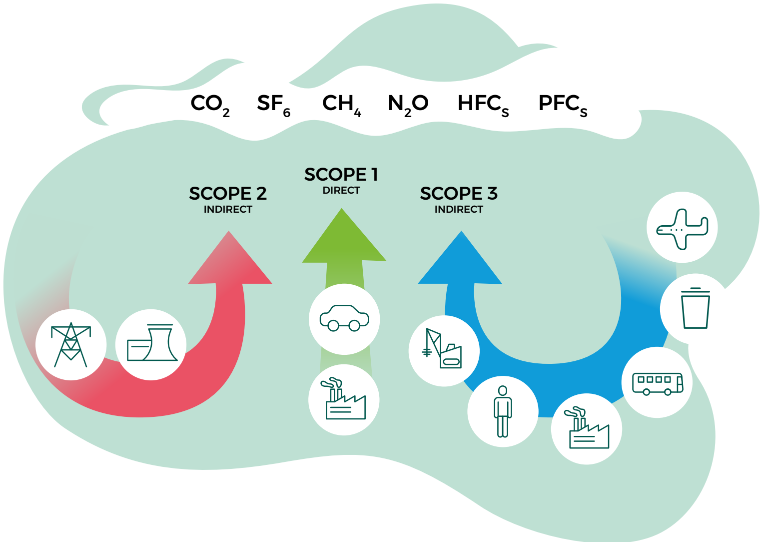
Scope 2: Indirect GHG emissions from electricity consumed by the organisation

Scope 3: All 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 the equivalent in units of CO² in terms of environmental harm. 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 CO².

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.

Outline of the elements that make up each scope



SCOPE 1	SCOPE 2	SCOPE 3
Company owned vehicles Fuel combustion	Purchased electricity for own use	Production of purchased materials Producto use Outsourced activities Contractor owned vehicles Waste disposal Employer business travel

Fuenta: GHG Protocol

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, 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.

Measuring 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. fruit eaten on the way to work or coffee drunk in breaks) companies instead measure and document the degree of 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 should be 0.5%. The uncertainty in a natural gas meter is 1.5%. And 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 CO^2 equivalent, to reflect the effects of the company 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 'enterprise value including cash' or EVIC in millions of euros. EVIC is 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 2023, is outside the scope of AENOR's audit of the Non-Financial Statements.

3. LIMITS

Carbon footprint at the Caja Rural de Navarra Group

Types of limits considered:

- Organisational limits
- Operating limits

Limits of the organisation: scope of consolidation

The methodology used restricts the scope of measurement to Group companies, this being understood as all 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 this, all branches, manufacturing plants, day centres and associated senior centres must be assessed and quantified. In 2024, Explotación Agrícola Las Limas was consolidated for the first time. Explotación Agrícola Las Limas was a limited company but was transformed into a civil farming company in 2023. It operates a rice-growing farm owned by Caja Rural de Navarra. This company is allocated to the Education and Development Fund.

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, set specific decarbonisation targets, and produce an annual report on it. A Royal Decree is currently in preparation that will implement Article 32 of the Act and detail and standardise how this should be done.
This document does not include the carbon footprint induced by Caja Rural de Navarra's lending business.

Limits of the organisation: scope of consolidation

Along with Caja Rural de Navarra, S.C.C. (F31/021.611), the following companies comprising the Group at end-2023:

Company	Location	TAX ID	Ownership interest
Harivenasa S.L	Noain (Navarra)	B71075774	100%
Explotación Agrícola Las Limas, S.L.	Pamplona (Navarre)	B71085179	100%
Espiga I&D Alimentaria, S.L.	Pamplona (Navarre)	B71434427	100%
Industria Tonelera de Navarra S.L	Monteagudo (Navarre)	B31688336	100%
Tonnellerie de L'Adour S.A.S	Plaisance du Gers (France)	FR96425029972	100%
Merranderie de L'Adour, S.L.	Plaisance du Gers (France)	FR94379700966	100%
Bouquet Brands S.A	Esquiroz (Navarre)	A31884000	100%
Bahia de Cádiz S.L	Pamplona (Navarre)	B84996743	100%
Solera Asistencial S.L	Pamplona (Navarre)	B71150866	100%
Solera Navarra S.L	Pamplona (Navarre)	B71186654	100%
Torre Monreal S.L	Tudela (Navarre)	B31872872	100%
SERESGERNA S.A	Pamplona (Navarre)	A31697808	100%
Preventia Sport S.L	Pamplona (Navarre)	B71008783	100%
Promoción Estable del Norte S.A	Pamplona (Navarre)	A3l663651	100%
Informes y Gestiones Generales, S.A.	Pamplona (Navarre)	A31437635	100%
Informes Técnicos y Valoraciones Generales, S.L.	Pamplona (Navarre)	B31917305	100%

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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 consists of leaks from air conditioning units.

Scope 2: Indirect emissions from electricity use, offset by buying renewable energy guarantees of origin

Scope 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 the full workforce
- 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.

Subsidiaries

Scope 1: Direct emissions, corresponding to natural gas consumption, emissions caused by the company's own vehicles and leaks from air-conditioning units. Refrigerant gas leaks are measured by the annual refills.

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. Where the customer collects the product direct from the factory, no scope 3 emissions are recorded.
- Emissions attributable to the raw materials purchased, particularly cereals because of their substantial impact.

We provide greater detail on emissions attributable to agricultural raw materials because of their high impact as a share of the Group's equivalent emissions:

- Explotación Agrícola Las Limas, S.L. Is a company that forms part of Caja Rural de Navarra's Education and Development Fund (its Social Welfare Fund) and grows rice in Tudela, on 95 hectares of land along the river Ebro that has until now not only been uncultivated but has had little wild plant cover due to its harsh nature. Rice emits methane into the atmosphere when it is growing. The GHG emissions from this project are included under scope 3 emissions.
- HARIVENASA, S.L., is a company that takes grains of oats and turns them into oat flakes, pearls and oat flour. Its scope 3 reporting includes the carbon footprint of growing the oats and transporting them to the factory. This year, the conversion factor used was that published by ADEME (FR) whereas 2022 data was based on an analysis of the Navarra farms by INTIASA. This change of factor increased GHG emissions in 2023 by 17 kT CO^2eq.
- Tonnellerie de L'Adour and Industrial Tonelera de Navarra, S.L.. For the first time this year scope 3 emissions include the footprint of producing the oak for barrels. Oak woods are slow-growing and seen as a carbon sink. Some countries consider their use equates to a net reduction in CO^2 equivalent emissions. We disagree with this interpretation as, were it accepted, whoever replanted the woods could claim the corresponding offset rights.
- Bouquet Brands: the carbon footprint of goods for resale (wine, water, spirits) received in each regional agency is not counted in this scope as suppliers are responsible for transporting them to each plant.

Carbon offset: Industrial Tonelera de Navarra, S.L. offsets its scope 1 and 2 emissions each year by backing oak reforestation projects designed by a number of municipalities in the Navarre Pyrenees.

Measurement of emissions, conversion factors

Caja Rural de Navarra and subsidiaries

The same emission factors are used in each line for the parent company and subsidiaries.

Each carbon footprint table shows each individual emission factor and how it was obtained. Ideally, this means using the conversion factors provided by the Ministry for the Ecological Transition and the Demographic Challenge. Where this is not possible, data from UK Environmental Ministry DEFRA or IHOBE are used. Finally, some scope 3 factors are drawn from ADEME (France) and, in some very specific cases, unofficial sources that are considered to provide robust data.

Note that the source of figures used for the largest source of emissions, the cereals processed by Harivenasa, has changed this year, from the Government of Navarre's publicly owned company INTIASA to the French Government's official figures. Note, too, that emissions from staff travel, shipping and trucking are calculated using DEFRA 2023 tables – except for passenger cars, which use the scope 1 figures for mid-sized vehicles, which are similar to those from other sources and higher than the scope 3 equivalent.

We list the sources used below along with a link to where they can be compared

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Caja Rural and Investees

The same emission factors are used in each line.

Scope	Source of emission	Source of conversion factor
Scope 1	Fuels	Ministerial Emission Factors Document v23 June 2023 *https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf*
	Refrigerant gases	UK Government GHG Conversion Factors for Company Reporting v.1.1 28/6/2023 *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023*
Scope 2	Electricity	Ministerial Emission Factors Document v23 June 2023 *https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf*
Scope 3	Travel by car/motorcycle/ bus/train/subway/plane	UK Government GHG Conversion Factors for Company Reporting v.1.1 28/6/2023 *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023*
	Fuels	Ministerial Emission Factors Document v23 June 2023 *https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf*
	Transport of goods (van/truck/marine)	UK Government Conversion Factors for Companies' GHG Reporting v.1.1 28/6/2023 *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023*
	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	In 2022; 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* In 2023,: Oats, ADEME, GHG footprints *https://bilans-ges.ademe.fr/* In 2023: Rice, Footprint calculator for Agricultural sector organisations, v22 Ministry for the Ecological Transition and Demographic Challenge *https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/calculadoras.html#huella-de-carbono-de-una-explotacion-agricola_-alcance-1_2* In 2023: Oak, Quebec Wood Export Bureau, 2016 *https://quebecwoodexport.com/wp-content/uploads/2022/01/Hardwood-EPD-2016.pdf*
	Agua	UK Government GHG Conversion Factors for Company Reporting v.1.1 28/6/2023 *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023*

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5. QUANTIFICATION OF EMISSIONS

Scope 3, general summary

T CO_2 eq.	Caja Rural de Navarra	Subsidia-ries
Travel to work	1,086.14	312.98
Travel for work	332.19	12.03
Water consumption	1.42	13..58
Office mat. & Waste	68.31	55.24
Transport of raw materials		8,260.00
Raw materials		61,340.82
Farming (rice)		493.50
RSI	64.16	
Security trucks/ transport of goods	46.11	1,794.68
TOTAL	**1,598.33**	**72,192.19**
Carbon offset from INTONA oak plantation		-90.39

Scope 3, raw materials and transport,Harivenasa

Cereal supplies

Harivenasa produces pearls, flour and flakes from oats and, to a far lesser extent, other cereals such as rye.

Cereals are sent directly to the cooperative's plants and warehouses in Spain and France, and shipped, via the port of Pasajes in 2022 and 2023, to a number of northern European countries. This document distinguishes between the source of oats and whether they are organic or conventional.

As the emissions factor applied to cereals production (ADEME - footprint) shows emissions per tonne produced at the farm. Therefore, the average distance to port is added, for each country of origin, and the distance from the port of Pasajes to the plant. All transport emissions used DEFRA 2023 factors.

Annual emissions have been based on cereals coming into the process, which is a different from oats acquired during the year as allowance needs to be made for significant initial and final stocks. That said, each tonne incorporated into the process is assigned the emission per tonne acquired during the year irrespective of whether it derives from this year's purchases or initial stocks bought the previous year. Also, given that non-oat cereals make up less than 2% of all output and have similar emissions factors to oats anyway, the same carbon footprint for the farming process has been applied to them.

Carbon footprint: weighting of each scope

Caja Rural de Navarra's footprint by scope

Subsidiaries' footprint by scope

Carbon footprint: 2022/2023 comparison

Caja Rural de Navarra: total absolute carbon footprint

Subsidiaries: total absolute carbon footprint

Carbon footprint: scope 3 breakdown

Caja Rural, scope 3 breakdown

Subsidiaries, scope 3 breakdown

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6. RESULTS SUMMARY

Summary

Footprint		2023						
T CO_2 eq.		**CRN**	**Subsidiaries**	**Harivenasa**	**Las Limas**	**Solera**	**Wineries**	**CRN**
Scope 1								
Fuel Cons.		0.00	234.38	0.00	38.24	70.05	126.08	0.00
Natural gas and propane Cons.		0.00	3,501.41	3,088.36	0.00	356.52	56.53	0.00
Refrigerant greenhouse gases		39.23	3.10	0.00	0.00	0.00	3.10	0.00
Scope 2	**MW.h**							
Cons. of renewable electricity - Bank	4,312.00							
Cons. of renewable electricity – subs.	6,140.00							
Cons. of non-renewable electricity - Bank	0.00	0.00						
Cons. of non-renewable electricity – subs.	5,028.02		1,304.04	980.89	0.79	287.25	8.94	26.17
Own production - subsidiaries	76.22							
Scope 3								
Drinking water		1.42	13.58	8.43	0.00	4.47	0.65	0.04
Travel to/from work		1,086.14	312.98	53.92	1.25	207.17	35.04	15.60
Travel for work		332.19	12.03	4.93	0.00	0.00	3.20	3.91
Waste		68.31	55.24	30.84	0.00	22.71	1.06	0.62
Transport of goods and finished products		46.11	1,794.68	1,735.46	0.00	0.00	59.22	0.00
Data storage and processing		64.16	0.00	0.00	0.00	0.00	0.00	0.00
Transport of raw materials to factory		0.00	8,259.75	8,154.77	0.00	0.00	104.97	0.00
Purchase and cultivation of raw materials		0.00	61,834.32	61,261.54	493.50	0.00	79.28	0.00
TOTAL		**1,637.56**	**77,325.51**	**75,319.15**	**533.78**	**948.16**	**478.07**	**46.34**
Offsetting of scope 1 and 2 emissions in INTONA			-45.90				-45.90	

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Footprint		2023		2022		2022	
T CO_2 eq.		CRN	Subsidiaries	CRN	Subs. Corr.*	CRN	Subsidiaries
Scope 1							
Fuel consumption		0.00	234.38	0.00	192.88	0.00	192.88
Natural gas and propane consumption		0.00	3,501.41	0.00	2,732.09	0.00	2,732.09
Refrigerant greenhouse gases		39.23	3.10	130.70	0.25	130.70	0.25
Scope 2	**MW.h**						
Cons. of renewable electricity - Bank	4,312.00						
Cons. of renewable electricity – subs.	6,140.00						
Cons. of non-renewable electricity - Bank	0.00	0.00		33.13		33.13	
Cons. of non-renewable electricity – subs.	5,028.02		1,304.04		1,194.56		1,194.56
Own production - subsidiaries	76.22						
Scope 3							
Drinking water		1.42	13.58	0.87	11.82	0.87	11.82
Travel to/from work		1,086.14	312.98	799.58	117.13	799.58	117.13
Travel for work		332.19	12.03	261.50	32.28	261.50	32.28
Waste		68.31	55.24	108.21	57.76	108.21	57.76
Transport of goods and finished products		46.11	1,794.68	45.42	1,444.55	45.42	1,444.55
Data storage and processing		64.16	0.00	110.01	0.00	110.01	0.00
Transport of raw materials to factory		0.00	8,259.75	0.00	6,892.91	0.00	6,892.91
Purchase and cultivation of raw materials		0.00	61,834.32	0.00	56,522.40	0.00	39,350.40
TOTAL		**1,637.56**	**77,325.51**	**1,489.43**	**69,198.63**	**1,489.43**	**52,026.63**
Offsetting of scope 1 and 2 emissions in INTONA			-45.90				

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Footprint

T CO_2 eq.	Harivenasa	Las Limas	Solera	INTONA	TDA&MDA	Bouquet	PROENOR	INFOGES
Scope 1								
Fuel Cons.	0,00	38,24	70,05	12,61	31,54	81,93	0,00	0,00
Natural gas and propane Cons.	3,088.36	0,00	356,52	33,33	23,20	0,00	0,00	0,00
Refrigerant greenhouse gases	0,00	0,00	0,00	3,10	0,00	0,00	0,00	0,00
Scope 2								
Cons. of renewable electricity - Bank								
Cons. of renewable electricity – subs.								
Cons. of non-renewable electricity - Bank								
Cons. of non-renewable electricity – subs.	980,89	0,79	287,24	8,94	4,04	4,90	0,00	26,17
Own production - subsidiaries								
Scope 3								
Drinking water	8,43	0,00	4,47	0,55	0,09	0,04	0,04	0,04
Travel to/from work	53,92	1,25	207,17	13,79	13,07	8,19	4,60	1,00
Travel for work	4,93	0,00	0,00	1,95	0,76	0,49	3,24	0,66
Waste	30,84	0,00	22,71	0,10	0,28	0,68	0,00	0,62
Transport of goods and finished products	1,735.46	0,00	0,00	15,00	44,22	0,00	0,00	0,00
Data storage and processing	0,00	0,00	0,00	0,00	1,00	2,00	3,00	4,00
Transport of raw materials to factory	8,154,77	0,00	0,00	100,10	4,88	0,00	0,00	0,00
Purchase and cultivation of raw materials	61,261.54	493,49	0,00	57,18	22,10	0,00	0,00	0,00
TOTAL	**75,319.15**	**533,78**	**948,16**	**237,70**	**145,17**	**98,20**	**10,84**	**42,49**
Offsetting of scope 1 and 2 emissions in INTONA				-45,90				

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		2023	2022	2022 Corr*
Scope 1				
Carbon footprint, scopes 1, 2 & 3	TCO_2eq	1,638	1,489	1,489
Total assets	EUR m	16,205	15,997	15,997
Carbon intensity	TCO_2eq/€ M	0.101	0.093	0.093
Caja Rural de Navarra and subsidiaries				
Carbon footprint, scopes 1, 2 & 3	TCO_2eq	79,001	53,516	69,199
Total assets	EUR m	16,315	16,076	16,076
Carbon intensity	TCO_2eq/€ M	4.842	3.329	4.304

(*) Corrected using the same emissions factor for oat farming as in 2023.

7. UNCERTAINTY ESTIMATE

Classification of uncertainties

Measurement uncertainties

This is the margin of error that creeps into measurement of the figures used in the calculation, most significantly 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.

Uncertainty from emission factors

This includes 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 UK factor for water consumption, also used by IHOBE, while the Food Bank of Navarre uses the figure provided by the Pamplona Region, which is a third of the IHOBE figure).

As mentioned, this change in the emission factor for oat-farming from that produced by INTIASA (Navarre's public development company for the farming and fisheries sectors) to the official French figure provided by ADEME increased emissions by 17,172 TCO_2eq compared to 2022.

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.

Subsidiaries

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

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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.

Targets for improvement

A/ Targets set

Caja Rural de Navarra

- 20% reduction in carbon intensity between 2021 and 2025
- To be achieved by encouraging more sustainable mobility by workers

Subsidiaries

- 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

B/ Progress of metrics, tonnes of CO_2eq/€ m

	2021	2023	Δ	
CRN carbon intensity	0.108	0.101	-6.5%	
	2022	**2022***	**2023**	**Δ**
CRN equity investments carbon intensity	659	857	699	-18.5%

(*) Adjusted for the effect of the change in the oat-farming emissions factor.

The sharp improvement in the carbon intensity of the equity investments is due to the increase in assets (greater revenue). The total absolute footprint in fact increased.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

CARBON FOOTPRINT OF LOAN PORTFOLIO

The Bank, in line with its commitment to wider society and the environment, works hard to minimise the environmental impact of its activities. Accordingly, to improve its estimate of its carbon footprint, particularly from the projects it finances, the Bank has applied a methodology developed by a third-party expert consultant in a sector-wide project led by the Spanish Banking Association (AEB), CECA and the National Union of Credit Cooperatives (UNACC).

The methodology is based on the Partnership for Carbon Accounting Financials (PCAF) and means banks can calculate scope 1, 2 and 3 emissions for counterparties and customers and estimate them to various degrees of accuracy based on the available data.

It should be noted here that while the Bank has worked hard to obtain data on the consumption, emissions and energy efficiency of buildings posted as collateral in its mortgage book (the biggest portfolio), loans to legal entities nearly all involve companies that are not obliged to publish data on their CO_2 emissions and we have therefore used sector estimates and national benchmarks based on Spain's National Classification of Economic Activities (CNAE) or business codes, adjusted for the size of the customer, measured by revenue and/or asset volume, and for the Bank's exposure to the counterparty, based on how the financing is structured.

Similarly, the Bank uses a recognized third-party service provider to award its fixed-income investments an ESG score, although it should be said that the fixed-income and equity portfolio is not included in the carbon footprint.

Based on the above methodology, we derived a figure, at 31 December 2023, for the private and public sector loan portfolio (excluding fixed income) of 1.28 million tCO_2eq, broken down as follows:

TOTAL FINANCED EMISSIONS

	Total Emissions (tCO_2eq)	% of total
Corporate loans	1,072,974	83.9%
Project Finance	2,544	0.2%
Mortgage loans	94,308	7.4%
Motor vehicle loans	3,562	0.3%
Public sector loans	105,085	8.2%
Total financed emissions	**1,278,473**	**100.0%**

We break down below the financing of corporate loans (the largest item), which contribute total emissions of 1.07 million tCO_2eq:

CORPORATE LOAN FINANCE

	Total Emissions (tCO_2eq)	% of total
Steel	229,252	21.4%
Farming	64,742	6.0%
Aluminium	74,043	6.9%
Aviation	5,347	0.5%
Coal	181	0.0%
Cement	12,494	1.2%
Fossil fuels	1,697	0.2%

Energy	117,249	10.9%
Shipping	7,636	0.7%
Other sectors	560,334	52.2%
Total financed emissions	**1,072,974**	**100.0%**

The table below breaks down the carbon footprint of Caja Rural de Navarra, Sdad. Coop. (in tonnes of CO_2 equivalent), not including emissions by our loan book customers or fixed-income and equity investments[(1)]

TOTAL EMISSONS OF CAJA RURAL DE NAVARRA , S. COOP

	2023	2022
SCOPE 1 (tCO_2eq)	39.23	130.70
SCOPE 2 (tCO_2eq)	0.00	33.13
SCOPE 3 (tCO_2eq)	1,598.33	1,325.60
TOTAL EMISSIONS (tCO_2eq)	**1,637.56**	**1,489.43**
Carbon intensity	**0.101**	**0.093**

DECARBONISATION TARGETS:

- "Own" carbon footprint (scopes 1, 2 and 3 excl. finance and investment).

Regarding its "own" or "corporate" carbon footprint (scopes 1, 2 and 3 excl. financing and investment), to help minimize its environmental impact and continue progressing towards a sustainable economy, the Bank has a target to cut its own carbon footprint by **20%** between 2021 and 2025.

In 2023, carbon intensity had been reduced by **6.5%** since 2021 (0.101 versus 0.10).

- Carbon footprint of loan portfolio:

As with its corporate activities, when it comes to the carbon footprint of the loan book, the Bank is firmly committed to promoting the transition to a sustainable economy and decarbonisation.
It has set a number of interim decarbonisation targets – with a target horizon of 2030 from a base of 2023 – for the emission intensity of its residential mortgage book, this being the most material portfolio by exposure volume.

Portfolio/Sector	Scope	Base 2023	Target year 2030	Decarbonization target	Unit of measurement
Residential mortgage portfolio	1 + 2	36.92	30.27	18%	$kgCO_2eq/m^2$

In addition, as mentioned above, when it comes to financed emissions the Bank continues to develop a sustainable product range that channels resources toward investments that help cut greenhouse gas emissions.

Long term, taking as its benchmark the end-point of the Paris Agreement (2050), at the time of writing the Bank does not have the tools and data that would allow it to set and measure more precise targets. It does however make a firm commitment to contribute actively toward achieving climate neutrality by 2050 and has set all the above-mentioned targets with this aim in mind.

It should be noted that the targets above are an initial estimate, based on methodologies that are still emerging and with a heavy component of estimated data. Targets will therefore be revised at least annually and whenever circumstances demand: methodological changes, availability of data, etc..

These targets are backed by the Bank's decarbonization strategy, which rests on the following pillars:

- Promotion of "green" housing finance.
- Green asset products (EV finance, solar panels, energy efficiency upgrades, etc.) and green deposit products.
- ESG rating/scoring of business customers and investment portfolio.
- Participation in renewable energy financing projects.
- Sustainable investment funds.
- Investment in green and sustainable bonds.
- Regarding its own carbon footprint – the footprint of Caja Rural de Navarra, Sdad. Coop. – by encouraging more sustainable mobility among its workforce.

INFORMATION PROVIDED IN COMPLIANCE WITH REGULATION EU 2020/852 CONCERNING ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

The Bank must comply with the disclosure requirements in Regulation (EU) 2020/852 of the European Parliament and Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. This regulation was enhanced by Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, 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.

This section presents the information required by these Regulations for each of the Groups that comprise it.

A key point to note is that the European green taxonomy has come into force, creating a system of technical criteria and requirements to assess how far financing transactions comply with the taxonomy for companies subject to the Non-Financial Reporting Directive (NFRD). As from 1 January 2024, this directive obliges all financial institutions to calculate and publish the percentage of their exposures that are aligned with the taxonomy, i.e. their Green Asset Ratio (GAR). Also, as in previous years, institutions need to publish the coverage of the GAR and qualitative information and indicators required by these regulations.

Another related regulatory change in 2023 is the recent regulation on environmental objectives which developed only the first two of the six objectives envisaged by the taxonomy: 1) Climate change mitigation and 2) Climate change adaptation. The four remaining objectives are: 3) pollution prevention and control, 4) transition to a circular economy, 5) protection of water and marine resources and 6) protection and restoration of biodiversity and ecosystems.

Although Article 5 of Delegated Regulation (EU) 2023/2486 (amending among others Articles 8 and 10 of Delegated Regulation 2021 /2178) states that it is not yet necessary to publish the eligible exposures associated with the these objectives, the Bank has nonetheless decided to disclose these data in this report.

Regarding eligibility, the Regulation lists the activities deemed eligible, irrespective of whether or not whether or not the reporting entity meets the technical criteria for them to be considered aligned.

Regarding the analysis of alignment (and hence what can be considered green for the purposes of the GAR), it should be kept in mind that 2024 is the first year the Bank is calculating and publishing this figure. We therefore explain below a number of points affecting the methodology used for the calculation:

– The GAR considers only the first two objectives of climate change mitigation and adaptation. This is because while the technical criteria for the other objectives have been developed and published they have not been applied and disclosed by the Bank's client companies, which means they could not be collected by the Bank. What is more, the disclosure obligation would not apply anyway as we remain within the grace period specified in the above-mentioned Article 5. The disclosure of the Bank's taxonomy alignment is based (as regards unspecified financing of legal entities) on data provided by its counterparties (collected in cooperation with a third party for non-financial counterparties only, as financial institutions have not yet reported their taxonomy alignment at year end). Clearly, this limits the data available.

– Besides verifying compliance with the technical screening requirements for whether an activity contributes to the objective, a complex task in itself that sometimes demands considerable expertise, an exposure or activity can only be considered taxonomy-aligned if it fulfils the principle that it must "do no significant harm" (DNSH, i.e. not impair any of the other objectives) and applies minimum social safeguards. The Bank takes the view that, as it is only involved in the projects and activities as a third party facilitator and plays no direct part in their execution but merely provides finance, and, as it is frequently difficult or impossible for the Bank to determine and collect the information on whether the DNSH and safeguarding conditions have been met, it is reasonable to conclude that an activity is compliant if it is originally subject to Spanish legal regulations, which are harmonised with European rules.

As a result, nearly all the exposures that the Bank has deemed to be green and taxonomy-aligned are either, a) mortgages on buildings with grade A energy ratings (built after 2021) or buildings with grade A, B, C and D ratings (built before 2021 but which meet the criterion of being 15% more efficient than the benchmark building standard), or b) the share of the Bank's financing to counterparties that corresponds to their proportion of taxonomy-aligned revenue or capex. Regarding energy performance certificates, it should be noted that, despite using proxies or simulated energy efficiency certificates for unrated buildings (based on an audited methodology using an independent third party), the Bank has only used actual ratings to analyse alignment. Notwithstanding the above, the Bank has striven to ensure the information disclosed is as reliable as possible and as and when it has better criteria or interpretation guidelines, will follow best practice in the sector and refine the calculations to always provide as accurate a picture as possible of the degree of taxonomy alignment.

Looking forward, for categories related to financing a specific proposal or defined project, the Bank is developing a range of green products that promote and incentivise the transition to a sustainable economy and will collect the data to demonstrate their compliance with the technical screening criteria for alignment with the taxonomy.

Finally, it should also be said that, – leaving aside the above-mentioned limitations, the complexity of the regulations and the lack of guidelines for its interpretation – the representativeness and comparability of the GAR is by definition heavily conditioned by its nature and the exclusions applied, especially for SMEs which make up a big proportion of the Bank's lending mix and, being excluded from the NFRD, are counted in the denominator but not the numerator for the ratio. Equally, readers should be aware that just because an activity falls outside the scope of the European taxonomy or fails to meet all its requirements, this does not mean it is harmful or has a negative environmental impact.

Key indicators

The GAR (by revenue) of the Bank is **3.19%** based on all covered assets as required by the regulation.
The GAR (by fixed asset investments – capex) of the Bank is **3.40%** based on all assets covered.
The ratio of the Bank's exposure to eligible assets included in the Delegated Regulation of the four environmental objectives recently added to the taxonomy is **2.41%**.
The Bank's exposure to economic activities related to fossil gas and nuclear energy is virtually zero.

	Total environmentally sustainable assets	Total environmentally sustainable assets	KPI (Turnover)	KPI (CapEx)	% coverage (over total assets)
Green asset ratio (GAR) stock	402,162,848.39	429,089,139.83	3.19	3.4	76.17

European taxonomy Article 8. – Tables and templates

We present below the tables required by European taxonomy regulations and specified in the two regulations cited in the previous section.

Statement: GAR001 (582) VN

Period: 31/12/2023 | **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA | **Página/Vista (Nivel 1):** Volumen de negocio

Disclosure reference date T

EUR million	Total (net) carrying amount	Total (gross) carrying amount	Climate Change Mitigation (CCM) – Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator							
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,991	5,053	4,617	402	379	8	9
Financial undertakings	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0
Non-financial undertakings subject to NFRD	466	493	56	22	0	8	9
Loans and advances	363	388	25	12	0	6	3
Debt securities, including UoP	88	90	28	10	0	1	6
Equity instruments	15	15	2	0		0	0
Households	4,514	4,547	4,547	379	379	0	0
of which loans collateralised by residential immovable property	4,288	4,317	4,317	373	373	0	0
of which building renovation loans	183	187	187	7	7	0	0
of which motor vehicle loans	43	44	44	0	0	0	0
Local governments financing	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0
Other local government financing	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	11	13	13	0	0	0	0
Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,264	7,373	0	0	0	0	0
Financial and Non-financial undertakings	5,491	5,640					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	5,257	5,400					
Loans and advances	3,778	3,916					
of which loans collateralised by commercial immovable property	804	816					
of which building renovation loans	17	18					
Debt securities	1,041	1,047					
Equity instruments	438	438					
Non-EU country counterparties not subject to NFRD disclosure obligations	234	240					
Loans and advances	17	20					
Debt securities	217	220					
Equity instruments	1	1					
Derivatives	0	0					
On demand interbank loans	357	357					
Cash and cash-related assets	57	57					
Other categories of assets (e.g. Goodwill, commodities etc.)	1,358	1,518					
Total GAR assets	12,255	12,627	4,617	402	379	8	9
Assets not covered for GAR calculation	3,950	3,951					
Central governments and Supranational issuers	2,743	2,744					
Central banks exposure	1,200	1,200					
Trading book	7	7					
Total assets	16,205	16,577	4,617	402	379	8	9
Off-balance sheet exposures	0						
Financial guarantees	80	80	0	0	0	0	0

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Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR001 (582) VN

Period: 31/12/2023 | **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA | **Página/Vista (Nivel 1):** Volumen de negocio

Disclosure reference date T

EUR million	Total (net) carrying amount	Total (gross) carrying amount	Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
					Of which environmentally sustainable (Taxonomy-aligned)	
					Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,991	5,053	1	0	0	0
Financial undertakings	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial undertakings subject to NFRD	466	493	1	0	0	0
Loans and advances	363	388	1	0	0	0
Debt securities, including UoP	88	90	0	0	0	0
Equity instruments	15	15	0	0	0	0
Households	4,514	4,547				
of which loans collateralised by residential immovable property	4,288	4,317				
of which building renovation loans	183	187				
of which motor vehicle loans	43	44				
Local governments financing	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0
Other local government financing	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	11	13	0	0	0	0
Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,264	7,373	0	0	0	0
Financial and Non-financial undertakings	5,491	5,640				
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	5,257	5,400				
Loans and advances	3,778	3,916				
of which loans collateralised by commercial immovable property	804	816				
of which building renovation loans	17	18				
Debt securities	1,041	1,047				
Equity instruments	438	438				
Non-EU country counterparties not subject to NFRD disclosure obligations	234	240				
Loans and advances	17	20				
Debt securities	217	220				
Equity instruments	1	1				
Derivatives	0	0				
On demand interbank loans	357	357				
Cash and cash-related assets	57	57				
Other categories of assets (e.g. Goodwill, commodities etc.)	1,358	1,518				
Total GAR assets	12,255	12,627	1	0	0	0
Assets not covered for GAR calculation	3,950	3,951				
Central governments and Supranational issuers	2,743	2,744				
Central banks exposure	1,200	1,200				
Trading book	7	7				
Total assets	16,205	16,577	1	0	0	0
Off-balance sheet exposures	0					
Financial guarantees	80	80	0	0	0	0

Statement: GAR001 (582) VN

Period: 31/12/2023 | **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA | **Página/Vista (Nivel 1):** Volumen de negocio

Disclosure reference date T

EUR million	Total (net) carrying amount	Total (gross) carrying amount	TOTAL (CCM + CCA + WMR + CE + P + BE)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
					Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator							
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,991	5,053	4,618	402	379	8	9
Financial undertakings	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0
Non-financial undertakings subject to NFRD	466	493	57	23	0	8	9
Loans and advances	363	388	26	12	0	6	3
Debt securities, including UoP	88	90	29	11	0	1	6
Equity instruments	15	15	2	0		0	0
Households	4,514	4,547	4,547	379	379	0	0
of which loans collateralised by residential immovable property	4,288	4,317	4,317	373	373	0	0
of which building renovation loans	183	187	187	7	7	0	0
of which motor vehicle loans	43	44	44	0	0	0	0
Local governments financing	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0
Other local government financing	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	11	13	13	0	0	0	0
Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,264	7,573	0	0	0	0	0
Financial and Non-financial undertakings	5,491	5,640					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	5,257	5,400					
Loans and advances	3,778	3,916					
of which loans collateralised by commercial immovable property	804	816					
of which building renovation loans	17	18					
Debt securities	1,041	1,047					
Equity instruments	438	438					
Non-EU country counterparties not subject to NFRD disclosure obligations	234	240					
Loans and advances	17	20					
Debt securities	217	220					
Equity instruments	1	1					
Derivatives	0	0					
On demand interbank loans	357	357					
Cash and cash-related assets	57	57					
Other categories of assets (e.g. Goodwill, commodities etc.)	1,358	1,518					
Total GAR assets	12,255	12,627	4,618	402	379	8	9
Assets not covered for GAR calculation	3,950	3,951					
Central governments and Supranational issuers	2,743	2,744					
Central banks exposure	1,200	1,200					
Trading book	7	7					
Total assets	16,205	16,577	4,618	402	379	8	9
Off-balance sheet exposures	0						
Financial guarantees	80	80	0	0	0	0	0

Los datos respectivos a Uso sostenible y protección de los recursos hídricos y marinos (WMR), Transición hacia una economía circular (CE), Prevención y control de la contaminación (P) y Protección y recuperación de la biodiversidad y los ecosistemas (BE) tienen como valor cero para figurar en el cómputo global.

Statement: GAR001 (S82) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

EUR million	Total (net) carrying amount	Total (gross) carrying amount	Mitigación del Cambio Climático (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
					Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator							
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,991	5,053	4,643	429	379	7	21
Financial undertakings	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0
Non-financial undertakings subject to NFRD	466	493	82	49	0	7	21
Loans and advances	363	388	34	28	0	4	11
Debt securities, including UoP	88	90	43	20	0	2	10
Equity instruments	15	15	5	1		0	0
Households	4,514	4,547	4,547	379	379	0	0
of which loans collateralised by residential immovable property	4,288	4,317	4,317	373	373	0	0
of which building renovation loans	183	187	187	7	7	0	0
of which motor vehicle loans	43	44	44	0	0	0	0
Local governments financing	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0
Other local government financing	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	11	13	13	0	0	0	0
Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,264	7,573	0	0	0	0	0
Financial and Non-financial undertakings	5,491	5,640					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	5,257	5,400					
Loans and advances	3,778	3,916					
of which loans collateralised by commercial immovable property	804	816					
of which building renovation loans	17	18					
Debt securities	1,041	1,047					
Equity instruments	438	438					
Non-EU country counterparties not subject to NFRD disclosure obligations	234	240					
Loans and advances	17	20					
Debt securities	217	220					
Equity instruments	1	1					
Derivatives	0	0					
On demand interbank loans	357	357					
Cash and cash-related assets	57	57					
Other categories of assets (e.g. Goodwill, commodities etc.)	1,358	1,518					
Total GAR assets	12,255	12,627	4,643	429	379	7	21
Assets not covered for GAR calculation	3,950	3,951					
Central governments and Supranational issuers	2,743	2,744					
Central banks exposure	1,200	1,200					
Trading book	7	7					
Total assets	16,205	16,577	4,643	429	379	7	21
Off-balance sheet exposures	0						
Financial guarantees	80	80	0	0	0	0	0

Statement: GAR001 (582) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

EUR million	Total (net) carrying amount	Total (gross) carrying amount	Disclosure reference date T — Adaptación al Cambio Climático (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
					Of which environmentally sustainable (Taxonomy-aligned)	
					Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,991	5,053	2	1	0	0
Financial undertakings	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial undertakings subject to NFRD	466	493	2	1	0	0
Loans and advances	363	388	1	0	0	0
Debt securities, including UoP	88	90	1	0	0	0
Equity instruments	15	15	0	0	0	0
Households	4,514	4,547				
of which loans collateralised by residential immovable property	4,288	4,317				
of which building renovation loans	183	187				
of which motor vehicle loans	43	44				
Local governments financing	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0
Other local government financing	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	11	13	0	0	0	0
Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,264	7,573	0	0	0	0
Financial and Non-financial undertakings	5,491	5,640				
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	5,257	5,400				
Loans and advances	3,778	3,916				
of which loans collateralised by commercial immovable property	804	816				
of which building renovation loans	17	18				
Debt securities	1,041	1,047				
Equity instruments	438	438				
Non-EU country counterparties not subject to NFRD disclosure obligations	234	240				
Loans and advances	17	20				
Debt securities	217	220				
Equity instruments	1	1				
Derivatives	0	0				
On demand interbank loans	357	357				
Cash and cash-related assets	57	57				
Other categories of assets (e.g. Goodwill, commodities etc.)	1,358	1,518				
Total GAR assets	12,255	12,627	2	1	0	0
Assets not covered for GAR calculation	3,950	3,951				
Central governments and Supranational issuers	2,743	2,744				
Central banks exposure	1,200	1,200				
Trading book	7	7				
Total assets	16,205	16,577	2	1	0	0
Off-balance sheet exposures	0					
Financial guarantees	80	80	0	0	0	0

Statement: GAR001 (582) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

EUR million	Total (net) carrying amount	Total (gross) carrying amount	Disclosure reference date T — TOTAL (CCM + CCA + WMR + CE + P + BE)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
					Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator							
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,991	5,053	4,645	429	379	7	21
Financial undertakings	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0
Non-financial undertakings subject to NFRD	466	493	84	50	0	7	21
Loans and advances	363	388	35	28	0	4	11
Debt securities, including UoP	88	90	44	20	0	2	10
Equity instruments	15	15	5	1		0	0
Households	4,514	4,547	4,547	379	379	0	0
of which loans collateralised by residential immovable property	4,288	4,317	4,317	373	373	0	0
of which building renovation loans	183	187	187	7	7	0	0
of which motor vehicle loans	43	44	44	0	0	0	0
Local governments financing	0	0	0	0	0	0	0
Housing financing	0	0	0	0	0	0	0
Other local government financing	0	0	0	0	0	0	0
Collateral obtained by taking possession: residential and commercial immovable properties	11	13	13	0	0	0	0
Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,264	7,573	0	0	0	0	0
Financial and Non-financial undertakings	5,491	5,640					
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	5,257	5,400					
Loans and advances	3,778	3,916					
of which loans collateralised by commercial immovable property	804	816					
of which building renovation loans	17	18					
Debt securities	1,041	1,047					
Equity instruments	438	438					
Non-EU country counterparties not subject to NFRD disclosure obligations	234	240					
Loans and advances	17	20					
Debt securities	217	220					
Equity instruments	1	1					
Derivatives	0	0					
On demand interbank loans	357	357					
Cash and cash-related assets	57	57					
Other categories of assets (e.g. Goodwill, commodities etc.)	1,358	1,518					
Total GAR assets	12,255	12,627	4,645	429	379	7	21
Assets not covered for GAR calculation	3,950	3,951					
Central governments and Supranational issuers	2,743	2,744					
Central banks exposure	1,200	1,200					
Trading book	7	7					
Total assets	16,205	16,577	4,645	429	379	7	21
Off-balance sheet exposures	0						
Financial guarantees	80	80	0	0	0	0	0

Los datos respectivos a Uso sostenible y protección de los recursos hídricos y marinos (WMR), Transición hacia una economía circular (CE), Prevención y control de la contaminación (P) y Protección y recuperación de la biodiversidad y los ecosistemas (BE) tienen como valor cero pero figuran en el cómputo global.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR002 (583) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
	Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
	Gross carrying amount		Gross carrying amount	
	EUR M	Of which environmentally sustainable (CCM)	EUR M	Of which environmentally sustainable (CCM)
1085 - Manufacture of prepared meals and dishes	1	0	0	0
1711 - Manufacture of pulp	0	0	0	0
1723 - Manufacture of paper stationery	0	0	0	0
2011 - Manufacture of industrial gases	0	0	0	0
2014 - Manufacture of other organic basic chemicals	0	0	0	0
2211 - Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	0	0	0	0
2221 - Manufacture of plastic plates, sheets, tubes and profiles	0	0	0	0
2311 - Manufacture of flat glass	0	0	0	0
2351 - Manufacture of cement	0	0	0	0
2410 - Manufacture of basic iron and steel and of ferro-alloys	1	0	0	0
2420 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	6	6	0	0
2511 - Manufacture of metal structures and parts of structures	0	0	0	0
2620 - Manufacture of computers and peripheral equipment	1	0	0	0
2711 - Manufacture of electric motors, generators and transformers	0	0	0	0
2910 - Manufacture of motor vehicles	11	1	0	0
3020 - Manufacture of railway locomotives and rolling stock	2	1	0	0
3511 - Production of electricity	4	4	0	0
3512 - Transmission of electricity	1	1	0	0
3513 - Distribution of electricity	8	3	0	0
3521 - Manufacture of gas	0	0	0	0
3522 - Distribution of gaseous fuels through mains	0	0	0	0
3811 - Collection of non-hazardous waste	0	0	0	0
4120 - Construction of residential and non-residential buildings	0	0	0	0
4299 - Construction of other civil engineering projects n.e.c.	7	1	1	0
4311 - Demolition	0	0	0	0
4621 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	0	0	0	0
4671 - Wholesale of solid, liquid and gaseous fuels and related products	1	0	0	0
4719 - Other retail sale in non-specialised stores	0	0	0	0
4941 - Freight transport by road	0	0	0	0
5010 - Sea and coastal passenger water transport	3	0	0	0
5221 - Service activities incidental to land transportation	0	0	0	0
5320 - Other postal and courier activities	0	0	0	0
5520 - Holiday and other short-stay accommodation	0	0	0	0
6190 - Other telecommunications activities	0	0	0	0
6810 - Buying and selling of own real estate	2	0	0	0
6820 - Renting and operating of own or leased real estate	1	0	0	0
9999 - NACEs not included in Taxonomy	5	3	0	0
TOTAL	56	22	1	0

Statement: GAR002 (583) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

Breakdown by sector - NACE 4 digits level (code and label)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
	Non-Financial corporates (Subject to NFRD)	
	Gross carrying amount	
	EUR M	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1085 - Manufacture of prepared meals and dishes	1	0
1711 - Manufacture of pulp	0	0
1723 - Manufacture of paper stationery	0	0
2011 - Manufacture of industrial gases	0	0
2014 - Manufacture of other organic basic chemicals	0	0
2211 - Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	0	0
2221 - Manufacture of plastic plates, sheets, tubes and profiles	0	0
2311 - Manufacture of flat glass	1	0
2351 - Manufacture of cement	0	0
2410 - Manufacture of basic iron and steel and of ferro-alloys	1	0
2420 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	6	6
2511 - Manufacture of metal structures and parts of structures	0	0
2620 - Manufacture of computers and peripheral equipment	1	0
2711 - Manufacture of electric motors, generators and transformers	0	0
2910 - Manufacture of motor vehicles	11	1
3020 - Manufacture of railway locomotives and rolling stock	2	1
3511 - Production of electricity	4	4
3512 - Transmission of electricity	1	1
3513 - Distribution of electricity	8	3
3521 - Manufacture of gas	0	0
3522 - Distribution of gaseous fuels through mains	0	0
3811 - Collection of non-hazardous waste	0	0
4120 - Construction of residential and non-residential buildings	0	0
4299 - Construction of other civil engineering projects n.e.c.	7	1
4311 - Demolition	0	0
4621 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	0	0
4671 - Wholesale of solid, liquid and gaseous fuels and related products	1	0
4719 - Other retail sale in non-specialised stores	0	0
4941 - Freight transport by road	0	0
5010 - Sea and coastal passenger water transport	3	0
5221 - Service activities incidental to land transportation	0	0
5320 - Other postal and courier activities	0	0
5520 - Holiday and other short-stay accommodation	0	0
6190 - Other telecommunications activities	0	0
6810 - Buying and selling of own real estate	2	0
6820 - Renting and operating of own or leased real estate	1	0
9999 - NACEs not included in Taxonomy	5	3
TOTAL	57	25

Los datos respectivos a Uso sostenible y protección de los recursos hídricos y marinos (WMR), Transición hacia una economía circular (CE), Prevención y control de la contaminación (P) y Protección y recuperación de la biodiversidad y los ecosistemas (BE) tienen como valor cero pero figuran en el cómputo global.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR002 (583) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
	Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
	Gross carrying amount		Gross carrying amount	
	EUR M	Of which environmentally sustainable (CCM)	EUR M	Of which environmentally sustainable (CCM)
1041 - Manufacture of oils and fats	1	0	0	0
1071 - Manufacture of bread; manufacture of fresh pastry goods and cakes	0	0	0	0
1085 - Manufacture of prepared meals and dishes	1	0	0	0
1107 - Manufacture of soft drinks; production of mineral waters and other bottled waters	1	0	0	0
1419 - Manufacture of other wearing apparel and accessories	2	0	0	0
1711 - Manufacture of pulp	0	0	0	0
1723 - Manufacture of paper stationery	0	0	0	0
2011 - Manufacture of industrial gases	0	0	0	0
2014 - Manufacture of other organic basic chemicals	0	0	0	0
2110 - Manufacture of basic pharmaceutical products	1	0	0	0
2211 - Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	0	0	0	0
2221 - Manufacture of plastic plates, sheets, tubes and profiles	0	0	0	0
2311 - Manufacture of flat glass	1	0	1	0
2351 - Manufacture of cement	0	0	0	0
2410 - Manufacture of basic iron and steel and of ferro-alloys	0	0	0	0
2420 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	4	4	0	0
2511 - Manufacture of metal structures and parts of structures	0	0	0	0
2620 - Manufacture of computers and peripheral equipment	0	0	0	0
2630 - Manufacture of communication equipment	0	0	0	0
2711 - Manufacture of electric motors, generators and transformers	0	0	0	0
2823 - Manufacture of office machinery and equipment (except computers and peripheral equipment)	0	0	0	0
2829 - Manufacture of other general-purpose machinery n.e.c.	0	0	0	0
2910 - Manufacture of motor vehicles	11	2	0	0
3020 - Manufacture of railway locomotives and rolling stock	2	1	0	0
3250 - Manufacture of medical and dental instruments and supplies	0	0	0	0
3511 - Production of electricity	9	8	0	0
3512 - Transmission of electricity	1	1	0	0
3513 - Distribution of electricity	19	19	0	0
3521 - Manufacture of gas	1	1	0	0
3522 - Distribution of gaseous fuels through mains	1	1	0	0
3811 - Collection of non-hazardous waste	0	0	0	0
4120 - Construction of residential and non-residential buildings	0	0	0	0
4299 - Construction of other civil engineering projects n.e.c.	2	1	1	0
4311 - Demolition	0	0	0	0
4621 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	0	0	0	0
4671 - Wholesale of solid, liquid and gaseous fuels and related products	1	0	0	0
4690 - Non-specialised wholesale trade	4	0	0	0
4719 - Other retail sale in non-specialised stores	2	0	0	0
4941 - Freight transport by road	0	0	0	0
5010 - Sea and coastal passenger water transport	2	0	0	0
5221 - Service activities incidental to land transportation	0	0	0	0
5320 - Other postal and courier activities	0	0	0	0
5510 - Hotels and similar accommodation	0	0	0	0
5520 - Holiday and other short-stay accommodation	0	0	0	0
6190 - Other telecommunications activities	0	0	0	0
6810 - Buying and selling of own real estate	2	1	0	0
6820 - Renting and operating of own or leased real estate	1	0	0	0
9999 - NACEs not included in Taxonomy	9	6	0	0
TOTAL	82	49	2	1

Statement: GAR002 (583) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

Breakdown by sector - NACE 4 digits level (code and label)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
	Non-Financial corporates (Subject to NFRD)	
	Gross carrying amount	
	EUR M	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1041 - Manufacture of oils and fats	1	0
1071 - Manufacture of bread; manufacture of fresh pastry goods and cakes	0	0
1085 - Manufacture of prepared meals and dishes	1	0
1107 - Manufacture of soft drinks; production of mineral waters and other bottled waters	1	0
1419 - Manufacture of other wearing apparel and accessories	2	0
1711 - Manufacture of pulp	0	0
1723 - Manufacture of paper stationery	0	0
2011 - Manufacture of industrial gases	0	0
2014 - Manufacture of other organic basic chemicals	0	0
2110 - Manufacture of basic pharmaceutical products	1	0
2211 - Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	0	0
2221 - Manufacture of plastic plates, sheets, tubes and profiles	0	0
2311 - Manufacture of flat glass	2	1
2351 - Manufacture of cement	0	0
2410 - Manufacture of basic iron and steel and of ferro-alloys	0	0
2420 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	4	4
2511 - Manufacture of metal structures and parts of structures	0	0
2620 - Manufacture of computers and peripheral equipment	0	0
2630 - Manufacture of communication equipment	0	0
2711 - Manufacture of electric motors, generators and transformers	0	0
2823 - Manufacture of office machinery and equipment (except computers and peripheral equipment)	0	0
2829 - Manufacture of other general-purpose machinery n.e.c.	0	0
2910 - Manufacture of motor vehicles	11	3
3020 - Manufacture of railway locomotives and rolling stock	2	1
3250 - Manufacture of medical and dental instruments and supplies	0	0
3511 - Production of electricity	9	8
3512 - Transmission of electricity	1	1
3513 - Distribution of electricity	19	19
3521 - Manufacture of gas	1	1
3522 - Distribution of gaseous fuels through mains	1	1
3811 - Collection of non-hazardous waste	0	0
4120 - Construction of residential and non-residential buildings	0	0
4299 - Construction of other civil engineering projects n.e.c.	4	1
4311 - Demolition	0	0
4621 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	0	0
4671 - Wholesale of solid, liquid and gaseous fuels and related products	1	0
4690 - Non-specialised wholesale trade	4	0
4719 - Other retail sale in non-specialised stores	2	0
4941 - Freight transport by road	0	0
5010 - Sea and coastal passenger water transport	2	0
5221 - Service activities incidental to land transportation	0	0
5320 - Other postal and courier activities	0	0
5510 - Hotels and similar accommodation	0	0
5520 - Holiday and other short-stay accommodation	0	0
6190 - Other telecommunications activities	0	0
6810 - Buying and selling of own real estate	2	1
6820 - Renting and operating of own or leased real estate	1	0
9999 - NACEs not included in Taxonomy	9	6
TOTAL	84	50

Statement: GAR003 (584) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91.36	7.95	7.51	0.15	0.17
Financial undertakings					
Credit institutions					
Loans and advances					
Debt securities, including UoP					
Equity instruments					
Other financial corporations					
Non-financial undertakings subject to NFRD	11.34	4.55	0.00	1.53	1.73
Loans and advances	6.55	3.04	0.00	1.62	0.67
Debt securities, including UoP	31.46	11.46	0.00	1.36	6.41
Equity instruments	14.20	1.98	0.00	0.01	0.92
Households	100.00	8.34	8.34	0.00	0.00
of which loans collateralised by residential immovable property	100.00	8.64	8.64	0.00	0.00
of which building renovation loans	100.00	3.49	3.49	0.00	0.00
of which motor vehicle loans	100.00	0.00	0.00	0.00	0.00
Local governments financing					
Housing financing					
Other local government financing					
Collateral obtained by taking possession: residential and commercial immovable properties	100.00	0.00	0.00	0.00	0.00
Total GAR assets	36.56	3.18	3.01	0.06	0.07

Statement: GAR003 (584) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T			
	Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	
			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator				
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.03	0.01	0.00	0.00
Financial undertakings				
Credit institutions				
Loans and advances				
Debt securities, including UoP				
Equity instruments				
Other financial corporations				
Non-financial undertakings subject to NFRD	0.26	0.06	0.00	0.00
Loans and advances	0.22	0.02	0.00	0.00
Debt securities, including UoP	0.51	0.25	0.00	0.00
Equity instruments	0.01	0.00		0.00
Households				
of which loans collateralised by residential immovable property				
of which building renovation loans				
of which motor vehicle loans				
Local governments financing				
Housing financing				
Other local government financing				
Collateral obtained by taking possession: residential and commercial immovable properties	0.00	0.00	0.00	0.00
Total GAR assets	0.01	0.00	0.00	0.00

Statement: GAR003 (S84) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T					
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91.38	7.96	7.51	0.15	0.17	30.48
Financial undertakings						0.00
Credit institutions						0.00
Loans and advances						0.00
Debt securities, including UoP						0.00
Equity instruments						0.00
Other financial corporations						0.00
Non-financial undertakings subject to NFRD	11.60	4.61	0.00	1.53	1.73	2.97
Loans and advances	6.77	3.06	0.00	1.62	0.67	2.34
Debt securities, including UoP	31.97	11.71	0.00	1.36	6.41	0.54
Equity instruments	14.21	1.98		0.01	0.92	0.09
Households	100.00	8.34	8.34	0.00	0.00	27.43
of which loans collateralised by residential immovable property	100.00	8.64	8.64	0.00	0.00	26.04
of which building renovation loans	100.00	3.49	3.49	0.00	0.00	1.13
of which motor vehicle loans	100.00	0.00	0.00	0.00	0.00	0.27
Local governments financing						0.00
Housing financing						0.00
Other local government financing						0.00
Collateral obtained by taking possession: residential and commercial immovable properties	100.00	0.00	0.00	0.00	0.00	0.08
Total assets of the GAR	36.57	3.19	3.01	0.06	0.07	76.17

Statement: GAR003 (S84) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91.87	8.48	7.51	0.13	0.42
Financial undertakings					
Credit institutions					
Loans and advances					
Debt securities, including UoP					
Equity instruments					
Other financial corporations					
Non-financial undertakings subject to NFRD	16.61	9.97	0.00	1.35	4.27
Loans and advances	8.75	7.34	0.00	1.14	2.80
Debt securities, including UoP	47.62	21.70	0.00	2.37	10.79
Equity instruments	33.62	7.38	0.00	0.52	2.75
Households	100.00	8.34	8.34	0.00	0.00
of which loans collateralised by residential immovable property	100.00	8.64	8.64	0.00	0.00
of which building renovation loans	100.00	3.49	3.49	0.00	0.00
of which motor vehicle loans	100.00	0.00	0.00	0.00	0.00
Local governments financing					
Housing financing					
Other local government financing					
Collateral obtained by taking possession: residential and commercial immovable properties	100.00	0.00	0.00	0.00	0.00
Total GAR assets	36.77	3.39	3.01	0.05	0.17

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR003 (584) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

Disclosure reference date T

% (compared to total assets in the denominator)	Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	
			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator				
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.05	0.01	0.00	0.00
Financial undertakings				
Credit institutions				
Loans and advances				
Debt securities, including UoP				
Equity instruments				
Other financial corporations				
Non-financial undertakings subject to NFRD	0.48	0.11	0.00	0.00
Loans and advances	0.36	0.01	0.00	0.00
Debt securities, including UoP	1.08	0.53	0.00	0.00
Equity instruments	0.00	0.00		
Households				
of which loans collateralised by residential immovable property				
of which building renovation loans				
of which motor vehicle loans				
Local governments financing				
Housing financing				
Other local government financing				
Collateral obtained by taking possession: residential and commercial immovable properties	0.00	0.00	0.00	0.00
Total GAR assets	0.02	0.00	0.00	0.00

Statement: GAR003 (584) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

Disclosure reference date T

% (compared to total assets in the denominator)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91.92	8.49	7.51	0.13	0.42	30.48
Financial undertakings						0.00
Credit institutions						0.00
Loans and advances						0.00
Debt securities, including UoP						0.00
Equity instruments						0.00
Other financial corporations						0.00
Non-financial undertakings subject to NFRD	17.09	10.08	0.00	1.35	4.27	2.97
Loans and advances	9.11	7.35	0.00	1.14	2.80	2.34
Debt securities, including UoP	48.70	22.23	0.00	2.37	10.79	0.54
Equity instruments	33.62	7.38		0.52	2.75	0.09
Households	100.00	8.34	8.34	0.00	0.00	27.43
of which loans collateralised by residential immovable property	100.00	8.64	8.64	0.00	0.00	26.04
of which building renovation loans	100.00	3.49	3.49	0.00	0.00	1.13
of which motor vehicle loans	100.00	0.00	0.00	0.00	0.00	0.27
Local governments financing						0.00
Housing financing						0.00
Other local government financing						0.00
Collateral obtained by taking possession: residential and commercial immovable properties	100.00	0.00	0.00	0.00	0.00	0.08
Total GAR assets	36.79	3.40	3.01	0.05	0.17	76.17

CAJA RURAL DE NAVARRA

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR004 (586) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91,36	25,50	25,06	0,15	0,17
Financial undertakings	0,00	0,00	0,00	0,00	0,00
Credit institutions	0,00	0,00	0,00	0,00	0,00
Loans and advances	0,00	0,00	0,00	0,00	0,00
Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00
Equity instruments	0,00	0,00		0,00	0,00
Other financial corporations	0,00	0,00	0,00	0,00	0,00
Non-financial undertakings subject to NFRD	11,34	4,55	0,00	1,53	1,73
Loans and advances	6,55	3,04	0,00	1,62	0,67
Debt securities, including UoP	31,46	11,46	0,00	1,36	6,41
Equity instruments	14,20	1,98		0,01	0,92
Households	100,00	27,84	27,84	0,00	0,00
of which loans collateralised by residential immovable property	100,00	28,98	28,98	0,00	0,00
of which building renovation loans	100,00	8,08	8,08	0,00	0,00
of which motor vehicle loans	100,00	0,00	0,00	0,00	0,00
Local governments financing	0,00	0,00	0,00	0,00	0,00
Housing financing	0,00	0,00	0,00	0,00	0,00
Other local government financing	0,00	0,00	0,00	0,00	0,00
Collateral obtained by taking possession: residential and commercial immovable properties	100,00	0,00	0,00	0,00	0,00
Total GAR assets	36,56	10,20	10,03	0,06	0,07

Statement: GAR004 (586) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91,36	25,50	25,06	0,15	0,17
Financial undertakings	0,00	0,00	0,00	0,00	0,00
Credit institutions	0,00	0,00	0,00	0,00	0,00
Loans and advances	0,00	0,00	0,00	0,00	0,00
Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00
Equity instruments	0,00	0,00		0,00	0,00
Other financial corporations	0,00	0,00	0,00	0,00	0,00
Non-financial undertakings subject to NFRD	11,34	4,55	0,00	1,53	1,73
Loans and advances	6,55	3,04	0,00	1,62	0,67
Debt securities, including UoP	31,46	11,46	0,00	1,36	6,41
Equity instruments	14,20	1,98		0,01	0,92
Households	100,00	27,84	27,84	0,00	0,00
of which loans collateralised by residential immovable property	100,00	28,98	28,98	0,00	0,00
of which building renovation loans	100,00	8,08	8,08	0,00	0,00
of which motor vehicle loans	100,00	0,00	0,00	0,00	0,00
Local governments financing	0,00	0,00	0,00	0,00	0,00
Housing financing	0,00	0,00	0,00	0,00	0,00
Other local government financing	0,00	0,00	0,00	0,00	0,00
Collateral obtained by taking possession: residential and commercial immovable properties	100,00	0,00	0,00	0,00	0,00
Total GAR assets	36,56	10,20	10,03	0,06	0,07

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR004 (S86) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T			
	Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	
			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator				
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0,03	0,01	0,00	0,00
Financial undertakings	0,00	0,00	0,00	0,00
Credit institutions	0,00	0,00	0,00	0,00
Loans and advances	0,00	0,00	0,00	0,00
Debt securities, including UoP	0,00	0,00	0,00	0,00
Equity instruments	0,00	0,00		0,00
Other financial corporations	0,00	0,00	0,00	0,00
Non-financial undertakings subject to NFRD	0,26	0,06	0,00	0,00
Loans and advances	0,22	0,02	0,00	0,00
Debt securities, including UoP	0,51	0,25	0,00	0,00
Equity instruments	0,01	0,00		0,00
Households				
of which loans collateralised by residential immovable property				
of which building renovation loans				
of which motor vehicle loans				
Local governments financing	0,00	0,00	0,00	0,00
Housing financing	0,00	0,00	0,00	0,00
Other local government financing	0,00	0,00	0,00	0,00
Collateral obtained by taking possession: residential and commercial immovable properties	0,00	0,00	0,00	0,00
Total GAR assets	0,01	0,00	0,00	0,00

Statement: GAR004 (S86) VN

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T					
	TOTAL (CCM + CCA + WMR + CE + P + BE)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91,38	25,51	25,06	0,15	0,17	30,48
Financial undertakings	0,00	0,00	0,00	0,00	0,00	0,00
Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00
Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00
Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00
Equity instruments	0,00	0,00		0,00	0,00	0,00
Other financial corporations	0,00	0,00	0,00	0,00	0,00	0,00
Non-financial undertakings subject to NFRD	11,60	4,61	0,00	1,53	1,73	2,97
Loans and advances	67,66	30,56	0,00	16,24	6,74	0,23
Debt securities, including UoP	319,68	117,06	0,00	13,62	64,13	0,05
Equity instruments	142,06	19,76		0,12	9,16	0,01
Households	100,00	27,84	27,84	0,00	0,00	27,43
of which loans collateralised by residential immovable property	1.000,00	289,81	289,81	0,00	0,00	2,60
of which building renovation loans	1.000,00	80,84	80,84	0,00	0,00	0,11
of which motor vehicle loans	1.000,00	0,00	0,00	0,00	0,00	0,03
Local governments financing	0,00	0,00	0,00	0,00	0,00	0,00
Housing financing	0,00	0,00	0,00	0,00	0,00	0,00
Other local government financing	0,00	0,00	0,00	0,00	0,00	0,00
Collateral obtained by taking possession: residential and commercial immovable properties	1.000,00	0,00	0,00	0,00	0,00	0,01
Total GAR assets	36,57	10,21	10,03	0,06	0,07	76,17

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR004 (S86) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T				
	Climate Change Mitigation (CCM)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator					
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91,87	26,03	25,06	0,13	0,42
Financial undertakings	0,00	0,00	0,00	0,00	0,00
Credit institutions	0,00	0,00	0,00	0,00	0,00
Loans and advances	0,00	0,00	0,00	0,00	0,00
Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00
Equity instruments	0,00	0,00		0,00	0,00
Other financial corporations	0,00	0,00	0,00	0,00	0,00
Non-financial undertakings subject to NFRD	16,61	9,97	0,00	1,35	4,27
Loans and advances	8,75	7,34	0,00	1,14	2,80
Debt securities, including UoP	47,62	21,70	0,00	2,37	10,79
Equity instruments	33,62	7,38		0,52	2,75
Households	100,00	27,84	27,84	0,00	0,00
of which loans collateralised by residential immovable property	100,00	28,98	28,98	0,00	0,00
of which building renovation loans	100,00	8,08	8,08	0,00	0,00
of which motor vehicle loans	100,00	0,00	0,00	0,00	0,00
Local governments financing	0,00	0,00	0,00	0,00	0,00
Housing financing	0,00	0,00	0,00	0,00	0,00
Other local government financing	0,00	0,00	0,00	0,00	0,00
Collateral obtained by taking possession: residential and commercial immovable properties	100,00	0,00	0,00	0,00	0,00
Total GAR assets	36,76	10,42	10,03	0,05	0,17

Statement: GAR004 (S86) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T			
	Climate Change Adaptation (CCA)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	
			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator				
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.05	0.01	0.00	0.00
Financial undertakings	0.00	0.00	0.00	0.00
Credit institutions	0.00	0.00	0.00	0.00
Loans and advances	0.00	0.00	0.00	0.00
Debt securities, including UoP	0.00	0.00	0.00	0.00
Equity instruments	0.00	0.00		0.00
Other financial corporations	0.00	0.00	0.00	0.00
Non-financial undertakings subject to NFRD	0.48	0.11	0.00	0.00
Loans and advances	0.36	0.01	0.00	0.00
Debt securities, including UoP	1.08	0.53	0.00	0.00
Equity instruments	0.00	0.00		0.00
Households				
of which loans collateralised by residential immovable property				
of which building renovation loans				
of which motor vehicle loans				
Local governments financing	0.00	0.00	0.00	0.00
Housing financing	0.00	0.00	0.00	0.00
Other local government financing	0.00	0.00	0.00	0.00
Collateral obtained by taking possession: residential and commercial immovable properties	0.00	0.00	0.00	0.00
Total GAR assets	0.02	0.00	0.00	0.00

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Statement: GAR004 (586) CAPEX

Period: 31/12/2023 **Reporting entity:** 3008 - CAJA RURAL DE NAVARRA

% (compared to total assets in the denominator)	Disclosure reference date T — TOTAL (CCM + CCA + WMR + CE + P + BE)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	91.92	26.04	25.06	0.13	0.42	30.48
Financial undertakings	0,00	0,00	0,00	0,00	0,00	0,00
Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00
Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00
Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00
Equity instruments	0,00	0,00		0,00	0,00	0,00
Other financial corporations	0,00	0,00	0,00	0,00	0,00	0,00
Non-financial undertakings subject to NFRD	17.09	10.08	0,00	1.35	4.27	2.97
Loans and advances	91.08	73.48	0.00	11.39	28.05	0.23
Debt securities, including UoP	486.98	222.33	0.00	23.72	107.90	0.05
Equity instruments	336,15	73,75		5,20	27,53	0,01
Households	100,00	27,84	27,84	0,00	0,00	27,43
of which loans collateralised by residential immovable property	1.000,00	289.81	289.81	0.00	0.00	2.60
of which building renovation loans	1.000,00	80,84	80,84	0,00	0,00	0,11
of which motor vehicle loans	1.000,00	0,00	0,00	0,00	0,00	0,03
Local governments financing	0,00	0,00	0,00	0,00	0,00	0,00
Housing financing	0,00	0,00	0,00	0,00	0,00	0,00
Other local government financing	0.00	0.00	0.00	0.00	0.00	0.00
Collateral obtained by taking possession: residential and commercial immovable properties	1.000,00	0,00	0,00	0,00	0,00	0,01
Total GAR assets	36,78	10,42	10,03	0,05	0,17	76,17

Los datos respectivos a Adaptación al Cambio Climático (CCA), Uso sostenible y protección de los recursos hídricos y marinos (WMR), Transición hacia una economía circular (CE), Prevención y control de la contaminación (P) y Protección y recuperación de la biodiversidad y los ecosistemas (BE) tienen como valor cero pero figuran en el cómputo global.

Description of compliance with the Regulations' objectives

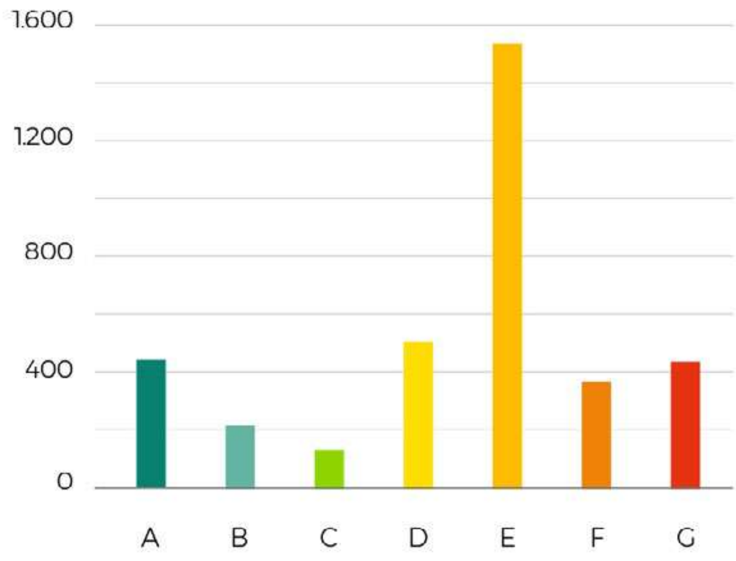
To redirect capital flows toward sustainable investments, the Bank is designing a catalogue of sustainable products and purposes that it considers contribute to sustainable and inclusive growth. Besides the features of each product, it is a primary aim of the Bank to promote the development of the region where it operates, contributing to inclusive growth by facilitating access to banking for populations and customers at risk of social exclusion.

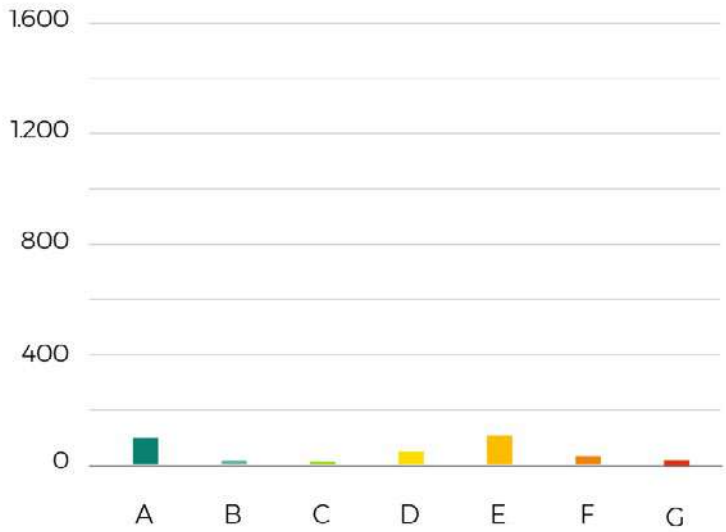
To help manage the financial risks associated with climate change, natural disasters, the deterioration of the environment and social problems, the Bank has developed a range of initiatives including the following:

Energy performance certificates for the whole of its residential mortgage portfolio. These certificates are issued by official registries via an external service provider. For buildings that lack this official certification, Sociedad de Tasación runs simulations of the certification process (for certifiable classes of property). The Bank also assesses the potential impact on its mortgage portfolio of **physical risks** from flooding, fire, earthquakes and desertification, again using Sociedad de Tasación data.

Using the above methods the Bank obtained information on 73% of its mortgage portfolio, which it then ranked by the energy efficiency classification of the underlying properties.

The ratings of the mortgage portfolio by energy performance certificates (EPCs) are as follows:





The Bank also assesses the potential 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 2023, 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 end-2023.

Risk of river flooding	No. buildings	%
No reported risk of flooding	34,940	70.3%
Zone at frequent risk of flooding (50 years)	789	1.6%
Zone at high risk of flooding (10 years)	447	0.9%
Zone at low or exceptional risk (500 years)	1,775	3.6%
Zone at average or occasional risk (100 years)	1,000	2.0%
No data	10,733	21.6%
Total	**45,454**	

Risk of sea flooding	No. buildings	%
Zone at low or exceptional risk (500 years)	18	0.0%
Zone at average or occasional risk (100 years)	271	0.5%
No risk of flooding	38,663	77.8%
No data	10,732	21.6%
Total	49,684	

Risk of Desertification	No. buildings	%
High	889	1.8%
Low	5,254	10.6%
Index of humid or sub-humid aridity	28,773	57.9%
Average	1,492	
Very high	24	0.0%
Urban	2,508	5.0%
No data	10,744	21.6%
Total	49,684	

Seismic risk	No. buildings	%
High	21,189	42.6%
Low	5,394	10.9%
Average	11,848	23.8%
Very high	92	0.2%
No data	11,161	22.5%
Total	49,684	

Seismic risk	No. buildings	%
1 to 5	8,667	17.4%
6 to 10	6,965	14.0%
11 to 25	9,778	19.7%
26 to 50	8,467	17.0%
51 to 100	1,540	3.1%
101 to 500	1,679	3.4%
501 to 1,000	1	0.0%
1,001 to 1,511	3	0.0%
No data	12,584	25.3%
Total	49,684	

- **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.

	Categoría	N1	Impacto	N2	Impacto	Impacto	Probabilidad	Horizonte	Severidad
E	Medio ambiente y cambio climático	1	Incumplimiento regulatorio o normativo	1	Incumplimiento de las exigencias regulatorias / best-practices sectoriales en materia ambiental y/o climática	4,75	1,98	3,00	9,38
				2	Lenta adaptación a los nuevos requisitos regulatorios en materia ambiental y/o climática	4,75	4,25	3,00	20,19
		2	Ausencia de un sistema de gestión de riesgo consolidado en materia medioambiental y climática	3	Falta de inclusión de los riesgos de cambio climático y medioambientales en la estimación de diferentes ratios financieros y de riesgos, especialmente en riesgo de crédito (concesión, seguimiento, pricing y colaterales), mercado (valoración instrumentos), operacional y otros.	7,35	4,50	3,00	33,08
				4	Ausencia o escasa integración de una estrategia de eficiencia operativa ambiental	2,40	4,50	3,00	10,80
				5	Ausencia o escaso entorno de control para la adaptación y mitigación de los impactos derivados del cambio climático	4,50	4,85	3,00	21,83
				6	Ausencia de factores mediambientales o de cambio climático en las políticas de financiación e inversión de la compañía	7,35	4,50	3,00	33,08
				7	Depreciación de los activos en balance como consecuencia de riesgos físicos o regulatorios	4,25	2,35	3,00	9,99
		3	Cambios en las condiciones de mercado derivadas de impactos medioambientales o climáticos	8	Imposibilidad de respuesta a los cambios en las preferencias de los clientes a una opción de productos más sostenibles por falta de estos en la oferta de la entidad	4,75	4,25	2,00	20,19
				9	Aumento de los activos varados en el balance debido una transición hacia una economía baja en carbono	2,13	4,85	4,00	10,31
				10	Cambios en las tendencias de los mercados debido a los impactos derivados del cambio climático	4,50	4,85	3,00	21,83
		4	Financiaciones e inversiones en entidades con un mal desempeño ambiental	11	Cambio en la valoracion de un cliente por parte de los proveedores de datos que tengan como consecuencia un impacto en la cartera	4,50	4,85	3,00	21,83
				12	Aumento del riesgo de impago a clientes financiados por su elevada exposición a las consecuencias ambientales y/o climáticas	4,50	4,85	3,00	21,83

	Categoría	N1	Impacto	N2	Impacto	Impacto	Probabilidad	Horizonte	Severidad
S	Empleados	5	Actuación inadecuada o malentendidos en las relaciones laborales	13	Falta de promoción de la diversidad e igualdad de oportunidades	2,30	1,88	1,00	4,31
				14	Falta de atención al desarrollo y bienestar del empleado que conlleve una disminución de la productividad	2,35	1,98	1,00	4,64
				15	Incumplimiento de los derechos humanos y laborales fundamentales basados en los convenios de la OIT o similares	2,30	1,88	1,00	4,31
				16	Despidos masivos (EREs, ERTEs, etc.)	2,30	1,88	1,00	4,31
				17	Dificultades para la atracción y retención de talento	4,75	4,25	1,00	20,19
				18	Falta de acuerdo entre la entidad y los representantes de los empleados	4,75	4,25	1,00	20,19
		6	Deficiencias en las políticas o actuaciones de RRHH	19	Inexistencia o ineficiencias en las políticas de conciliación, igualdad y diversidad	2,35	1,98	1,00	4,64
				20	Inexistencia o ineficiencias en las políticas de salud y seguridad laboral, etc.	2,30	1,88	1,00	4,31
				21	Falta de adaptación de las políticas corporativas a las demandas de los empleados	2,35	1,98	1,00	4,64
	Cliente	7	Diseño y comercialización de productos inadecuada y/o poco transparente	22	Poca claridad en la descripción del producto y su clausulado	9,50	4,15	3,00	39,43
				23	Productos complejos no ajustados al perfil de cliente	9,50	1,88	2,00	17,81
				24	Impulsar una cultura comercial agresiva que motive ventas inadecuadas	9,50	1,88	2,00	17,81
				25	No respeto a la diversidad y discriminación de clientes	7,05	4,15	2,00	29,26
				26	Ausencia de garantías en los productos comercializados	7,05	1,88	2,00	13,22
		8	Políticas y procesos ineficientes y/o poco operativos en el servicio postventa y atención al cliente	27	Equipos / procesos ineficientes en la atención y resolución de quejas / reclamaciones de clientes y/o indisponibilidad de los sistemas necesarios para prestar servicio a los clientes	7,05	4,15	2,00	29,26
		9	Incapacidad para dar respuesta a las necesidades de los clientes	28	Incapacidad para ofrecer productos y líneas de negocio atractivas para el cliente	9,50	1,88	2,00	17,81
				29	Falta de oferta ante cambios en el perfil social y/o demográfico de los clientes	9,30	4,75	2,00	44,18
				30	Ausencia de soluciones dirigidas a clientes en riesgo de exclusión social (clientes vulnerables por bajos ingresos u otras situaciones socioeconómicas, etc.).	7,05	4,15	2,00	29,26
				31	Dificultad de adaptación a las necesidades de los clientes con dificultades de acceso a los servicios bancarios (inclusión financiera)	7,05	1,88	2,00	13,22
				32	Despoblación (éxodo rural) en los territorios donde opera la entidad que suponga una pérdida de clientes tanto retail como empresa	6,68	4,75	2,00	31,71
				33	Envejecimiento de la población local que conlleve a una pérdida de clientes debido a la incapacidad para adaptarse a sus necesidades	9,10	4,65	2,00	42,32
	Sociedad / Comunidades locales	10	Definciencias en las relaciones con las comunidades locales	34	Ausencia de políticas y procedimientos para la identificación y evaluación de las necesidades de las comunidades locales en las que opera la entidad	7,20	1,98	2,00	14,22
				35	Falta de contribución o inadecuada contribución a las necesidades del entorno social (ej.: necesidades educativas, sanitarias, etc.)	5,00	2,50	4,00	12,50
				36	Falta de dialogo con las comunidades locales en las áreas donde opera la entidad	2,35	1,98	4,00	4,64
				37	Pérdida de la legitimidad social para operar en los distintos territorios (licencia social)	2,50	2,50	1,00	6,25

	Categoría	N1	Impacto	N2	Impacto	Impacto	Probabilidad	Horizonte	Severidad
G	Gobierno, ética y transparencia	11	Deficiencias en la estructura y gestión de los órganos de gobierno y la alta dirección	38	Estructura del Consejo no acorde con las buenas prácticas: independencia, diversidad, etc.	9,90	4,50	3,00	44,55
				39	Desaciertos a la hora de diseñar la estrategia ESG de la organización (proveedores, inversiones, etc.)	7,20	4,25	3,00	30,60
				40	Deficiencias en la gestión y protección de datos y ciberseguridad	9,50	4,15	1,00	39,43
				41	Bajo nivel de responsabilidades de la Alta Dirección con relación a aspectos de gobernanza en los asuntos ESG	7,20	1,98	2,00	14,22
		12	Escandalos vinculados a la alta dirección	42	Realización de operaciones con fines abusivos o de evasión fiscal (paraisos fiscales).	7,05	1,88	1,00	13,22
				43	Falta de acción por parte de la alta dirección frente a escándalos o controversias relacionadas con la entidad	7,20	1,98	2,00	14,22
				44	Politicas o procesos de la alta dirección inadecuadas, poco éticas o no ejemplarizantes.	9,50	1,88	2,00	17,81
				45	Falta de transparencia en el modelo de gobierno de la entidad	7,20	1,98	1,00	14,22
				46	Actuación o declaraciones inadecuadas en contra de los valores éticos de la Entidad (comportamiento no integro, referente y ejemplar)	9,70	4,25	2,00	41,23
				47	Relación o vinculación de la alta dirección con algún escándalo de corrupción, fraude u otras actividades ilegales	9,30	2,35	1,00	21,86
				48	Casos confirmados de corrupción, fraude, soborno e incumplimiento fiscal por parte de la alta dirección	9,70	1,98	1,00	19,16
				49	Relación de la alta dirección con el poder político	7,20	1,98	1,00	14,22
	Relaciones con terceros	13	Relaciones con terceros	50	Prácticas indebidas, controvertidas o escándalos por parte de proveedores	4,25	4,75	1,00	20,19
				51	Vinculación con actividades indebidas o controvertidas por parte de clientes asociados con la compañia	6,53	2,30	1,00	15,01
				52	Gestión no responsable de la cadena de suministro (pago a proveedores, prácticas discriminatorias en la selección y operación, cláusulas abusivas, etc.).	2,30	1,88	1,00	4,31
				53	Cuestionamientos por vinculación de la organización, cierta o no, a partidos o líderes políticos o movilizaciones sociales con carácter político. Posiciones activas y visibles de la organización y de sus lideres en la agenda politica.	7,35	4,50	1,00	33,08
				54	Deficiencias en la comunicación y relación con supervisores	4,65	1,88	1,00	8,72
				55	Falta de atracción de inversores debido a un mal desempeño en indicadores ESG	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 recognized prestige in the industry and give a detailed analysis of each issuer/counterparty (ESG scores, Sustainable Development Goals).
- 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 define and assign functions, responsibilities and delegated powers to all Bank departments and areas involved or affected, detailing the corresponding activation procedures.
Finally, it should be noted that, as required in the Climate Change and Energy Transition Act, the Bank has various tools to calculate its carbon footprint – both operational and financed – and is working to define its decarbonization strategy and targets.

Qualitative information on trading portfolios.

The Bank’s trading book is immaterial in its financial and ESG impacts and therefore no information has been included on this area.

8. CAJA RURAL DE NAVARRA AND SOCIETY

8.1. Regional value

Caja Rural de Navarra is a regional financial institution, strongly rooted in the regions where it is active, Navarre, the Basque Country and La Rioja.

Its activity directly and indirectly affects the development of the communities where it operates and the well-being of society, as well as supporting the social, economic and cultural environments.

Its local footprint and strong commitment to its community make it a major social actor. It is a clear competitive advantage, providing a direct line to the real demands and needs of the community. Maintaining local decision-making centres mean we can also 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, who it deals with guided by its principles of Corporate Social Responsibility.

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:

- Donate 10 per cent of the available surplus (profit) each year 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.
- Foster collaboration with other companies and organisations to further the Fund's objectives, including by contributing either full or partial funding.

Caja Rural de Navarra pursues its social purpose through its **four areas of activity**, working on these areas to continue transforming and improving the environment:

1. The promotion of people's health and quality of life.
2. The drive for education and digitisation.
3. Support for entrepreneurship and innovation.
4. Protection of the environment and local development.

ALLOCATION OF BUDGET

We set out below the main budget lines of the EDF approved by the General Meeting for financial year 2023 and their allocation:

- **Consultancy, training and promotion of the cooperative model**: EUR 2,116,543.6 (27.64%)
- **Education and digitisation:** EUR 1,534,945.59 (20.05%)
- **Grassroots sport:** EUR 1,154,253.22 (15.08%)

- **Charity work:** EUR 255,861.87 (3.34%)
- **Cultural, recreational and other activities**: EUR 429,906.32 (5.61%)
- **Entrepreneurship, socio-economic development and innovation:** EUR 830,600.87 (10.85%)
- **Health and quality of life:** EUR 1,047,888.3 (13.69%)
- **Environment and local development:** EUR 286,712.6 (3.74%)

TOTAL: €7,656,712.37

The table shows allocations by the EDF over recent years:

(In thousands of euros)	2023		2022		2021		2020	
Consultancy, training and promotion of the cooperative model	2,116	27.64%	2,059	32.88%	1,924	44.09%	1,788	42.86%
Teaching and research	1,535	20.05%	1,577	25.18%	1,050	24.06%	769	18.44%
Sports aid	1,154	15.07%	618	9.88%	301	6.91%	84	2.00%
Charity work	256	3.34%	429	6.85%	147	3.36%	380	9.10%
Cultural, recreational and other activities	430	5.62%	657	10.50%	363	8.31%	412	9.88%
Economic and social development	831	10.85%	680	10.86%	579	13.27%	739	17.12%
Well-being and quality of life	1,048	13.69%	85	1.36%	-	-	-	-
Environmental protection measures	286	3.74%	156	2.49%	-	-	-	-

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TOTAL	**7,656**	**100%**	**6,263**	**100%**	**4,364**	**100%**	**4,172**	**100%**

Caja Rural de Navarra focuses its efforts on continuing to promote, drive and showcase initiatives and projects that support people and organisations, advancing the socio-economic transformation of the community and helping create a fairer community founded on solidarity. To achieve this, it is reassuring to work with institutions that have for decades been working for the most disadvantaged segments of society.

INITIATIVES AND PROJECTS SUPPORTED

The most prominent projects supported in 2023 under each of the Fund's guidelines were as follows:

COOPERATIVE MOVEMENT AND LOCAL DEVELOPMENT

- **Mondragon City Challenge**: an international championship for cooperative entrepreneurship that invites high-school and university students from across the world to develop their entrepreneurial management skills and their ability to build a successful cooperative business model.
- **Local Cooperativism**: development of training and professionalisation programmes for cooperativism in the primary sector, through collaborations with some of the best-known agricultural and livestock farming organisations, such as UCAN, Abelur and Lurgintza.
- **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 applications for CAP support**, through a dedicated team of experts.

SOCIAL, CHARITY AND SPORTING PROJECTS

- **Solera Rural**: social innovation project developed with the Solera Foundation whose 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.
- **Active and healthy ageing**: programme of physical, cognitive and social activities targeted at older people, to help them remain active and improve their physical and mental health.
- **Proyecto Hombre**: a prevention, awareness, outreach, treatment and research programme focused on addictions.
- **Grassroots sport:** collaboration agreements with nearly a hundred local sports clubs and sports scholarships for young people, making sport more affordable and instilling healthy living habits.
- **Inclusive sport**: development of sports activities and competitions for different clubs and federations.
- **Carnet Joven in Navarra and La Rioja**: partnership agreement with the Navarre and La Rioja regional governments to provide the Carné Joven for another year. Thanks to this initiative, thousands of young people between 14 and 30 have 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.

RESEARCH, EDUCATION, TECHNOLOGY AND EMPLOYMENT

- **Centre for Applied Medical Research (CIMA):** supports new cancer therapies by running three scientific projects on combined immunotherapy strategies, development of drugs to stimulate the immune system and CAR-T therapies.
- **Digitisation for older people**: digital skills training workshops continued to be held in 2023, spread across different locations and neighbourhoods in Navarre, the Basque Country and La Rioja. The aim is to close the digital divide and encourage financial inclusion for all.
- **"Digitalízate: Transform your company"**: programme run in collaboration with Cámara Navarra supporting 14 businesses to totally transform their business to digital by diagnosing their needs and offering training and personal support.
- **Universities**:
  - **International scholarships**: support for students at the Universidad de Navarra and Universidad Pública de Navarra through its scholarship programmes, helping them pursue their studies and research internationally. Programmes include Erasmus, Palafox, Martín de Rada, ISEP USA, ISEP Internacional, bilateral arrangements and Alumni UN.
  - **Social 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**: financing 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 and HETEL. 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 the last ten years.

CULTURE AND SOCIETY

- **Place names in the Aizkorri-Aratz Natural Park**: 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 and the Diputación Foral de Gipuzkoa.
- **Music, theatre and dance festivals**: support for the cultural sector through collaborations with the Flamenco on Fire, Confluencias de Estella-Lizarra and Teatrodix 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 Matrimonios de Navarra**: recognition of all married couples in Navarre who celebrated their 50th wedding anniversary in 2023 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.

ENVIRONMENT

- **Forest Plan:** preparation and cleaning of 349.14 hectares, plus replanting of 73.53 hectares through 21 initiatives run by Navarre and the Basque Country alongside local partners to ensure the continuation of a forestry plan, which will partly offset CO_2 emissions and help generate new woodland areas, encouraging local biodiversity.
- **Environmental education**: 16 days of training and awareness-raising for young people and adults. Over 744 people took part.
- **"Hau da Green"**: 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. 497 school students from Álava and Bizkaia took part in 52 projects.
- **Bosque CPEN**: a reforestation project in several municipal land plots in Lesaka, looking to regenerate a space that had been burnt down in a forest fire and convert it into an official carbon sink that can be used to voluntarily offset greenhouse gas emissions.
- **Granja escuela - Haritz Berri**: environmental education project in Ilundain, that holds learning days, camps and planting sessions for schoolchildren and families.
- **Tierra Rapaz Foundation:** a programme to look after animals that cannot be returned to the wild in Calahorra, with the aim of promoting animal well-being, education, conservation and research.
- **Pamplona electric bicycle service**: support for sustainable mobility in the city, by developing a range of initiatives that introduce new users to this service.

ENTREPRENEURSHIP:

CSR REPORT 2023 – LÍNEA INICIA ENTREPRENEURS

Caja Rural de Navarra has a specific lending stream dedicated to supporting entrepreneurship, the **Línea Inicia**, created in 2007, through which it encourages and supports entrepreneurship, both by providing funding and by driving and promoting actions linked to entrepreneurship and innovation in all regions where the Bank is active.

Since it was first opened, Línea Inicia has provided financial support for 2,669 projects and dealt with 4,630 initial partners. Of these, 182 projects were supported in 2023, led by 331 entrepreneurs who together received total financing of EUR 10.4 million in 2023.

The typical customer and project profile of a Línea Inicia partner is a male graduate, around 40 years old, who is starting up a service sector project as a limited company. The average financing requested is €56,000 and it should be noted that most candidates come from previous employment, not being unemployed before they start their business.
Línea Inicia also supports the passing on of businesses from one generation to the next, having financed 51 succession plans (28% of all businesses supported in 2023).

It is especially important for entrepreneurs to have a network of business agents to help them through the start-up phase of their business and 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

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up over many years in business. Some of the programmes and resources we made available to entrepreneurs in 2023 were:

- **Promotion of cooperative entrepreneurship and the social economy:**
  - Collaboration with ANEL (Asociación Navarra de Empresas de Economía Social). https://www.anel.es/anel-y-caja-rural-de-navarra-se-alian-para-fortalecer-el-emprendimiento-cooperativo-en-navarra/
  - Collaboration with ASLE (Asociación Sociedades Laborales de Euskadi).

- **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/caja-rural-de-navarra-colabora-con-ribera-nexo-un-programa-de-incubacion-y-aceleracion-de-proyectos-emprendedores/
  - Call for start-ups selection and acceleration: Berriup and Deusto University/Berriup – CEIN – Sodena https://blog.cajaruraldenavarra.com/4-startups-participaran-en-el-17o-programa-de-aceleracion-de-berriup/ https://blog.cajaruraldenavarra.com/seleccionadas-las-4-startups-que-seran-aceleradas-en-la-convocatoria-caja-rural-de-navarra-berriup/

- **Promotion of entrepreneurship among young university students:**
  - Final Degree and Master's Degree in Entrepreneurship prizes (Public University of Navarre). https://blog.cajaruraldenavarra.com/xabier-erro-xabier-leonardo-y-jon-recarte-ganadores-de-los-vii-premios-caja-rural-de-navarra-a-los-mejores-trabajos-fin-de-estudios/
  - Awards for end-of-course work at the Bilbao School of Engineers Foundation.

- **Promotion of entrepreneurship among young people:**
  - Mondragon City Challenge project for high school and university students. https://blog.cajaruraldenavarra.com/rural-kutxa-empresa-colaboradora-y-mentora-de-mondragon-city-challenge/

- **Training for entrepreneurs starting businesses in traditional sectors:**
  - Collaboration agreement with Grupo Integra, to train new entrepreneurs and business consolidation
  - CEIN RUTA 31 Awards https://blog.cajaruraldenavarra.com/cein-logra-la-conversion-de-113-proyectos-en-empresas-este-ano/

PROFILE OF ENTREPRENEURS/COMPANIES CREATED

FINANCE DATA			
	TOTAL	PER PROJECT	%
INVESTMENT	€15,758,500	€86,585	100%
FINANCE	€10,408,900	€57,192	66%
EQUITY CONTRIBUTION	€5,349,600	€29,393	34%

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PROJECTS SUPPORTED		PARTNERS (JOBS CREATED)			
		TOTAL	MEN	WOMEN	LEGAL ENTITIES
NAVARRE	90	182	96	60	26
LA RIOJA	5	10	7	3	0
GUIPÚZCOA	23	38	19	17	2
ÁLAVA	17	37	21	10	6
VIZCAYA	47	64	33	27	4
TOTAL	184	331	178	117	38

MEMBERS	
MEN	53%
WOMEN	35%
LEGAL PERSONS	11%

LEGAL FORM	
LIMITED COMPANY	38%
SELF-EMPLOYED	50%
COOPERATIVE	8%
IRREGULAR COMPANY	3%

REASON FOR STARTING COMPANY	
UNEMPLOYMENT	17%
DIVERSIFY	17%
BETTER JOB	66%

AVERAGE AGE
38.90 years

SECTOR OF ACTIVITY	
INDUSTRY	10%
SERVICES	56%
COMMERCE	16%
HEALTH/SPORT	18%

WERE THEY CRN CUSTOMERS?	
NON-CUSTOMERS	64%
CUSTOMERS	36%

BUSINESS FRANCHISE
51 franchises (28% of total)

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SOURCE OF PROJECTS	
OWN INITIATIVE	37%
RECOMMENDATION	63%

REGION	INVESTMENT TOTAL (EUR)	EQUITY (EUR)	%	FINANCE (EUR)	%
NAVARRE	9,141,300	2,969,880	32.5%	5,938,200	67.5%
LA RIOJA	471,500	168,000	35%	303,500	65%
GUIPÚZCOA	2,032,000	547,000	27%	1,590,000	73%
ÁLAVA	1,625,500	591,000	36%	1,035,500	64%
VIZCAYA	2,569,200	877,500	34%	1,591,700	66%
TOTAL	15,839,500	5,153,380	34%	10,458,900	66%

TYPICAL PROFILE BY REGION						
REGION	SEX	AGE	QUALIFICATIONS	EMPLOYMENT STATUS	LEGAL FORM	SECTOR OF ACTIVITY
NAVARRE	Men	40.1 years	University	Better job	S.L./Sole trader	Services
BASQUE COUNTRY	Men	38.6 years	University	Better job	Ltd.	Services
LA RIOJA	Men	41.2 years	University	Better job	Ltd.	Services
SUB-ZONES						
GUIPÚZCOA	Men	37.3 years	University	Better job	Ltd.	Services
ÁLAVA	Men	41.3 years	University	Better job	Ltd.	Services
VIZCAYA	Men	39.9 years	University	Better job	Ltd.	Services

ADDITIONAL DATA

- **Línea Inicia NPL ratio:**
  - NPL ratio at end-2023: = **0.93%**
- **Total projects and direct jobs generated:**

CUMULATIVE ANNUAL PROJECTS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PROJECTS IN YEAR	21	76	116	125	132	135	151	170	185	194	199	220	229	156	197	181	182
CUMULATIVE TOTAL	21	97	213	338	470	605	756	926	1,111	1,305	1,504	1,724	1,953	2,109	2,306	2,487	2,669

CUMULATIVE ANNUAL JOBS GENERATED	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
JOBS GENERATED	50	160	200	230	240	220	254	290	260	299	330	381	391	284	367	343	331
CUMULATIVE TOTAL	50	210	410	640	880	1,100	1,354	1,644	1,904	2,203	2,533	2,914	3,305	3,589	3,956	4,299	4,630
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	1.82

- **Survival rate of projects supported (in years, at 3 years and 5 years):**

	PROJECT SURVIVAL RATE BY YEAR				
	2018	2019	2020	2021	2022
PROJECTS SUPPORTED	220	228	156	197	181
DISCONTINUED	72	60	32	17	4
SURVIVAL RATE (%)	67%	74%	79%	91%	98%

	2020	2021	2022	2023
5 YEAR SURVIVAL RATE	66%	70%	76%	82%
3 YEAR SURVIVAL RATE	76%	73%	82%	90%

(*) Success rate calculated in 2023 using project data at end-2022

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 puts us in constant direct contact with society. As a result, we need to agree policies with different public and private players in the region in order to make our action effective. Consequently, the Bank has many and various collaboration agreements with public and private sector institutions. The most important agreements we have with such institutions are as follows:

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 LA RIOJA – MANAGEMENT OF THE LA RIOJA CARNÉ JOVEN SCHEME
GOVERNMENT OF LA RIOJA- CAP
BASQUE GOVERNMENT – LANGUAGE RIGHTS
GOVERNMENT OF ARAGON- CAP
REGIONAL GOVERNMENT OF VIZCAYA – VIA T REMOTE TOLL SYSTEM
UNIVERSITY OF NAVARRE
PUBLIC UNIVERSITY OF NAVARRE
UNIVERSITY OF DEUSTO
HETEL - ASSOCIATION OF PROFESSIONAL TRAINING CENTRES IN EUSKADI
FUNDACIÓN PARA LA INVESTIGACIÓN MÉDICA APLICADA
OFFICIAL CHAMBER OF COMMERCE AND INDUSTRY IN NAVARRE
ELKARGI SDAD. GARANTÍA RECÍPROCA
IBERAVAL, SDAD. DE GARANTÍA RECÍPROCA
CEIN
CEBEK
ANEL
CONSORCIO EDER

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9. ROAD MAP

9.1 ENVIROMENT

ISSUE	OBJECTIVE 2023	DEGREE OF ACHIEVEMENT 2023	OBJECTIVE 2024
Energy efficiency	Continue playing an active part in initiatives that help encourage funding for energy efficiency.	**Objective achieved Participation in the 2nd EEMI International Sustainable Housing Finance Symposium As a member of the EEML we published our second HDT report and continue collaborating on an improved template for this report.**	Continue playing an active part in initiatives that help encourage funding for energy efficiency.
	Consolidate our status as a benchmark funder for communities of home-owners formed to improve energy efficiency.	**Objective achieved Consolidate our status as a benchmark in the sector.**	Maintain our financing model with all stakeholders, including adaptations to keep pace with changes in regulations that may happen during the current year.
Volunteering	Carry out environmental projects under the Forestry Plan in the following municipalities: Ustarroz, Lesaka, Baztan, Bera, Cortes, Goizueta, Güesa, LaPoblación, Tafalla, Torralba del Río, Huarte-Araquil, Ciordia, Genevilla, Vergara, Vitoria and Portugalete. Various other volunteering projects are also planned in these municipalities, involving Bank colleagues, local residents and school children. The expected number of volunteers is 906.	**Objective partly achieved A total of 631 volunteers/participants took part in certified Forestry Plan days, falling short of the target of 906.**	Continue Forestry Plan projects. The aim is to have 700 people taking part, mainly in CPEN projects and the Perdón area. Also planned (for 2024 or later) is a meeting with the Fundación Albaola (Sakana), which allows us to reach college and school students. There will also be learning and volunteering days supporting ATF's projects with the different municipalities.
Environmental actions in our community	In 2023, we have budgeted to plant 64.74 hectares and clean up or prepare another 438.	**Objective partly achieved We supported 73.53 hectares and cleaned 349.14 hectares, falling short of the target because of changes to the projects.**	We have budgeted for the restoration of 80 hectares and clean-up of 600 hectares. Also, for the first time, we are going to support projects and infrastructure that help to clean up (i.e. clear) the mountain with extensive livestock farming. We will try to reach agreement with CPEN on the Valtierra and Arguedas area.
CRN carbon footprint	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.	**Objective partly achieved. The planned campaigns were not carried through at Caja Rural de Navarra. In 2023, the mileage of commuting by car fell by 0.4%, while public transport mileage rose by 7%.**	Intranet campaign to encourage cycling, public transport and car sharing when commuting to work.
CRN Group carbon footprint	Continue to measure and reduce carbon footprint. Note: As scope 3 includes the cereal supply business (about 400 grammes of CO2 eq. per kg of cereal) the carbon footprint is automatically linked to production, and whether the target is hit depends not on our internal efficiency but on business volume, farming processes and consumer demand for organic food with a lower carbon footprint.	**Objective partly achieved Measurement continued in 2023 The rise in production of oats and oat derivatives for food and first-time consolidation of a new rice-farming company pushed up the carbon footprint.**	We have budgeted for the restoration of 80 hectares and clean-up of 600 hectares. Also, for the first time, we are going to support projects and infrastructure that help to clean up (i.e. clear) the mountain with extensive livestock farming. We will try to reach agreement with CPEN on the Valtierra and Arguedas area.

ISSUE	OBJECTIVE 2023	DEGREE OF ACHIEVEMENT 2023	OBJECTIVE 2024
Capital market finance	Issue another green mortgage covered bond under the sustainability framework which complies with the European Union Taxonomy, if the mortgage portfolio permits.	**Objective achieved. CRN's (and Spain's) second green mortgage covered bonds were issued successfully in January 2023. This covered bond earned Caja Rural de Navarra a nomination for the Global Capital Covered Bond Awards in the Best Pioneering Deal category.**	Intranet campaign to encourage cycling, public transport and car sharing when commuting to work.
Investment products Gescooperativo funds - New products	Based on what happens to assets in the sustainable funds in issue, demand from customers, and the sustainability preferences signalled by customers in the Suitability Test, review whether there is a need to increase the range of impact funds	**Objective achieved In 2023 no new fund with sustainable objectives was issued as it was felt that the current funds covered existing demand.**	Review the need to extend the sustainable fund range.
Investment products Gescooperativo funds - Regulatory requirements	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.	**Objective partly achieved In 2023, work was done to implement the new regulations on the sustainability module of the Suitability Tests. Implementation of the technology module remains pending. The IBIP knowledge and experience tests were adapted to the new sustainability regulations.**	Implement the new Suitability Test sustainability module in our systems
Investment products Gescooperativo funds - Marketing materials	Continue marketing internally and externally our range of socially responsible funds, and publicise our two solidarity funds and the support for non-profit organisations made possible by these socially responsible funds.	**Objective achieved The Bank continues marketing this range of sustainable funds.**	Continue the internal and public marketing actions about our sustainable funds range.
Investment products pension plans and EPSV	Market the first pension plan and EPSV with sustainable objectives (Art. 9 SFDR).	**Objective not achieved An analysis of customer demand was carried out and found no need to launch a sustainable objective Article 9 fund.**	Analyse commercial demand for such pension plans and assess their marketing.
Investment products PRI	Sign up to the UN principles for responsible investment (PRI) on behalf of the Group (Gescooperativo and RGA).	**Objective not achieved No decision has been taken on this point for now.**	Assess whether it is worth signing up to these principles.
Sustainable finance loans Own consumption	Give specific training by area, appoint product managers in each branch and increase commissions four-fold in 2022.	**Objective partly achieved Area heads were appointed and trained. The fall in energy prices meant that commission income was no higher than last year.**	Continue with the project but with less marketing drive.
Sustainable mobility loans Electric vehicle financing	Assess the option of running a special communication campaign	**Objective achieved The option of launching a special campaign was considered and rejected.**	Keep this financing line under review.
Sustainable renovation loans Renovation financing	Not applicable	**Not applicable**	Assess whether it is worth launching a communications drive and including social features.

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9.2
SOCIAL

ISSUE	OBJECTIVE 2023	DEGREE OF ACHIEVEMENT 2023	OBJECTIVE 2024
Financial inclusion	Continue the Plan for Digital Training of Older People, making sure they are financially included and can get on with new technologies.	**Objective achieved Although demand was minimal in 2023**	Continue the Plan for Digital Training of Older People, making sure they are financially included and can get on with new technologies. Tailored to demand.
Recognition of social contribution	Organise and promote Awards for social contributions	**Objective achieved Held the Gainditu Awards in Bizkaia for the 2nd year and the first Social Commitment Awards in La Rioja.**	Continue sponsoring Awards. We also aim to take advantage of larger-scale sports and cultural events in our community, to raise the profile of social projects.
Volunteering	Integrate the Mueve-T blog into the Bank's new intranet and continue to promote volunteering by staff.	**Objective achieved Mueve-T blog is now on the Bank's new intranet and volunteering initiatives were shared with the Bank and its staff.**	
	Continue with environmental volunteering actions, digital training for older people and the Share a Smile initiative.	**Objective achieved A range of environmental volunteering actions. Share a Smile initiative with 200 presents to disadvantaged children. Digital courses for older people.**	Continue with environmental volunteering actions and digital training for older people tailored to demand.
Digitisation of schools	Support the digitisation of educational institutions and families.	**Objective achieved In 2023 we supported the digitisation of public educational centres and the digitisation of a dozen professional training centres in Euskadi.**	
Digitisation of social organisations	Continue to support the professionalisation and competitiveness of the third sector.	**Objective achieved We supported a range of social organisations, giving them digital tools to boost their visibility with their stakeholders.**	Continue supporting social institutions with various digitisation processes to help them become more competitive and self-sufficient.
Employability and integration to the labour market for young people	Continue the Experience Programme and other collaboration agreements with universities	**Objective achieved.**	We will continue the Experience Programme for young people so they can get their first work experience in the financial sector. We are expanding the programme to bring in new universities.
Older people	Create activities aimed at an older adult audience	**Objective partly achieved We designed a programme of physical, mental and social activities in collaboration with the Solera Foundation. 512 people took part in 165 sessions.**	Continue to expand the range of activities on offer to bring in more people and locations.
Social contribution	Continue to prepare and publish the Corporate Social Responsibility Report	**Objective achieved Caja Rural de Navarra Group prepared, had verified (by Aenor) and published its Corporate Social Responsibility Report.**	Continue to prepare and publish the Corporate Social Responsibility Report
Dialogue with and development of local communities	Revise the materiality analysis, re-opening consultation with all stakeholders.	**Objective achieved An exhaustive dialogue process continued with stakeholder groups in March 2022 and two-way channels of communication were maintained.**	In 2024, revise the materiality analysis, reopening the wide-ranging consultation to all stakeholders in Q4 2024.
Investment products	Attempt to market funds with an exclusively social theme.	**Objective not achieved. No commercial need to launch a purely socially focused fund. However, donations continued to non-profit organisations, paid from the mandated share of management fees earned by sustainability funds such as Rural Futuro Sostenibles and Rural Sostenible Moderado.**	Assess the possibility of selecting another sustainable fund that will earmark part of its management fees to non-profit organisations working on social issues.

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ISSUE	OBJECTIVE 2023	DEGREE OF ACHIEVEMENT 2023	OBJECTIVE 2024
Dialogue with and development of local communities	Revise the materiality analysis, re-opening consultation with all stakeholders.	**Objective achieved An exhaustive dialogue process continued with stakeholder groups in March 2022 and two-way channels of communication were maintained.**	In 2024, revise the materiality analysis, reopening the wide-ranging consultation to all stakeholders in Q4 2024.
Investment products	Attempt to market funds with an exclusively social theme.	**Objective not achieved. No commercial need to launch a purely socially focused fund. However, donations continued to non-profit organisations, paid from the mandated share of management fees earned by sustainability funds such as Rural Futuro Sostenibles and Rural Sostenible Moderado.**	Assess the possibility of selecting another sustainable fund that will earmark part of its management fees to non-profit organisations working on social issues.
Introduction of the loyalty module in local businesses	Implement phase 2 in online marketing and roll-out the Somos tu Comercio marketplace for traders.	**Objective not achieved**	Assess the need for implementation.
Human resource management (equality and diversity, health and safety etc.)	Launch the Bank's Equality Plan and implement it for staff.	**Objective achieved.**	We continue to roll out actions under the Equality Plan. We will continue with the diversity Group
Employee affinity groups, diversity councils or networking groups	Hold an event involving employees and their families. Hold a sports competition for employees.	**Objective partly achieved An event was held for employees and their families at Tierra Rapaz wild animal sanctuary. The sports event was considered but not held.**	We will look into running a sporting event for staff.
Equal pay	Continue with annual salary audits.	**Objective achieved.**	Our idea is to carry out the salary audit for 2024.

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9.3
CORPORATE GOVERNANCE

ISSUE	OBJECTIVE 2023	DEGREE OF ACHIEVEMENT 2023	OBJECTIVE 2024
Training Sustainable practices	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.	**Objective achieved.**	Continue training new hires in giving investment advice. Sustain the continuous training programme for the full workforce including maintaining their accreditation for advisory services.
Training	We are delivering a level two training course on cybersecurity for all staff in 2023.	**Objective achieved.**	
Working hours	Consolidate the extraction of more specific and accurate data. Apply flexibility in self-management in collaboration with the team.	**Objective achieved.**	
Customer-focused services	We are maintaining the objective of gathering data on customer service quality, and user experience of the products and services the Bank offers.	**Objective achieved. Dialogue continued with customers through the channels provided by the Bank.**	We are maintaining the objective of gathering data on customers' opinion of 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 2023.**	Review the Sustainability Framework and update it where necessary.
	Maintain a positive Second-Party Opinion from Sustainalytics on the Sustainability Framework for issuance of sustainable bonds.	**Objective achieved As there were no changes to the Sustainability Framework in 2023 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.
	Set frequency for updates to energy efficiency data and use of physical climate data.	**Objective achieved. It was decided to update energy efficiency data annually. Energy efficiency data was updated in 2023.**	Continue the annual updates.
Sustainable products	Continue marketing specific new products.	**Objective achieved.**	Continue marketing specific new products.
	Continue to adapt savings/investment products 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..
Suppliers	Including the supplier introduction letter every time a new service contract is offered. Collect this information from the Bank's largest existing suppliers.	**Objective achieved. The largest suppliers compile their own CSR report. For the other existing suppliers we have started to copy in the above-mentioned letter. It is also included in many new contracts.**	Continue this approach. Copy in the letter to recurrent suppliers where volumes justify it.

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ISSUE	OBJECTIVE 2023	DEGREE OF ACHIEVEMENT 2023	OBJECTIVE 2024
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 2023, the Bank renewed its ESG risk rating. The resulting score of 9.0 indicates insignificant exposure to ESG risk further improving our high ranking 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.
	Define the Strategic Plan for the next four years. Enhance the Regulatory Compliance Engine to document the methodology. Upgrade advisory and consultation systems between Banco Cooperativo Español and the Cajas Rurales it supports.	**Objective achieved. Annual targets in the 2023-2026 strategic plan were met.**	Develop the 2024 annual plan with special focus on the following projects: ATENEA (training); Radar 360 (new regulatory watch); central Compliance (optimisation of Compliance model) and creation of a new ESG Compliance section.
	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 there will be 4 female directors, 26.6% of the total.	**Objective achieved.**	
	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.	**Objective achieved.**	Continue calculating trends and volatility so as to define thresholds and targets for the future
	Calculate exposure to carbon-intensive sectors.	**Objective achieved.**	
		Publish the ratios externally and progressively adapt them to comply with new standards	Objective achieved Ratios published in the 2023 non-financial statements and GAR calculated based on end-2023 data. Publish the GAR in the non-financial statements with end-2023 data.

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ANNEX I

GRI INDEX

10.1
GRI I Y II

Content		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 with full information reported in Annex II.
2-3	**Reporting period, frequency and contact**	This report, which was verified in April 2024, and the financial report, cover the period from 1 January to 31 December 2023. This report is prepared on an annual cycle. For any questions about this report please contact Caja Rural de Navarra at: comite.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 2023, 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 2023
2-7	**Employees**	Chapter 5: The Team
2-8	**Workers who are not employees**	Chapter 5: The Team
2-9	**Governance structure and composition. Nominating and selecting the highest governance body**	Chapter 3.3: Governing Bodies
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
2-11	**Chair of the highest governance body**	Chapter 3.3: Governing Bodies and further information: https://www.cajaruraldenavarra.com/sites/default/files/gobierno-coorporativo/ESTATUTOS-Caja%20Rural%20de%20Navarra-2022.pdf
2-12	**Highest governance body's role in supervision of impact management**	Chapter 3.3.2: Internal Control Framework
2-13	**Delegation of responsibility for impact management**	Chapter 3.3.2: Internal Control and Sustainability Policy 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: 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.
		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 sets out details 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

Content		Location in this Report
2-16	**Communication of critical concerns**	Chapter 3.3 Governing Bodies. 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. Appointments Committee. Review of the Board and its committees.
2-19	**Remuneration policy**	Chapter 5: The Team
2-20	**Process for determining remuneration**	Chapter 5: The Team
2-21	**Annual total compensation ratio**	Chapter 5: The Team
2-22	**Statement on the sustainable development strategy**	Chairman's letter
2-23	**Policy and commitments**	Chapter 2.2 Dialogue with stakeholders. Chapter 3.5 Strategy of the Bank. Risk Management, Sustainability Management, Environmental Issues
2-24	**Integration of commitments and policies**	Chapter 4.5 Products and Services. Sustainable Finance
2-25	**Processes for remediating negative impacts**	Chapter 4. Customers. Customer Services Department. Dialogue with Stakeholders. Sustainability Management; Anti-Corruption, Human Rights; Corporate 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 2023, there were no reported cases of non-compliance with laws and regulations
2-28	**Membership of associations**	Chapters: Caja Rural de Navarra and Society and About Us
2-29	**Approach to stakeholder engagement**	Sustainability Management: Chapter 2.2 Dialogue with Stakeholders and Materiality Analysis
2-30	**Collective bargaining agreements**	Chapter 5: The Team

10.2
MATERIAL ISSUES IDENTIFIED

* Financial strength of the Bank and global risk management * Strategy of the organization * Transparency in marketing * Quality of service and customer satisfaction * CSR policy and Social Engagement * Corporate culture * Management approach

Content		Location
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

10.3
FINANCIAL STRENGTH OF THE BANK AND GLOBAL RISK MANAGEMENT

Content		Location
3-3	**Management of material issues**	About the Report and About us
201-1	**Direct economic value generated and distributed**	Chapter 3. About us

Content		Location
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 mounted 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
		The Bank also reports on the carbon footprint generated by both its own activities and by its financing of its customers and on its assets’ alignment with the European Union's taxonomy for sustainable activities. The Bank develops programmes and working processes to mitigate climate change, both in its own activities and at its customers.
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
202-2	**Proportion of senior executives hired from the local community**	All the senior executives come from the local community.

Content		Location
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 mounted 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
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.

10.4
STRATEGY OF THE ORGANIZATION

Content		Location
3-3	**Management of material issues**	Chapter 2. About the report and 3. About us
201-1	**Direct economic value generated and distributed**	Chapter 3.6: Key figures
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

10.5 TRANSPARENCY IN MARKETING

Content		Location
417-1	**Requirements for product and service information and labelling**	Chapter 4. Customers
417-2	**Incidents of non-compliance concerning product and service information and labelling**	Chapter 4. Customers
417-3	**Incidents of non-compliance concerning marketing communications**	Chapter 4. Customers
418-1	**Substantiated complaints regarding breaches of customer privacy and losses of customer data**	Chapter 4. Customers

10.6 QUALITY OF SERVICE AND CUSTOMER SATISFACTION

Content		Location
103-1	**Explanation of the material topic and its boundary**	Chapter 2. About the report
103-2	**The management approach and its components**	Chapter 2. About the report and Chapter 4. Customers
103-3	**Evaluation of the management approach**	Chapter 2. About the report
FS15	**Description of policies for the fair design and sale of financial services and products.**	Chapter 4. Customers

10.7 CSR POLICY AND SOCIAL ENGAGEMENT

Content		Location
103-1	**Explanation of the material topic and its boundary**	Chapter 2. About the report
103-2	**Management approach**	Chapter 4. Customers
103-3	**Evaluation of the management approach**	Chapter 2. About the report

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10.8
CORPORATE CULTURE

Content		Location
3-3	**Management of material issues**	Chapter 2. About the report
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
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	**Diversity in governance and employee bodies**	Chapter 5: The Team

10.9
MANAGEMENT APPROACH

Content		Location
205-1	**Operations assessed for risks related to corruption**	There were no operations assessed in this area in 2023
205-2	**Communications and training on anti-corruption policies and procedures**	The Bank has introduced a Code of Conduct, communicated to all employees, most recently updated in February 2023. This general Code of Conduct is also available on the Documentation Centre (Caja Rural de Navarra intranet). 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 2023

Declaration of application of standards: Caja Rural de Navarra reports in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023 (GRI 2-3)
GRI applied: GRI 1 - Foundation 2021
No sector standard applicable in 2023

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ANNEX II

NON-FINANCIAL STATEMENTS OF COMPANIES COMPRISING THE CAJA RURAL DE NAVARRA 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.

The second decade of the twenty-first century has been tumultuous. It began with Covid in 2020-21, which had distinct impacts on different segments of society and of the economy and ultimately led to the seizing up of the physical supply chains that feed world trade. This was soon overtaken by the invasion of Ukraine, which sent inflation spiralling and central banks hiking rates in response. All of which has had repercussions for international commodity markets and changed some consumer habits in ways that have impacted some of the Group's companies.

Caja Rural de Navarra's portfolio of equity investments remained largely unchanged over the past year. We reported that in December 2022 the flour businesses of Inversions Fenec (head of the Valls Companys group) were spun off into Harinera la Meta and merged with Harinera del Mar, which had previously taken over all of Caja Rural de Navarra's bread flour companies. This gave rise to a new company, 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., and is itself jointly owned by Inversión Fenec (50.01%) and Caja Rural de Navarra (49.99%). MHM Grupo and its subsidiaries Harinera del Mar and Harinas la Meta therefore ceased to be fully consolidated in Caja Rural de Navarra's financial statements in 2022.

In 2023, Explotación Agrícola Las Limas, S.L. changed its legal form from civil company to limited company. Explotación Agrícola Las Limas is assigned to the Social Welfare Fund and farms rice on various plots of land owned by Caja Rural de Navarra in Tudela, Navarra.

Below is a list of the subsidiaries (all of which are wholly owned) at 31 December 2023:

Company	Location	TAX ID	% ownership interest	External audit
Harivenasa, S.L	Noain (Navarra)	B71075774	100%	Yes
Explotación Agrícola Las Limas, S.L.	Pamplona (Navarre)	B7108517	100%	No
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)	FR96425029 972	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
Explotación Agrícola Las Limas, S.L.	Pamplona (Navarre)	B71085179	100%	No
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%	No

The next table shows the sectors and regions in which they offer their products and services.

Company	Region
Cereal sector	
ESPIGA I&D ALIMENTARIA	Building a technology centre in 2023
HARIVENASA	Spain, exports to twenty countries
EXPLOTACIÓN AGRÍCOLA LAS LIMAS, S.L.	Rice farming
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 controlled subsidiaries, 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 can be found in the financial report but the purpose of this document is to highlight the Group's businesses and explain how and why it supports them.

Caja Rural de Navarra's investments are stable. There have been investments and divestments over the years but the aim of this business is not speculative and many of the companies have been consolidated in Caja Rural de Navarra 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 the business it induces.
- 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.

This annex gives details reports on the Group's subsidiaries and their business activities in accordance with regulatory guidelines. In other words, it includes non-financial reporting data on the companies listed as subsidiaries below, but not on the companies over which the Group does not exercise financial control, listed as associates or equity investments. We therefore summarise in the table below the activity of all companies comprising our equity investment portfolio by sector of activity. For associates and equity investments we only show the parent plus, in a few cases, their biggest investee, omitting some of their functional subsidiaries:

AREA	COMPANY	Status in Group[1]
FOOD		
	Cereal production and transformation	
	HARIVENASA, S.L.	subsidiary
	EXPLOTACIÓN AGRÍCOLA LAS LIMAS, S.L.	subsidiary
	ESPIGA I&D ALIMENTARIA, S.L.	subsidiary
	MHM GRUPO, S.L.	associate
	HARINERA DEL MAR, S.L..U. (equity investment of MHM Group)	associate
	HARINERA LA META, S.A.U. (equity investment of MHM Group)	associate
	CERELIA AGRO, S.L (equity investment of Harinera del Mar)	associate
	HRVS Eood (equity investment of Cerelia Agro)	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. (equity investment of Bouquet Brands)	subsidiary
INDUSTRIA TONELERA DE NAVARRA	subsidiary
TONNELLERIE DE L'ADOUR, S.L.	subsidiary
MERRANDERIE DE L'ADOUR, S.L. (equity investment of Tonnellerie de L'Adour)	subsidiary

Dairy

IPARLAT , S.A.	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, S.A.	associate
RENOVABLES DE LA RIBERA, S.L.	associate
UTE 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, S.L.	associate

REAL ESTATE		
	Rental of state-subsidized housing	
	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, S.L.	subsidiary
	SOLERA NAVARRA, S.L. (equity investment of Solera Asistencial)	subsidiary
	TORRE MONREAL, S.L. (equity investment of Solera Asistencial)	subsidiary
	SERESGERNA, S.A. (equity investment of Solera Asistencial)	subsidiary
ENGINEERING		
	Civil engineering and testing	
	OMEGAGEO, S.L.	associate
	LABORATORIOS ENTECSA, S.A. (equity investment of Omegageo)	associate
	ENTECSA BILBAO, S.L. (equity investment of Omegageo)	associate

IGEO2, S.L. (equity investment of Omegageo)	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	equity investment
ESPIGA CAPITAL INVERSIÓN II	equity investment
ESPIGA EQUITY FUND	equity investment
RURAL SERVICIOS INFORMÁTICOS	equity investment
DOCALIA	equity investment

[1] Group status is based on standard definitions: (i) equity investments, where the Bank has a direct or indirect stake of up to 20%, (ii) associates, with a direct or indirect stake of between 20% and 50%, (iii) subsidiaries, with a direct or indirect stake of over 50%.

Only subsidiaries are covered by this Annex to Caja Rural de Navarra's non-financial statements.

A glance at this list makes clear that these are companies embedded in their markets but with a focus on three additional aims: the sustainability of the primary sector (farming, climate change and renewable energy issues all come together in the ecological transition and we include clean energy under this heading as well), senior care and support for the economic and social environment.

Finally, investee companies must be viable as a business, even if many of them pursue aims that go beyond the merely financial, as this is the only way to sustain their activity 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 its investment in manufacturers of bakery flours, semolina and mixes of flour and other cereals for human consumption, but these companies became associates in 2022.

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 2021 recentred its activity in its new Etxarren factory (Arakil, Navarra).

This year, the sub-group also took over Explotación Agrícola Las Limas, S.L., which farms, but does not process, rice, selling its output through its cooperative.

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, and, less significantly, cakes and pastries. 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 the 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.

Between 2021 and 2023, the international cereals market experienced months of high prices and massive volatility. Since 2023 prices are close to prepandemic levels.

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.

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 (unconsolidated) investee wineries, Príncipe de Viana and Rioja Vega.

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.

In 2023 the business developed as follows. Domestic hospitality services and tourism reopened 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:

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

- 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 away 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.

The first is 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.

The second is Informes y Gestiones Generales, S.A., which 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

As we explain below in detail and by sub-group, Caja Rural de Navarra managers are deeply involved in the governance bodies of subsidiaries – also associates, though these are outside the scope of these statements. The General Management uses its influence, either directly by sitting on boards or participating in various strategy meetings or indirectly via its executives, to instil its philosophy.

Although each company has its own distinctive culture, history, sector and market position, there are certain common values of Caja Rural de Navarra that apply to all: health and safety for workers and third parties, respect and collaboration with the working team, quality of products and services, long-term value creation.

The Group's companies have the following processes for risk analysis, control and monitoring:

Cereal sector

This sub-group includes two subsidiaries with very different business lines. One, Harivenasa, S.L. Is an industrial company. The other, a farming company assigned to the Social Welfare Fund. Harivenasa, S.L. has a three-strong Board of Directors, two being Caja Rural de Navarra executives and the third drawn from the flour group. Explotación Agrícola Las Limas, S.L. has two directors empowered to act independently (*administradores solidarios*), one being a manager at Caja Rural de Navarra and the other a businessman from the industry, unconnected with the Bank's corporate bodies and management, who together act as executive management.

The associates – MHM Grupo, Harinera la Meta and Harinera del Mar, S.L. – have different Boards of Directors whose members include executives from the two parent partners and executives of the companies themselves.

On the management and functional side, each industrial 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 customers.

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 and grow long-term value.

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 a Chief Administration-Finance Officer, 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

This Group too is headed by a Sole Director, who heads the companies 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 the progress of different projects and toward achieving targets. These meetings are attended by the management from Promoción Estable del Norte 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 of Spanish 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 Non-Financial Statements (or 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. On this point, we should emphasise that, although we did not conduct a massive survey of stakeholders and derive a formal materiality analysis, we monitored changing trends as they arose from day-to-day contacts with stakeholders. Our conclusion, at least in 2023, was that the results of the 2021 analysis remained largely valid.

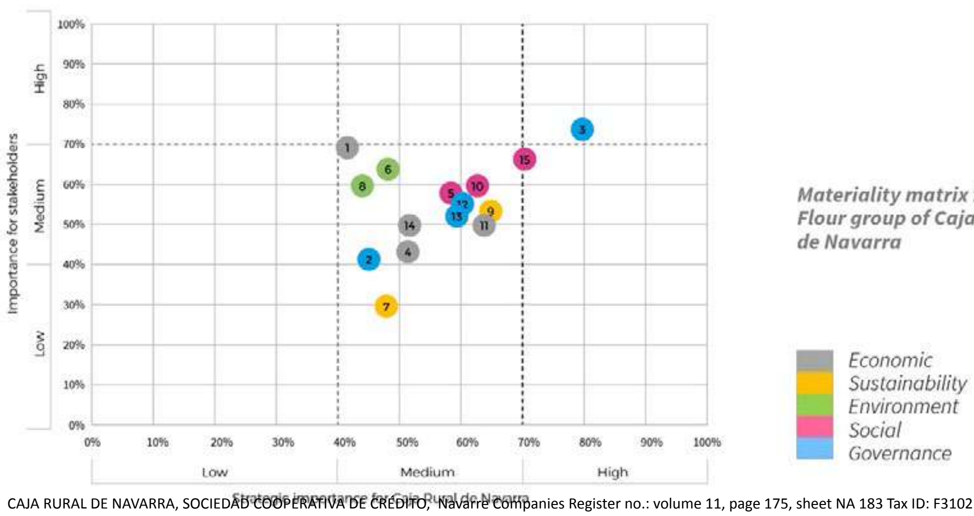
The materiality analysis conducted in 2021 with external support from a specialist consultancy focused on identifying and prioritising the economic, environmental, social and governance priorities for customers, employees and suppliers (external materiality) and the companies' strategy based on its potential impact for the Bank (internal materiality).

Surveys and opinion panels were held, which worked as follows:

- Cereal 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 (although associates, they make up a substantial part of the Bank's equity investment business). In this case, the only stakeholders were workers and suppliers.

We detail the conclusions of the 2021 materiality analysis below :

a) Cereal group



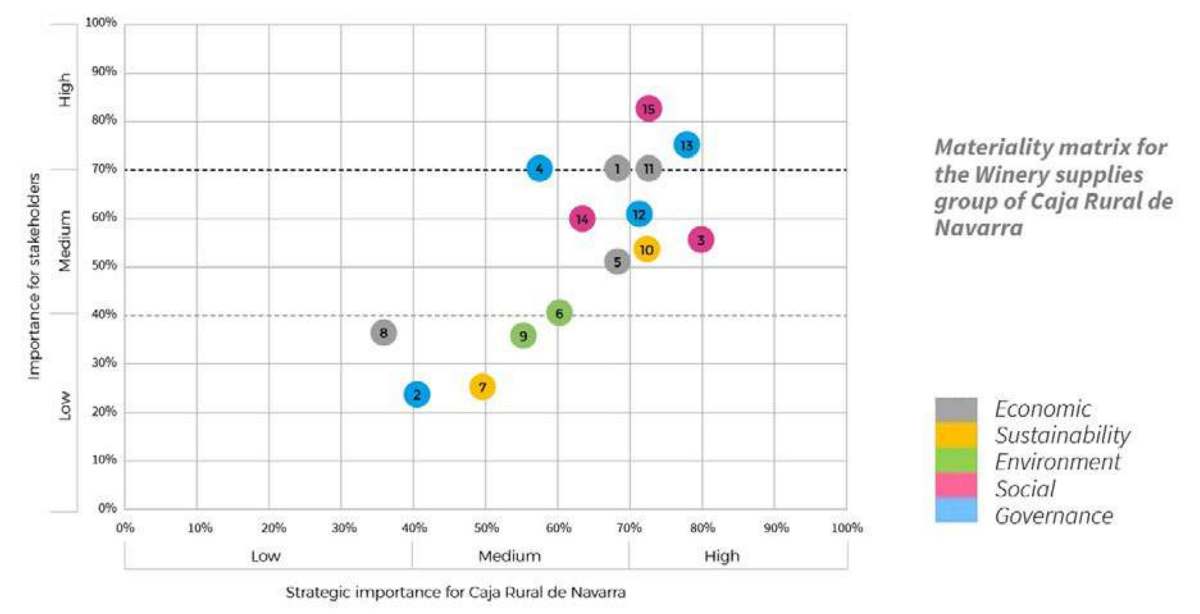
Materiality matrix for the Flour group of Caja Rural de Navarra

The analysis identified 15 material issues:

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	

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



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

In 2021, 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		
Business model	Innovation and digitisation	•	•	•
Corporate governance	Corporate compliance		•	
	Good governance and transparency	•		•
	Ethics and anti-corruption	•	•	•
Customer relations/ Customer satisfaction	Service quality and user satisfaction	•	•	•
	Accessible services	•		
	Privacy and data security	•	•	
	Communications with those involved	•		
Employee management	Work culture			•
	Equality and non-discrimination			•
	Work-Life balance			•
	Job creation and stability			•
	Staff turnover			•
	Staff training	•		•
	Career development	•		•
	Equal pay			•
Environmental management	Energy consumption	•	•	•
	Waste management and food wastage	•	•	•
	Climate change impact	•	•	•
Health and safety	Health and safety at work			•
	Architecture and sustainable buildings	•		
	Covid 19	•	•	•
Human rights				
Community engagement	Green growth and sustainability	•	•	

1.6. MAIN SECTOR RISKS

Group companies face the following sector risks, which can be mitigated in the following ways, unchanged from those applied in 2022. The analysis here is not of economic risks, which are reflected in their respective annual reports, but of 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 above-mentioned risks, these are analysed by the health and safety manager in each factory, 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.
- 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. Appropriate lifting and other equipment.
  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 phone line to deal with claims and comments, reporting to the quality control department.
   This group works with stores, who receive most of the complaints from customers, which are usually dealt with via the general complaints channel.
   Complaints from final consumers, such as complaints about a packet of oats bought in a supermarket, are always dealt with through the customer service department of the chain concerned. Some also submit dummy complaints to test the response.
   The specific products, flour, pearl and oat flakes are used as raw materials for third-party industrial firms (which use them as ingredients in 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, the own brand Alea guarantees that oats for its products have been grown within 100 km of the manufacturing plant to reduce 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:

Cereal 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, protein, flavour, 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.

However, 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. A big bag of pearl flour can be analysed by multiple 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.

Until the 2022 non-financial statements, this item mainly consisted of incidents in the bakery flour sector. This year, we have focused purely on oats products. Flour mills handle large volumes of products:

Incidence was 69 in 2023 (53 in 2022) per million units delivered. Percentage of total classed as food safety incidents was 11.5% (7.5% in 2022). A delivered unit can be either a 24 tonne truckload of oats for an industrial customer or a half-kilo packet sold on supermarket shelves.

Industrial customers will obviously check all deliveries individually. Supermarket complaints tend to be more subjective.

This year, around 800 customer contacts of all types were dealt with.

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, as in 2022 and pre-Covid, 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 2023 the average score on all parameters was 3.90 compared to 3.88 and 3.97 in 2022 and 2021, respectively.

Responses are subjective – i.e., assessed by each resident or relative – and the percentage of residents completing the survey improved on 2022 (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 4.82 (4.92 in 2022 and 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 numbered 42 compared to 38 in 2022. 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 2023, 70 indicators were measured for 27 improvement initiatives. Of these, 2 were found to have been completed satisfactorily, 5 needed no assessment and the remaining 20 will continue in 2024.

Regarding employees, the annual internal survey, which was run for the first time in 2020, attracted 48 responses from employees, mostly from elderly carers. The general satisfaction score was 2.97 compared to 3.24 in 2022 with most complaints related to salaries.

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 2023, complaints were received about 0.124% of actions involving third parties (0.14% in 2022).

Cost of quality

In 2023 and 2022, not including the cost of associated staff, the cost of quality reported by the subsidiaries was:

(in euros)	2023	2022
Internal quality costs	49,764.00	457,640
External quality spending	293,326.33	-
Food defence spending	10,000.00	-
Quality audits (customers, FSC, etc.)	19,910.00	26,114

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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 [2]	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. Presence of potentially bio-contaminated waste	Paper, etc.
Emissions	Essentially derived from heat used in some processes, silos and cereal cleaning Leaks from air conditioning units	Leaks from air conditioning units	Leaks from air conditioning units	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.

(2) Activity subject to health service regulations.

For more information on this point see section 2.2 in this Annex.

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 is 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).

Looking at energy consumption and carbon footprint, this year carbon footprints were calculated for the subsidiaries covered in this Annex for the first time. Total emissions for scopes 1, 2 and 3 by all subsidiaries of Caja Rural de Navarra at the end of 2023 were 77,326 tCO_2eq in 2023 (figures not included in AENOR's audit of the non-financial statements).

By subsector, this can be summarised as follows:

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 and 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 produce 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 grown 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 raw product for each product of each customer 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 states, Great Britain, Sweden, Finland, etc.).

Cereal + Transport + Processing (energy) + Labour =

Bakery product + sub-product (animal feed)

In order to reduce the environmental impact of electricity 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 70% of the group's estimated electricity consumption.

Electricity consumption this year was 9,606 MWh of which 6,000 MWh were written off as renewable. Natural gas consumption in the productive process was 16,969 MWh.

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[1] oak 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 cut-offs, 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.

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.

On measures to reduce environmental impacts, Industria Tonelera de Navarra, S.L. has installed 100 kWh of rooftop photovoltaic panels in Monteagudo, which produced around 70 MWh in 2023.

c) Senior care group

In this business, the service has to be delivered locally.

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 2023 was 1.06 GWh of electricity (lower than in prior years thanks to self-generation) and 1.96 GWh of mains natural gas (similar to 2022). Transport of people and goods required 27,000 litres of diesel.

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.

The aim was to self-generate over 50% of thermal energy and 20% of electricity at La Vaguada and 25% and 10%, respectively, at Torre Monreal.

[1] Certified timber from sustainable plantations.

In the first year of full operation La Vaguada produced 70 MWh, 6% of the energy used to generate heat, compared to nearly 200 MWh expected, and the contribution to electricity was 53.4 MWh - 10% of total electricity consumption - compared to 65 MWh initially forecast. Meanwhile, Torre Monreal self-generated 6% of electricity consumed, 23 MWh compared to 40 MWh forecast for one year.

Total electricity generated was 76.22 MWh in 2023 and 24.25 MWh in 2022.

d) Bank's Auxiliary Financial Services Group

Power consumption by these companies is included in that of Caja Rural de Navarra, whose branch offices the group shares.

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, environmental management issues are integrated into production considerations by the Steering Committee. No special committee has been appointed to date.

Environmental management costs booked in 2023 were as follows:

Cost of waste water services	37,328
Cost of removing urban waste	25,697
Cost of removing other hazardous and medical waste	7,576
Cost of removing other non-hazardous waste	52,022
Cost of environmental management audits	995
Cost of introducing PEFC policies, zero carbon cycle etc.	1,362
Total	**124,979**

CEREAL SECTOR	2023	2022
Removing urban waste and waste water	36,111	133
Removing hazardous waste	241	0
Removing non-hazardous waste	52,022	32,327
Environmental management audits	0	3,550
Spending on energy efficiency	0	0
Cost of environmental consultancy	995	2,900
Total	**89,369**	**38,910**

Costs in 2022 are for Harivenasa, the only company consolidated by the Group at year end.

SENIOR CARE GROUP	2023	2022
Direct expenses charged to the EMS (in €)		
Urban waste duties	22,892	0
Medical waste management	7,335	29,801*
Total (in €)	**30,227**	**29.801**

In 2022 these two items were reported as a single aggregate

SECTOR SERVICIOS A BODEGAS	2023	2022
Gastos directos imputados al SGA (€)		
Mantenimiento del Sistema Gestión Ambiental	1,362	3,073
Gestión de residuos	1,945	2,602
Total en €	**3,307**	**5,675**

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 2023.

These calculations are based on measurements of the carbon footprint for these companies, in scopes 1, 2 and 3 as indicated in each section, and show the change between the two years.

1) Cereal sector.

We note that this subgroup comprised only Harivenasa in 2022 but Harivanesa and Explotación Agrícola Las Limas in 2023.

Scope 1 and 2 amounts break down as follows:

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

FLOUR-PRODUCING COMPANIES	2023		2022	
	UDS.	CO_2 EQ, T	UDS.	CO_2 EQ, T
Natural Gas, MW.h	16,969	3,088	12,720	2,315
Diesel, litres *	15,163	38	0	0
Electricity				
Non-renewable consumption, MWh	3,609	982	3,200	826
Renewable consumption, MWh	6,000	0	4,550	0
Total CO_2 equivalent emissions (T)		**4,108**		**3,141**

(1) Consumption of Explotación Agraria Las Limas S.L.

If, following the GHG Protocol, we take 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	2023	2022 CORRECTED	2022
Scope 1			
Fuel consumption	3,088	2,315	2,315
Natural gas and propane consumption	-	-	-
Refrigerant greenhouse gases	-	-	-
Scope 2			
Consumption of non-renewable electricity	981	826	826
Scope 3			
Drinking water	8	7	7
Travel to/from work	54	63	63
Travel for work	5	5	5
Waste	31	8	8
Transport of goods and finished products	1,735	1,405	1,405
Transport of raw materials to factory	8,155	6,893	6,893
Purchase and cultivation of raw materials	61,262	56,522	39,350
Totales	**75,319**	**68,044**	**50,872**

The correction shown for 2022 reflects the change in the conversion factor used for oats farming to that published by French agency ADEME in 2023 rather than one based on an analysis of Navarra farms by INTIASA in 2022. This increases GHG emissions in 2023 by 17 kT CO_2eq. Also, 2023 figures include emissions from rice farming in southern Navarre.

2) <u>Other sectors (Senior Care, Auxiliary Financial Services and Winery Supplies)</u>

The carbon footprint for other Group companies at 2023 and 2022 was calculated in the same way as for cereal companies:

2023	SOLERA	WINERIES	AUX CRN
Scope 1			
Fuel consumption	70.05	126.08	0
Natural gas and propane consumption	356.52	56.53	0
Refrigerant greenhouse gases	0	3.10	0
Scope 2			
Consumption of non-renewable electricity	287.25	8.94	26.17
Scope 3			
Drinking water	4.47	0.65	0.04
Travel to/from work	207.17	35.04	15.60
Travel for work	0	3.20	3.91
Waste	22.71	1.06	0.62
Transport of goods and finished products	0	59.22	0
Transport of raw materials to factory	0	104.97	0
Purchase and cultivation of raw materials	0	79.28	0
Totales	**948.16**	**478.07**	**46.34**
Offsetting of scope 1 and 2 emissions in INTONA		*-45.90*	

In 2022

2022	SOLERA	WINERIES	AUX 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
Transport of goods	-	39.8	-
Total CO_2 equivalent emissions (T)	**779.4**	**332.5**	**42.6**

The data reported has not been verified externally.

Regarding paper and toner consumption, included in the scope 3 carbon footprint for both years, the following cumulative data for all Group companies were reported at the end of 2022 and 2023:

	2023	2022
Paper, kg	26,053	3,205
Toner and cartridges, units	232	16

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.

These figures do not include the attributable generation of renewable energy in Group investee companies.

3. SOCIAL AND PERSONNEL ISSUES

3.1. EMPLOYMENT

Total employment by country and region, including flour companies, is as follows (data at each year-end):

	2023			2022		
COUNTRY	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Spain	591.00	151.00	440.00	514	130	384
France	28.00	20	8	28	20	8
Total active headcount at 31 December	**619.00**	**171.00**	**448.00**	**542**	**150**	**392**

SPAIN	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Navarre	571	137	434	492	114	378
Andalusia	7	6	1	7	6	1
Madrid	6	6	0	8	8	0
Euskadi	5	2	3	5	2	3
La Rioja	2	0	2	2	0	2

The number of people shown here for 2022 differs from that in the non-financial statements for the year, as it was found that people taking voluntary leave in the care group were treated differently from the rest of the sub-group, which counted them as active employees.

Below, we break down a selection of indicators relating to the staff in subsidiaries, grouped by sector:

a) Cereal sector

We again remind readers that in 2022 the scope of this subsector consisted of Harivenasa alone while in 2023 it also included Explotación Agrícola Las Limas. Basic headcount data are as follows:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Total headcount at 1 January	53	40	13	40	37	6
Average headcount in the year	60.52	48.02	12.5	48.5	37.8	10.7
New contracts in the year	18	12	6	17	6	11
Contracts terminated in the year	8	5	3	8	4	4
Voluntary resignation	1	1	0	1	0	1
Voluntary leave	0	0	0	0	0	0
Retirement (and early retirement)	0	0	0	3	3	0
End of contract	3	2	1	3	0	3
Dismissal	5	3	2	1	1	0
Total headcount at 31 December	**61**	**45**	**16**	**52**	**39**	**13**
Departure rate	13.1%	11.1%	18.8%	19.15%	11.4%	41.7%

Note that the figure for salaried workers earning above 2.5 times the minimum wage includes all full and part-time employees, for the whole or part of the year, whose effective hourly rate was above 2.5 times the minimum wage.

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 worked this year for however short a time.

It is important to include all contracts, of whatever duration, to give a clear picture of salary relativities by activity and gender.

Accordingly, the figures for 2023 and 2022 were as follows:

By age range

	2023				2022			
	MEN	%	WOMEN	%	MEN	%	WOMEN	%
Under 30	14	20.0%	7	10.0%	12	20.0%	9	15.0%
31 to 40	16	22.9%	8	11.4%	14	23.3%	7	11.7%
41 to 50	10	14.3%	4	5.7%	10	16.7%	1	1.7%
51 to 60	9	12.9%	0	0.0%	4	6.7%	0	0.0%
Over 60	2	2.9%	0	0.0%	2	3.3%	0	0.0%
	51	**72.9%**	**19**	**27.1%**	**43**	**71.7%**	**17**	**28.3%**

Of these, none was reported as having a recognized disability in 2023 or 2022.

By professional category:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
General and area management	11	10	1	9	8	1
Engineers and graduates, reporting to a function area manager	6	4	2	6	4	2
Administrative, workshop and shift managers, Sales	0	0	0	0	0	0
First-grade managers, administrators and production or quality	4	2	2	3	1	2
Second-grade managers, administrators and production or quality	48	34	14	42	30	12
Administrative assistants, third-grade workers, assistants, labourers	0	0	0	0	0	0
Trainees and work experience	1	1	0	0	0	0
	70	**51**	**19**	**60**	**43**	**17**

Figures by education are as follows:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD	0	0	0	0	0	0
Graduate	19	14	5	15	9	6
Higher professional qualification or long working experience	6	4	2	5	4	1
Professional training 2	19	13	6	15	9	6
High school or Professional training 1	20	14	6	18	14	4
No qualifications	6	6	0	7	7	0
Undefined	0	0	0	0	0	0
	70	**51**	**19**	**60**	**43**	**17**

By type of contract:

	2023				2022			
	M	%	W	%	M	%	W	%
Permanent full-time	49	70.0%	18	25.7%	42	70.0%	17	28.3%
Permanent part-time or discontinuous	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Work experience, trainees and apprentices	1	1.4%	0	0.0%	1	1.7%	0	0.0%
Temporary contract (replacing those on parental, sick or political activity leave)	0	0.0%	1	1.4%	0	0.0%	0	0.0%
Temporary full-time contracts for time-limited work or services	1	1.4%	0	0.0%	0	0.0%	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	**51**	**72.9%**	**19**	**27.1%**	**43**	**71.7%**	**17**	**28.3%**

b) Care sector

In this group the reported staff changes, hires and departures (one person may account for more than one) are as follows:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Total headcount at 1 January	372	35	337	348	31	317
Average headcount in the year	396.9	41.0	355.9	368.7	32	336.7
New contracts in the year	1196	164	1032	1047	135	912
Contracts terminated in the year	1140	154	986	1023	131	892
Voluntary resignation	4	1	3	12	4	8
Voluntary leave	42	0	42	25	0	25
Retirement (and early retirement)	2	0	2	1	0	1
End of contract	1077	153	924	972	127	845
Dismissal	15	0	15	13	0	13
Total headcount at 31 December	**436**	**48**	**388**	**372**	**35**	**337**
Departure rate	261%	321%	251%	275%	371%	265%

The number of people shown here for 2022 differs from that in the non-financial statements for the year, as it was found that people taking voluntary leave were counted using a different method from other sub-group companies, which counted them as active employees.

No member of staff was reported as having a disability in 2023 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 2023 and 2022 were as follows:

By age range:

	2023				2022			
	MEN	%	WOMEN	%	MEN	%	WOMEN	%
Under 30	24	3.2%	172	23.0%	23	3.2%	164	23.0%
31 to 40	25	3.3%	146	19.5%	24	3.4%	144	20.2%
41 to 50	18	2.4%	163	21.8%	12	1.7%	170	23.8%
51 to 60	11	1.5%	143	19.1%	11	1.5%	127	17.8%
Over 60	3	0.4%	42	5.6%	2	0.3%	36	5.0%
Total	**81**	**10.8%**	**666**	**89.2%**	**72**	**10.1%**	**641**	**89.9%**

By professional category:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
General and area managers	5	3	2	4	2	2
Doctors, psychologists	9	1	8	7	0	7
Nurses, nutritionists and physiotherapists	103	11	92	89	10	79
Nursing and geriatric assistants	28	5	23	3	1	2
Administrators and technical staff in socio-cultural activities	439	43	396	387	39	348
Administrative assistants, cleaners, wardens	163	18	145	223	20	203
Total	**747**	**81**	**666**	**713**	**72**	**641**

By academic qualifications:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD	0	0	0	0	0	0
Graduate	121	15	106	107	11	96
Higher professional qualification (PT 1, 2 or higher) or long working experience	469	52	417	365	27	338
No qualifications	157	14	143	241	34	207
Total	**747**	**81**	**666**	**713**	**72**	**641**

By contract type:

	2023				2022			
	M	%	W	%	M	%	W	%
Permanent full-time	24	3.2%	254	34.0%	20	2.8%	218	30.6%
Permanent part-time or discontinuous	20	2.7%	159	21.3%	9	1.3%	107	15.0%
Work experience, trainees and apprentices	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Temporary contract (replacing those on parental, sick or political activity leave)	17	2.3%	120	16.1%	19	2.7%	145	20.3%
Temporary full-time contracts for time-limited work or services	14	1.9%	62	8.3%	20	2.8%	96	13.5%
Temporary part-time contracts for time-limited work or services	6	0.8%	71	9.5%	4	0.6%	75	10.5%
Total	**81**	**10.8%**	**666**	**89.2%**	**72**	**10.1%**	**641**	**89.9%**

c) Winery supplies group

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Total headcount at 1 January	88	68	20	77	60	17
Average headcount in the year	59.25	47.07	12.18	82	63	19
New contracts in the year	20	15	5	31	23	8
Contracts terminated in the year	21	15	5	20	16	4
Voluntary resignation	12	9	3	8	7	1
Voluntary leave	0	0	0	1	1	0
Retirement (and early retirement)	1	1	0	0	0	0
End of contract	6	4	2	9	5	4
Dismissal	1	1	0	2	2	0
Total headcount at 31 December	**88**	**68**	**20**	**88**	**68**	**20**
Departure rate	12.50%	8.82%	25.00%	22.70%	23.90%	19.10%

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 2023 and 2022 were as follows:

By age range:

	2023				2022			
	MEN	%	WOMEN	%	MEN	%	WOMEN	%
Under 30	10	8.9%	4	3.6%	13	12.3%	2	1.9%
31 to 40	18	16.1%	7	6.3%	16	15.1%	9	8.5%
41 to 50	24	21.4%	12	10.7%	25	23.6%	11	10.4%
51 to 60	26	23.2%	4	3.6%	23	21.7%	3	2.8%
Over 60	7	6.3%	0	0.0%	4	3.8%	0	0.0%
Total	**85**	**75.9%**	**27**	**24.1%**	**81**	**76.4%**	**25**	**23.6%**

By professional category:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
General and area management	10	8	2	8	7	1
Engineers and graduates, reporting to a function area manager	0	0	0	0	0	0
Administrative, workshop and shift managers Sales	25	21	4	14	10	4
First-grade managers, administrators and production or quality	3	3	0	19	15	4
Second-grade managers, administrators and production or quality	55	44	11	30	28	2
Administrative assistants, third-grade workers, assistants, labourers	15	5	10	32	18	14
Trainees and work experience	4	4	0	3	3	0
Totales	**112**	**85**	**27**	**106**	**81**	**25**

By academic qualifications

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD	0	0	0	0	0	0
Graduate	12	4	8	10	3	7
Higher professional qualification or long working experience	51	47	4	78	66	12
Professional training 2	2	0	2	3	0	3
High school or Professional training 1	45	34	11	12	11	1
No qualifications	2	0	2	3	1	2
Undefined	0	0	0	0	0	0
Totales	**112**	**85**	**27**	**106**	**81**	**25**

By contract type:

	2023				2022			
	M	%	W	%	M	%	W	%
Permanent full-time	69	61.6%	18	16.1%	72	67.9%	19	17.9%
Permanent part-time or discontinuous	0	0.0%	4	3.6%	1	0.9%	3	2.8%
Work experience, trainees and apprentices	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Temporary contract (replacing those on parental, sick or political activity leave)	1	0.9%	0	0.0%	1	0.9%	0	0.0%
Temporary full-time contracts for time-limited work or services	15	13.4%	5	4.5%	7	6.6%	3	2.8%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Totales	**85**	**75.9%**	**27**	**24.1%**	**81**	**76.4%**	**25**	**23.6%**

Figures include the same person with a recognized partial disability in 2023 and 2022.

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. The two years therefore compare as follows:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Total headcount at 1 January	30	8	22	40	10	30
Removed due to exit from Group	0	0	0	7	2	5
Group employees at 1 January	30	8	22	33	8	25
Average headcount in the year	30.8	9.44	21.38	30.1	8	22.1
New contracts in the year	10	2	8	3	0	3
Contracts terminated in the year	6	0	6	6	0	6
Voluntary resignation	3	0	3	2	0	2
Voluntary leave	0	0	0	0	0	0
Retirement (and early retirement)	0	0	0	0	0	0
End of contract	2	0	2	4	0	4
Dismissal	1	0	1	0	0	0
Total headcount at 31 December	**34**	**10**	**24**	**30**	**8**	**22**
Departure rate	17.6%	0.0%	25.0%	27.5%	53.5%	18.5%

No contract with a person with a recognized disability was reported.

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 2023 and 2022 were as follows:

By age:

	2023				2022			
	MEN	%	WOMEN	%	MEN	%	WOMEN	%
Under 30	0	0.0%	8	20.5%	0	0.0%	10	27.8%
31 to 40	5	12.8%	5	12.8%	3	8.3%	5	13.9%
41 to 50	4	10.3%	11	28.2%	4	11.1%	8	22.2%
51 to 60	1	2.6%	5	12.8%	1	2.8%	5	13.9%
Over 60	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**10**	**25.6%**	**29**	**74.4%**	**8**	**22.2%**	**28**	**77.8%**

By category:

	2023			2022		
	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	11	3	8
Second-grade managers, administrators and production or quality	14	5	9	13	3	10
Administrative assistants, third-grade workers, assistants, labourers	9	0	9	9	0	9
Trainees and work experience	2	0	2	0	0	0
Totales	**39**	**10**	**29**	**36**	**8**	**28**

By academic qualifications

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD	0	0	0	0	0	0
Graduate	29	10	19	26	8	18
Higher professional qualification or long working experience	0	0	0	0	0	0
Professional training 2	8	0	8	10	0	10
High school or Professional training 1	2	0	2	0	0	0
No qualifications	0	0	0	0	0	0
Undefined	0	0	0	0	0	0
Totales	**39**	**10**	**29**	**36**	**8**	**28**

By contract type

	2023				2022			
	M	%	W	%	M	%	W	%
Permanent full-time	10	25.6%	28	71.8%	8	22.2%	21	58.3%
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%	1	2.6%	0	0.0%	4	11.1%
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%	0	0.0%	0	0.0%	3	8.3%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Totales	**10**	**25.6%**	**29**	**74.4%**	**8**	**22.2%**	**28**	**77.8%**

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 2023 or 2022, irrespective of type or duration of their contract, divided by the number of hours worked. For the sector figure, 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.
The average for each group is calculated weighted by the total number of hours worked by all workers in this group in the corresponding year.

a) Cereal 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). This agreement was updated in accordance with the Directorate-General for Labour Resolution of 9 March 2023, as a result of which definitive salary tables for 2022 were recorded and published, plus the 4% update agreed for 2023 but not yet published in the Spanish Official State Bulletin.

The National Collective Agreement for Companies in the Bread Flour and Semolina Sector included a wage increase agreed in April 2023 but relating to the 2022 financial year. This back pay was paid in 2023 and in the table below, rather than recording the impact in 2022, the benchmark salary (lab assistant) for 2023 had their pay adjusted as if they too had collected the back-pay.

Figures for the gender of employees, compared to the sector indicator and the average for this subsector of the Caja Rural Group – consisting, we reiterate, of two wholly different companies, Harivenasa and Explotación Agrícola Las Limas – are as follows:

	VS. COLLECTIVE AGREEMENT BASE		IN SUBGROUP COMPANIES	
	2023	2022	2023	2022
Men	1.80	1.99	1.05	1.06
Women	1.38	1.52	0.80	0.81
Sub-sector average	1.71	1.88	1.00	1.00
Difference M/W	0.43	0.47	0.25	0.25

We repeat that this comparison is based on everyone on the payroll during the year, even if they were only temporary workers, and uses the resulting hourly salary per person.

By age:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Under 30	1.38	1.46	1.16	1.60	1.71	1.37
31 to 40	1.81	1.93	1.48	1.93	2.05	1.64
41 to 50	2.01	2.11	1.59	2.28	2.37	N/I
51 to 60	1.83	1.83		1.72	1.72	
Over 60	1.46	1.46		1.53	1.53	
Total	**1.71**	**1.80**	**1.38**	**1.88**	**1.99**	**1.52**
Employees earning more than 2.5 times minimum wage	**25**	**21**	**4**	**19**	**17**	**2**

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:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
General and area management	N/I	2.73	N/I	3.02	3.16	1.93
Engineers and graduates, reporting to a function area manager	2.13	2.22	1.76	1.98	2.11	1.77
Administrative, workshop and shift managers, Sales	1.85	1.92	1.71	-	-	-
First-grade managers, administrators and production or quality	1.35	1.42	1.27	1.41	N/I	1.36
Second-grade managers, administrators and production or quality	1.48	1.55	1.26	1.59	1.63	1.41
Administrative assistants, third-grade workers, assistants, labourers	1.50	1.55	1.26			
Trainees and work experience	N/I	N/I				
Total	**1.71**	**1.80**	**1.38**	**1.88**	**1.99**	**1.52**

By training:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD	-	-	-	-	-	-
Graduate	2.22	2.44	1.63	2.47	2.97	1.62
Higher professional qualification or long working experience	1.79	2.03	1.28	1.99	2.10	N/I
Professional training 2	1.50	1.61	1.22	1.73	1.85	1.44
High school or Professional training 1	1.43	1.44	1.31	1.44	1.45	1.32
No qualifications	1.58	1.58	-	1.58	1.58	-
Total	**1.71**	**1.80**	**1.38**	**1.88**	**1.99**	**1.52**

By contract type:

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Permanent full-time	1.74	1.82	1.41	1.89	1.99	1.52
Permanent part-time or discontinuous	-	-	-	-	-	-
Work experience, trainees and apprentices	N/I	N/I		N/I	N/I	
Temporary contract (replacing those on parental, sick or political activity leave)	N/I	-	N/I	-	-	-
Temporary full-time contracts for time-limited work or services	N/I	N/I	-	-	-	-
Temporary part-time contracts for time-limited work or services	-	-	-	-	-	-
Total	**1.71**	**1.80**	**1.38**	**1.88**	**1.99**	**1.52**

b) Senior care group

In this case, we also prepared a comparison with the Collective Agreement – VIII 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), working in geriatric care, Group C. Figures refer to all those appearing on the payroll in each year, for however short a time.

	VS. COLLECTIVE AGREEMENT BASE		IN SUBGROUP COMPANIES	
	2023	2022	2023	2022
Men	1.78	1.86	1.15	1.25
Women	1.51	1.44	0.98	0.97
Sub-sector average	1.60	1.55	1.00	1.00
Difference M/W	0.27	0.41	0.17	0.28

By age

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Under 30	1.37	1.36	1.37	1.36	1.61	1.33
31 to 40	1.52	1.59	1.51	1.52	1.57	1.51
41 to 50	1.66	2.45	1.58	1.60	2.66	1.51
51 to 60	1.53	2.22	1.50	1.37	2.00	1.34
Over 60	1.74	1.40	1.74	1.58	1.20	1.58
Total	**1.54**	**1.78**	**1.51**	**1.48**	**1.86**	**1.44**
Employees earning more than 2.5 times minimum wage	**32**	**5**	**27**	**49**	**6**	**43**

By professional category

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
General and area managers	2.55	2.55	2.55	2.79	2.84	2.75
Doctors, psychologists	N/I	N/I	3.08	3.08	-	3.08
Nurses, nutritionists and physiotherapists	1.75	1.56	1.77	1.86	1.87	1.85
Nursing and geriatric assistants	1.76	1.62	1.81	2.05	N/I	2.10
Administrators and technical staff in socio-cultural activities	1.40	1.41	1.40	1.33	1.47	1.31
Administrative assistants, cleaners, wardens	1.31	1.65	1.29	1.27	1.48	1.25
Total	**1.54**	**1.78**	**1.51**	**1.48**	**1.86**	**1.44**

For reasons of confidentiality of personal data, data that could be easily used to identify a specific person have been eliminated (shown as N/I)

By qualification

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD	-	-	-	-	-	-
Graduate	1.91	2.28	1.86	2.05	2.86	1.97
Higher professional qualification or long working experience	2.36	2.38	2.36	2.23	2.39	2.07
Professional training 2	1.49	1.48	1.50	1.13	1.13	-
High school or Professional training 1	1.41	1.46	1.40	1.31	1.38	1.31
No qualifications	1.32	1.78	1.31	1.31	1.57	1.25
Total	**1.54**	**1.78**	**1.51**	**1.48**	**1.86**	**1.44**

By contract mode

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Permanent full-time	1.59	1.97	1.55	1.53	2.05	1.48
Permanent part-time or discontinuous	1.51	1.58	1.50	1.42	1.55	1.42
Work experience, trainees and apprentices	-	-	-	-	-	-
Temporary contract (replacing those on parental, sick or political activity leave)	1.38	1.37	1.38	1.38	1.41	1.32
Temporary full-time contracts for time-limited work or services	1.28	1.34	1.26	1.28	1.42	1.36
Temporary part-time contracts for time-limited work or services	1.23	1.30	1.22	1.23	2.38	1.43
Total	**1.54**	**1.78**	**1.51**	**1.54**	**1.86**	**1.44**

c) Winery supplies group

Comparisons are with the post of second-grade official in the Collective Agreement for Woodworkers of Navarre. As explained above, the comparison is based on the hourly salary of all workers who appeared on the payroll at any time. Of the three companies reported here, only one comes under the Collective Agreement. The French cooperage has its own local agreement (French Collective Agreement on mechanical woodwork, sawmills, wood trading and wood imports), and the distributor comes under that for the Food Warehousing Businessmen of Navarre

	VS. COLLECTIVE AGREEMENT BASE		IN GROUP COMPANIES	
	2023	2022	2023	2022
Men	1.51	1.76	1.02	1.01
Women	1.39	1.71	0.94	0.98
Sub-sector average	1.57	1.86	1.00	1.00
Difference M/W	0.12	0.05	0.08	0.03

By age

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Under 30	1.37	1.32	1.55	0.98	0.95	1.18
31 to 40	1.27	1.25	1.36	1.20	1.17	1.27
41 to 50	1.58	1.62	1.50	1.67	1.68	1.63
51 to 60	1.57	1.67	1.08	1.43	1.46	1.19
Over 60	1.47	1.47		1.53	1.53	
	1.49	**1.51**	**1.39**	**1.44**	**1.44**	**1.42**
Employees earning more than 2.5 times minimum wage	**22**	**15**	**7**	**17**	**12**	**5**

By professional category

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
General and area management	3.05	3.34	1.93	3.34	3.39	N/I
Administrative, workshop and shift managers, Sales	1.60	1.50	2.09	1.81	1.69	2.13
First-grade managers, administrators and production or quality	1.29	1.29	-	1.16	1.15	-
Second-grade managers, administrators and production or quality	1.19	1.21	1.14	1.11	1.12	1.10
Administrative assistants, third-grade workers, assistants, labourers	1.21	1.19	1.21	1.17	1.14	1.21
Trainees and work experience	0.94	0.94	N/I	0.89	0.89	N/I
Total	**1.49**	**1.51**	**1.39**	**1.44**	**1.44**	**1.42**

Not included (N/I) when data could be easily used to identify a specific person

By qualification

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD						
Graduate	2.06	2.80	1.67	2.19	3.09	1.77
Higher professional qualification or long working experience	1.47	1.49	1.18	1.36	1.39	1.21
Professional training 2	1.26	-	1.26	1.34	-	1.34
High school or Professional training 1	1.33	1.36	1.28	1.20	1.21	1.10
No qualifications	1.21	-	1.21	0.96	N/I	0.95
Total	**1.49**	**1.51**	**1.39**	**1.44**	**1.44**	**1.42**

By contract mode

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Permanent full-time	1.52	1.54	1.48	1.48	1.48	1.50
Permanent part-time or discontinuous	1.09		1.09	1.00	N/I	1.09
Work experience, trainees and apprentices	-	-	-	-	-	-
Temporary contract (replacing those on parental, sick or political activity leave)	N/I	N/I	-	1.02	N/I	-
Temporary full-time contracts for time-limited work or services	1.34	1.39	1.21	1.02	1.04	0.95
Temporary part-time contracts for time-limited work or services	-	-	-	-	-	-
Total	**1.49**	**1.51**	**1.39**	**1.44**	**1.44**	**1.42**

d) Financial services group

For this group comparisons are with the Grade V post (tasks carried out under supervision but on own initiative, with professional knowledge or trial period) under the Navarre Collective Agreement for Offices.

This Collective Agreement, frozen since 2020 received a number of increases in 2022 and 2023 under Bulletin 47, of 5 March 2024, which renews it until 31 December 2024

	VS. COLLECTIVE AGREEMENT BASE		IN GROUP COMPANIES	
	2023	2022	2023	2022
Men	1.75	1.84	1.31	1.37
Women	1.16	1.15	0.86	0.86
Sub-sector average	1.45	1.34	1.00	1.00
Difference M/W	0.59	0.68	0.44	0.51

By worker's age

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Under 30	0.82	-	0.82	0.78	-	0.78
31 to 40	1.17	1.20	1.13	1.27	1.30	1.25
41 to 50	1.47	1.83	1.31	1.49	1.80	1.33
51 to 60	N/I	N/I	-	N/I	N/I	1.22
Over 60	-	-	-	-	-	-
	1.34	**1.75**	**1.16**	**1.34**	**1.84**	**1.15**
Employees earning more than 2.5 times minimum wage	**4**	**2**	**2**	**6**	**2**	**4**

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Data is not included (N/I) when it could be easily used to identify an individual salary.

By professional category

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
General and area management	3.65	3.65	-	3.47	3.47	-
Engineers and graduates, reporting to a function area manager	-	-	-	-	-	-
Administrative, workshop and shift managers, Sales	N/I	-	N/I	N/I	-	N/I
First-grade managers, administrators and production or quality	1.41	1.43	1.39	1.37	1.42	1.35
Second-grade managers, administrators and production or quality	1.13	1.10	1.15	1.13	1.16	1.12
Administrative assistants, third-grade workers, assistants, labourers	0.81	-	0.81	0.75	-	0.75
Trainees and work experience	-	-	-	-	-	-
Total	**1.34**	**1.75**	**1.16**	**1.34**	**1.84**	**1.15**

By qualification

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
PhD	-	-	-	-	-	-
Graduate	1.44	1.75	1.22	1.44	1.84	1.22
Professional training 2	1.08	-	1.08	1.02	-	1.02
High school or Professional training 1	0.76	-	0.76	-	-	-
No qualifications	-	-	-	-	-	-
Total	**1.34**	**1.75**	**1.16**	**1.34**	**1.84**	**1.15**

By contract mode

	2023			2022		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Permanent full-time	1.35	1.75	1.17	1.41	1.84	1.22
Work experience, trainees and apprentices	N/I	-	N/I	0.71	-	0.71
Temporary full-time contracts for time-limited work or services	-	-	-	0.84	-	0.84
Total	**1.34**	**1.75**	**1.16**	**1.34**	**1.84**	**1.15**

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

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 schedule working time in compliance with the working hours laid down by the Collective Agreement. Shiftwork is required in some sectors to cover practically the whole year.

At industrial companies, accident statistics are collected in all manufacturing centres, even for accidents that do not require medical attention or time off since analysing these figures can reveal ways to improve working practice.

The data on accidents and resulting time off work are presented below.

a) Cereal sector

WORKPLACE ACCIDENTS	2023	2022
Accidents without time off work	5	1
Accidents resulting in time off work	8	9
Total accidents	13	10
Accident incidence[1]	0.0819	0.09745322
Accident severity[2]	6.173	21.3097713

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

HOURS OFF WORK AND ABSENTEEISM RATE (HOURS)	TOTAL HOURS IN 2023			TOTAL HOURS IN 2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accidents	664	0	664	1,872	96	1,968
Common illness	5,040	1,440	6,480	728	296	1,024
Covid (in addition to illness)	0	0	0	480	128	608
Maternity	0	896	896	0	0	0
Paternity	1,424	0	1,424	352	0	352
Childcare	0	0	0	0	0	0
Care of the sick	424	0	424	0	0	0
Other personal motives	0	0	0			0
Jury service, union work, etc.	0	0	0	16	0	16
Total hours lost	**7,552**	**2,336**	**9,888**	**6,896**	**480**	**7,376**
Total working hours	**85,373**	**22,200**	**107,573**	**69,264**	**23,088**	**92,352**
Total hours off work	**6,888**	**2,336**	**9,224**	**6,896**	**480**	**5,408**
Absenteeism rate			**8.57**			**5.86**

Time off includes all hours lost except for those due to accident

b) Senior care group

WORKPLACE ACCIDENTS	2023	2022
Accidents without time off work	14	14
Accidents resulting in time off work	43	33
Total accidents	57	47
Accident incidence	0.075	0.48
Accident severity	10.97	6.15

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

HOURS OFF WORK AND ABSENTEEISM RATE	HOURS 2023			HOURS 2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accidents	115.64	6,175.36	6,291.00	115.64	6,175.36	6,291.00
Common illness	990.87	31,631.16	32,622.03	990.87	31,631.16	32,622.03
Covid	0	0	0	0	0	0
Maternity	0	11,018.46	11,018.46	0	11,018.46	11,018.46
Paternity	56.00	0	56.00	56.00	0	56.00
Childcare	0	0	0	0	0	0
Care of the sick	0	0	0	0	0	0
Other personal motives	36.00	7,244.00	7,280.00	84	1,440	1,524
Jury service, union work, etc.		3,696.00	3,696.00	0	4,368	4,368
Total hours lost	**1,198.51**	**59,764.98**	**60,963.49**	**3,568**	**64,749**	**68,316**
Total working hours	**42,141**	**53,1130**	**57,3271**	**49,368**	**504,649**	**554,017**
Total hours off work	**1,082.87**	**53,589.62**	**54,672.49**	**3,568**	**64,749**	**62,025**
Absenteeism rate			**9.54**			**11.2**

c) Winery supplies group

Data reported for 2023 and 2022:

WORKPLACE ACCIDENTS	2023	2022
Accidents without time off work	11	2
Accidents resulting in time off work	7	9
Total accidents	18	11
Accident incidence	0.048	0.08
Accident severity	14.89	22.92

The table below gives a more detailed comparison between 2023 and 2022:

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

HOURS OFF WORK AND ABSENTEEISM RATE	HOURS 2023			HOURS 2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accidents	1,395	911	2,306	2,778	8	2,786
Common illness	4,306	554	4,860	4,163	764	4,927
Covid	0	0	0	212	234	446
Parental leave	0	728	728	392	896	1,288
Childcare	1,968	0	1,968	0	0	0
Care of the sick	11	2	13	116	0	116
Other personal motives	78	3	81	15	0	15
Jury service, union work, etc.	191	0	191	0	0	0
Total hours lost	0	0	0	7,676	1,901	9,577
Working hours	**7,949**	**2,199**	**10,148**	**95,043**	**25,346**	**120,389**
Absenteeism (hours)	**110,024**	**34,711**	**144,735**	**4,898**	**1,893**	**6,791**
Absenteeism rate			**5.42**			**5.64**

d) Financial services group

WORKPLACE ACCIDENTS	2023	2022
Accidents without time off work	0	0
Accidents resulting in time off work	0	0
Total accidents	0	0
Accident incidence	0	0
Accident severity	0	0

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

HOURS OFF WORK AND ABSENTEEISM RATE	HOURS 2023			HOURS 2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accidents	0	0	0	0	0	0
Common illness	0	319	319	0	666	666
Covid	0	0	0	0	154	154
Parental leave	0	0	0	0	0	0
Childcare	0	0	0	0	0	0
Care of the sick	0	46	46	0	0	0
Other personal motives	45	55.5	100.5	0	0	0
Jury service, union work, etc.	92	245	337	0	0	0
Temporary lay-off	0	0	0	0	0	0
Total hours lost	**137**	**665.5**	**802.5**	**0**	**820**	**820**
Total working hours	**16,275**	**36,956.5**	**53,231.5**	**13,838**	**38,159**	**51,997**
Absenteeism (hours)	**137**	**665.5**	**802.5**	**0**	**820**	**820**
Absenteeism rate			**1.51**			**1.55**

3.2. EMPLOYEE RELATIONS

Companies in different sectors and sometimes groups of companies in the same sector have their own Collective Agreements, as follows:

- Cereal sector: Spanish Collective Agreement for the bread flour and semolina sector for Harivenasa, and the Collective Agreement for the Farming and Fisheries sector of Navarre for Explotación Agrícola Las Limas
- The Senior care group sector takes as its base the VIII 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),
- INTONA applies the agreement relating to the wood industries, the French Collective Agreement 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 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. The following tables summarise training delivered during the year.

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

Cereal sector

The table below summarises training delivered in 2023 at the subgroup's two companies, Harivenasa and Las Limas:

COURSES TAKEN BY EMPLOYEES	HOURS		NO. OF ATTENDEES	
2023	MEN	WOMEN	MEN	WOMEN
Administration	72	20	1	1
Sales				
Quality		21		3
R&D				
Management	64		1	
Maintenance	18		6	
The internal cost of courses taken is estimated at EUR				**3,750**

The internal cost of courses taken is estimated at EUR 3,750.

2022 (when the subgroup consisted of Harivanesa alone):

COURSES TAKEN BY EMPLOYEES	HOURS		NO. OF ATTENDEES	
2022	MEN	WOMEN	MEN	WOMEN
Administration	30	78	14	6
Sales	2	0	1	0
Quality	30	29	12	9
R&D	0	0	0	0
Management	0	0	0	0
The external cost of these training courses, net of subsidies and other support				**6,849**

The external cost of these training courses, net of subsidies and other support, was EUR 6,849.

Senior care group

In 2023 and 2022, the following courses were delivered:

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

TRAINING	HOURS		NO. OF ATTENDEES	
2023	**MEN**	**WOMEN**	**MEN**	**WOMEN**
Administration				
Sales				
Quality				
R&D				
Management	300	900	1	3
Elderly carers and technicians	365	42	7	70
Total hours of courses	**665**	**942**		
Total cost of courses taken 2023				**21,686.98**

TRAINING	HOURS		NO. OF ATTENDEES	
2022	**MEN**	**WOMEN**	**MEN**	**WOMEN**
Administration				
Sales	20	20	1	1
Quality	3	36	1	12
Management	80		1	
Care	42	752.5	10	187
Total hours of courses	**145**	**808.5**		
Total external training costs				**6,200**

Winery supplies group

In 2023 and 2022 we recorded the following training courses:

TRAINING	HOURS		NO. OF ATTENDEES	
2023	**MEN**	**WOMEN**	**MEN**	**WOMEN**
Administration	55	160	5	5
Sales	57,5	43	2	1
Quality	6	0	1	0
R&D	0	0	0	0
Management	9	0	1	0
Production	707	1,074.5	15	4
Total	**779.5**	**1,277.5**	**24**	**10**
Cost				**5,597**

TRAINING	HOURS		NO. OF ATTENDEES	
2022	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
Total	**426.3**	**301**	**36**	**22**
Cost				**24,490**

Auxiliary financial services group to Caja Rural de Navarra

The following courses were run in 2023. In 2022, there were no structured training activities.

TRAINING	HOURS		NO. OF ATTENDEES	
2023	MEN	WOMEN	MEN	WOMEN
Administration	178	290	10	35
Sales				
Quality				
R&D				
Management	10		3	
Production	188	290	13	35
Total	**178**	**290**	**10**	**35**

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: completed, in force.

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.

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 this policy is 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.

Additional procedural checks are not applied 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 have been 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 the commitment to our community should be understood as an effort by the Caja Rural Group as a whole and not on a company by company basis. This means, as stated above, the way the Group projects its values to all its companies and employees and the actions of the Bank's Social Welfare Fund.

Also, each company has to adapt to its type of business and location. Let's explain that a little. In some cases, our equity investment forms a major part of the area's industrial development or is important to employment in the municipality and adjacent districts. Sustaining high levels of activity and employment is far more important to its community than the collaborating with NGOs in the local area.

In sections 6.2 and 6.3 we will define more precisely two key aspects of our investee companies, and we wish to emphasise the following key aspects of 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
- Participation in 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
- At Solera Asistencial, involvement in numerous activities focused on improving the health of the elderly, whether residents or not, and family inclusion

We also set out the amounts earmarked by subsidiaries for sponsorship and patronage, which are separate from the parent company Caja Rural de Navarra's.

2023	EUR
Sponsorship	22,750
Patronage	500

Note also that Solera continues to run an active volunteering group that collaborates on projects to improve the daily life of residents.

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 whose areas of action is food hygiene, generally working in collaboration with the Ministry.

Our plants run periodic training programmes for customers on the best ways to prepare and keep products.

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 stringent demands of certain industrial customers as they push us to make sustainable improvements and maintain our commitment to food safety.

6.4. SENIOR CARE

Care quality metrics have been defined for Solera Asistencial's day centres and home care services to measure compliance with our objectives and the level of satisfaction of residents and families.

These metrics take a number of forms:

- Global satisfaction survey
- Response time in resolving complaints
- Aspects related to cleaning, laundry, food, diets, time taken to formalise an admission, etc.
- Health care, giving medication, punctuality of treatments, etc.
- Entertainment activities
- Physiotherapy and cognitive stimulation activities
- Staff training, absenteeism
- Metrics related to maintenance of the facilities

Goals are set for these indicators each year and performance is reviewed monthly and annually.

Work is ongoing on a quality model, based on the UNE 158101 standard (covering services for the promotion of personal autonomy) and ISO 9001, and adapted to the sub-group's needs and services. The model is being incorporated in all areas of the organization, 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 2023 and 2022 reported by the Group's companies at year-end were as follows:

	2023			2022		
	ES	FR	TOTAL	ES	FR	TOTAL
Accrued company income tax	1,213,119.77	0.00	**1,213,119.77**	633,528.09	0.00	**633,528.09**
Economic activities tax	91,890.47	6,194.00	**98,084.47**	51,540.14	0.00	**51,540.14**
Property tax	19,822.82	10,256.00	**30,078.82**	57,321.17	7,418.25	**64,739.42**
VAT (Reclaimed-due=VAT paid)	2,154,067.79	-201,150.00	**1,952,917.79**	121,498.41	0.00	**121,498.41**
Other taxes and levies (except waste collection)	13,884.03	2,168.63	**16,052.66**	11,278.08	5,391.95	**16,670.03**

The figures for Value Added Tax are low because cereal production pays reduced rates while 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 come with the condition that the Group remains a large company.

There are no data on subsidies received in 2023 and 2022. Companies in the Solera Asistencial group form a single tax consolidation group.

ANNEX III

AENOR

Financial institution: 3008
Registered office: Plaza de los Fueros, 1, 31003 Pamplona (Navarra)
Tel.: 948 168 100

AENOR

VERIFICACIÓN DEL INFORME SOBRE SOSTENIBILIDAD

AENOR
INFORME DE SOSTENIBILIDAD VERIFICADO

VMS-2024/0009

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.

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 2023
Periodo objeto del informe comprendido entre:	Del 1 de Enero al 31 de diciembre de 2023
Domicilio en:	DE LOS FUEROS, 1. 31010 - PAMPLONA (NAVARRA)

Emisión:2024-04-15

Rafael GARCÍA MEIRO
CEO

AENOR CONFIA S.A.U.
Génova, 6. 28004 Madrid. España
Tel. 91 432 60 00.- www.aenor.com

AENOR
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

confidencialidad, y
conformidad

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.
- 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 cumplimiento de la legislación que le sea de aplicación.

AENOR

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 2023

conforme a la ley 11/2018

correspondiente al ejercicio anual finalizado el 31 de diciembre 2023

En Madrid a 14 de mayo de 2024

Rafael García Meiro
CEO

AENOR CONFIA S.A.U. C/ GÉNOVA 6, 28004 MADRID
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AENOR

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 "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".

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:

AENOR

- 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.

AENOR

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.

Entre las evidencias revisadas 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 "INFORMACIÓN EN CUMPLIMIENTO DEL REGLAMENTO UE 2020/852 SOBRE DIVULGACIÓN DE INFORMACIÓN SOBRE ACTIVIDADES ECONÓMICAS SOSTENIBLES DESDE EL PUNTO DE VISTA MEDIOAMBIENTAL" 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.

AENOR

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 2023 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 2023, 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.