

2022

Consolidated Directors' Report



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**Letter from the
Chairman and Chief
Executive Officer**

1. Letter from the Chairman and Chief Executive Officer

2-1, 2-6, 2-22, 3-3

The 2022 financial year has seen a continuation of the **global economic recovery** that began after the abrupt recession caused by the pandemic in 2020. However, the illegal and bloody invasion of Ukraine by Russia in February, in addition to posing a serious humanitarian crisis, created a geopolitical context characterised by uncertainty, accelerated and amplified the tensions in energy and commodity prices that had already begun at the end of 2021 and, as a result, led to a sharp slowdown in global activity in the second half of the year.

Therefore, the international economy is chaining together, practically consecutively, two major shocks; the first, the pandemic, which was eminently demand-driven, and the current one, with a special effect on the cost of energy that is being passed on to the entire productive fabric, that is to say, it is being supply-driven.

In any case, the exogenous nature of both crises (health and geopolitical) has had a lesser impact in terms of declining economic activity and job destruction, compared for example to the Great Recession between 2008 and 2012, which was caused by the huge imbalances accumulated in the functioning of the economy itself and in the real estate and financial markets.

In these **inflationary circumstances**, with price rises unprecedented so far in the 21st century, the main central banks have carried out a **marked tightening of monetary policy**, acting both on the money supply in circulation and, above all, on intervention interest rates.

After an anomalous environment of zero or even negative interest rates over the past five years, the major central banks have tended to normalise monetary policy, perhaps at a faster pace than initially expected; thus, in 2022, the Federal Reserve raised its benchmark interest rate to 4.25% while the European Central Bank raised it to 2.5%. At the beginning of 2023, both central banks have continued to tighten monetary policy with hikes of 25 bp and 50 bp respectively. **Analysts expect further increases in the first half of 2023.**

In this turbulent global context, the Spanish economy is proving remarkably resilient, unlike during the Great Recession and the pandemic. Our country's productive specialisation in services and its relatively lesser dependence on energy sources from Russia are allowing, on this occasion, the penalty, in terms of growth and job destruction, to be less in comparison with other European powers such as Germany.

In addition, over the last few years, the Spanish economy has improved very important structural factors: greater internationalisation, more capitalisation and less leverage of companies; greater efficiency and effectiveness of labour regulations; more soundness (solvency, liquidity and credit risk quality) of banks; absence of price bubbles in financial and real estate assets; and, finally, a higher volume of accumulated financial savings and lower household indebtedness.

Against this backdrop, **the Spanish banking sector has preserved its financial robustness** and has continued the positive business dynamics it already experienced in 2021, with significant strength in credit production, both in financing for house purchases by households and in loans and credit for the self-employed, SMEs and large companies.

With regard to the development of resources, household saving rates have declined compared to the previous two years, as consumption has remained high in an inflationary environment that has drained disposable income. In addition, the volatility and downward trend in equity markets, and the significant falls in bond prices in public and private fixed income, triggered by the vertical rise in short, medium and long-term interest rates, have had a negative impact on the valuations of savers' investments channelled through investment funds, pension plans and savings insurance. In the first weeks of 2023, the performance of the equity markets has improved, but not in fixed income markets, where the rise in interest rates has continued.

The sector's operating expenses, as in the other branches of activity, have suffered from the impact of generalised inflation, although the restructuring efforts made in the recent past continue to support the improvement in the institutions' operating efficiency ratios.

Non-performing loan ratios in the sector remain at the lowest levels in the last fifteen years, in line with the resilience to crises that Spanish companies and households are currently showing, as well as thanks to the effectiveness of labour flexibility measures (ERTEs - temporarily laid off workers) and liquidity supply (ICO loans) implemented by the Public Administrations.

Finally, the sector ended 2022 with higher after-tax profits than in previous years, as a result of the trends described above, and still with a limited impact of rising interest rates on the performance of loan portfolios. Thus, after the “crossing of the desert” of a historical cycle of negative interest rates, banks are now at least close to covering their cost of capital, an essential milestone for them to continue to fulfil their social function of financially supporting the investment projects of individuals, companies and institutions.

In this scenario, in 2022 Ibercaja has continued to promote its strategic transformation “roadmap”, contained in the **Challenge 2023 Plan** in its second year of validity, while managing to meet its business objectives for the year, continuing the significant commercial dynamism exhibited in 2021, especially in the priority customer segments: corporate banking, personal and private banking and risk insurance. corporate banking, personal and private banking and risk insurance.

The Bank has achieved a profit of 202 million euros, 34% more than the previous year, which is equivalent to a ROTE of 7.6%, based entirely on recurring activity, which is already close to covering the cost of capital and is firmly on track to meet the 9% target that Ibercaja has pledged to exceed in the medium term.

At the same time, the Bank preserved the financial strength of its balance sheet, with a CET 1 fully loaded capital ratio of 12.4%, a very comfortable liquidity position, an NPL ratio of 1.6%, clearly below the sector average, and NPL coverage of 90%.

It is precisely this renewed capacity to generate results that has allowed the Ibercaja Banking Foundation, with a charge to the dividends it receives from Ibercaja Banco and once it has obtained the required validation from the Bank of Spain, to constitute the **Reserve Fund** in order to comply with one of the regulatory channels established by the Law on Savings Banks and Banking Foundations.

The Reserve Fund required of the Ibercaja Foundation by the regulations amounted, at the end of December 2021, to 316 million euros and must be covered before the end of 2025. In December 2022, 155 million euros were already endowed, i.e. 49% of the total required. This alternative will enable Ibercaja Banco's IPO to be carried out in the most favourable market conditions, without the constraint of the deadline.

The **transformation of the operating, technological, commercial and customer relationship model** continued to develop in 2022, with digitalisation as the main lever. At the end of the year, the number of the Bank's digital customers stood at 914,000 and the number of users of the mobile banking app stood at 676,000 customers.

This year, Ibercaja has once again demonstrated its special social sensitivity, inherent to its distinctive corporate DNA forged throughout its almost 150 years of history. To cite two of the most noteworthy actions in this regard, in March a decalogue of specific measures was launched to strengthen the financial service and care for the elderly, and in December the Bank adhered to the new Code of Good Mortgage Practices to help mitigate the impact of rising interest rates on the ability of the most vulnerable mortgage customers to repay their debts.

The Bank has also supported institutions and public and private associations through collaboration agreements and sponsorship agreements, initiatives such as “Tu dinero con corazón” (Your money with a heart), thereby contributing to the development of the praiseworthy and commendable actions they carry out to promote social cohesion.

In the social aspect, Ibercaja adhered one more year to the 'Programa Funcas de Estímulo de la Educación Financiera' (Funcas Financial Education Stimulus Programme) - 'Programa Funcas Educa', giving continuity to the collaboration that both institutions have maintained since 2018 in order to promote the development of activities aimed at increasing the financial culture of Spaniards.

Ibercaja's commitment to sustainability is firm and consistent with the principles and management philosophy it has developed throughout its almost one and a half centuries of financial activity. In 2022, the **progressive integration of sustainability into its business model** continued, highlighting progress in various areas. Thus, in the field of corporate governance, the Bank appointed three new female directors this year, reaching the 40% ratio of female representation in non-executive director positions.

On environmental issues, the ECB categorised the Bank's climate stress test framework as “medium-advanced”, higher than the average score of the banks analysed in the first significant European bank climate risk stress test. Also in this area, and as a **founding signatory of the Net Zero Banking Alliance**, this year Ibercaja defined the intermediate decarbonisation targets for its credit portfolio for 2030.

It also renewed its certification as a family-friendly company, under the EFR seal awarded by the Masfamilia Foundation, which reinforces its commitment to the well-being of all its employees, who can benefit from different measures that contribute to the balance of their personal, family and working life.

In short, in 2022 the Bank reaffirmed its **corporate purpose, “help people build their life story because it will be our story”**, which always guides all strategic decisions and also the day-to-day actions of the governing bodies, the management team and each and every one of the Bank's employees.

The economic and financial environment in 2023 is marked by uncertainty, but even so, Ibercaja will continue to promote its commercial dynamism and the transformation of its business, technological and operational model, as well as contributing to the economic development, social cohesion and environmental balance of Spain.

A handwritten signature in blue ink, consisting of several overlapping loops and lines.

Francisco Serrano Gill de Albornoz

CHAIRMAN

A handwritten signature in blue ink, featuring a prominent loop and a trailing line.

Víctor Iglesias Ruiz

CEO

A young girl with brown hair, wearing a white sleeveless dress and blue sneakers, is running through a grassy field. She is holding a small sprig of pink flowers. In the background, a golden retriever is running towards her. The scene is set in a lush, green environment with trees and bushes.

**Main figures:
economic and
sustainable impact**

Capital adequacy and liquidity

12.4% (-34 bp)
cet1 fully loaded

17.1% (-34 bp)
capital total fully loaded

306.5%
LCR

4.7%
MDA distance

Asset Quality

-30.9%
non-performing assets

1.6% (-72 bp)
Loan NPL ratio

2.9% (-110bp)
Problem asset index

76.4% (+7.6 p.p.)
coverage of problem assets

National Dimension

> €54,361 million
Total assets

€98,235 million
Retail business volume

894 branch offices 1,172 ATMs

4,794 (4,465 parent)
employees

1.6 million
cards

914,418
digital customers

74.0%
digital transactions

40.5%
digital sales

3
POSITION
12.0%
employment pension plans

4
POSITION
6.1%
pension plans

6
POSITION
5.9%
investment funds

6
POSITION
3.5%
individual pension plans

7
POSITION
3.5%
life insurance

Commercial activity

€5,988 million
loans and credit arranged

+4.3% performing loans to company +8bp market share of non-financial corporations

-1,70% retail funds (+2.4% ex. market decline)

+9.4%
new insurance origination

Results

€202 million
net profit

€996 million (+7.0%)
recurrent revenues

€96 million (-15.8%)
write-downs of loans and properties

60%
pay-out

Market share

2.4%
share of credit and households

3.5%
market share for funds

5.1%
share of asset management and insurance

Recognitions



► **We contribute to society and to our environment**

+€16 million

investment in social action by Fundación Ibercaja

+1 million

beneficiaries of social action

100

towns served as the only bank present there

€1,190,000

delivered to worthy causes by customers of the Investment Fund and the Sustainable and Solidarity Pension Plan

► **We accompany our people**

4,794 (4,465 parent)

people work at the Ibercaja Group

34.4%

management positions held by women

202

young university students carried out internships at Ibercaja Banco centres

91

work-life balance measures, making us a family-responsible company

► **Our commitment to sustainability**

€3,938 million

managed in sustainable investment (as per art. 8)

Adherence to TCFD recommendations



Family-friendly business (EFR) certification



2nd Ibercaja Planet Week Held

Signatory to:

UN Global Compact



UN Principles for Responsible Banking



Net Zero Banking Alliance



► **We advance innovation and digitisation**

More than 74%

of transactions carried out through digital banking

100%

of Bank employees with mobility equipment

► **We accompany our customers: families and businesses**

894

branches across Spain

23%

branches in towns or villages with fewer than 1,000 inhabitants

+340,000

SME and self-employed customers place their trust in Ibercaja

210

managers specialising in companies, rated by clients with a score of **9.7/10**

► **We look after the environment**

Carbon

Neutral (Scope 1 and 2)

100%

green energy

6,721.29 tn

of CO2 avoided by purchasing green energy

445,000

cards purchased with recycled plastic

ISO 14001

Certification in environmental management





**Key points
of this document**

3. Key points of this document

2-2, 2-5, 2-13, 2-14, 2-25, 2-29, 3-1, 3-2, 3-3

This 2022 Consolidated Directors' Report contains the most relevant economic and sustainability information on Ibercaja Banco and its subsidiaries.

Scope

The Consolidated Directors' Report brings together in a **single document all the relevant financial and sustainability information of the Ibercaja Group**. The aim is to make the best and most complete information available to all stakeholders in a transparent manner. This report as a whole provides an overview of the strategic lines, activities, business model, financial results and commitment to sustainability (environmental, social and personnel issues, governance, human rights, anti-corruption and anti-bribery). Its content is published on the [corporate website](#), with the aim of making it accessible to all interested parties. This report is reviewed and approved by the highest governing body, including the analysis of materiality and the organisation's material issues, as part of the process of reviewing and approving the company's consolidated financial statements.

Objective

The objective of this report is to provide stakeholders with the **best and most complete information**, in a **transparent manner**.

The **Appendix “Requirements of Law 11/2018 on non-financial information and diversity”** includes information pursuant to **Law 11/2018** amending the Spanish Commercial Code, the consolidated Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Audit Law 22/2015, of 20 July, in relation to **non-financial information and diversity**. This statement has been prepared taking into account the EC **Directives** on the presentation of non-financial reports and their supplement on **climate-related information**, as well as the recommendations provided by the ECB to the Bank in the field of climate and environmental risk disclosure. The contents identified in this Appendix form the Consolidated Statement of Non-financial Information.

Ibercaja has prepared the report **with reference to the GRI Standards** for the period from **1 January 2022 to 31 December 2022**.

Ibercaja is a national banking institution belonging to the Finance sector and with its head office in Plaza Paraíso 2, Zaragoza. More information on Ibercaja's shareholding and organisational structure is detailed in chapter 4.1 of this Report.

The **reporting scope** coincides with that of the consolidated financial statements, which is 100% of the consolidation scope of the Ibercaja Banco Group, except for those aspects indicated in the final table of the “Requirements of Law 11/2018 on Non-Financial Information and Diversity” Appendix. The relevant companies that make up the consolidation perimeter of Ibercaja Banco are: Ibercaja Mediación de Seguros, S.A., Ibercaja Vida Cía. de Seguros y Reaseguros, S.A.U., Ibercaja Gestión SGIIC, S.A., Ibercaja Pensión EGFP, S.A. and Ibercaja Leasing y Financiación E.F.C., S.A.

In addition, this annual report communicates the progress of the implementation of the 10 Principles of the **Global Compact**, which responds to the reporting requirements of the United Nations Global Compact for the preparation of the **“Progress Report”**. It also includes the information that responds to the commitments acquired with the **United Nations Principles for Responsible Banking**, signed by the Bank in 2019, as well as the progress made in the reporting of **climate-related information** following the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures), which Ibercaja Banco joined in August 2019.

In compliance with the agreement signed between Ibercaja and the **Net Zero Banking Alliance (NZBA)**, in April 2021, by which Ibercaja signed the initiative promoted by the United Nations that promotes the commitment of the banking sector worldwide to achieve neutrality of its own CO₂ emissions and those of its portfolio by 2050, this report also presents Ibercaja's progress in fulfilling this commitment and includes the decarbonisation targets for 2030 in three GHG-intensive sectors of the Bank's credit portfolio.

This document also responds to the new requirements of the **Regulation (EU) 2020/852 on Taxonomy**, published on 22 June 2020 by the European Parliament and the Council in the framework of the European Green Pact, which aims to help create a fairer economy capable of generating employment in an equitable way, by defining those economic activities that can be considered environmentally sustainable.

Materiality

In 2021 Ibercaja carried out its **materiality study** coinciding with the new strategic cycle and with the aim of identifying the financial, economic, social and environmental matters that are priorities for its stakeholders and for its business, and thus determining what information should be reported and its correct dimensioning. Significant aspects are deemed to be those matters that have a high probability of generating a significant impact, both at the business and in the valuations and decisions of the stakeholders. In this regard, during 2022 Ibercaja has updated the 2021 financial year, advancing in the **requirements of the new GRI 3 – Material issues 2021^[1]**, for which it has carried out an **analysis and assessment of the importance of the impacts of the Bank**.

Objective

Identify and prioritise issues with relevant impact ensuring alignment with the Bank's current Strategic Plan for 2021-2023.

Methodology

Ibercaja has carried out its own methodology structured in **4 phases** of work and aligned with the standards on the subject (Global Reporting Initiative), the requirements of stakeholders and the best practices in the market. These 4 phases are:



¹ <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-spanish-translations/>

1. Definition of key stakeholders for the materiality study.

Ibercaja has identified its priority stakeholders on which the materiality study has been based. For each of them, the method of participation has been defined, the channels of communication and dialogue that the Bank has established to identify expectations and interests have been identified, as well as the method through which the relevant issues for these stakeholders will be assessed and prioritised.

According to the company's stakeholder map, those of a **priority** nature have been taken into account in the identification and prioritisation of issues of special relevance:

- **Customers:** various communication channels are used, such as regular surveys, suggestion boxes and customer service, among others.
- **Ownership and Investors:** a specific shareholder questionnaire has been developed for materiality analysis and rating surveys, meetings, etc. are conducted.
- **Employees:** an open survey of the entire workforce has been carried out, there is an internal employee portal and regular focus groups and an employee experience survey are conducted.
- **Suppliers:** There is an Ibercaja supplier portal and a specific survey has been carried out for this analysis.
- **Company:** regular surveys, media and social media monitoring, etc. are conducted.
- **Competitors and benchmarks:** analysing public documentation from competitors in the sector and participating in industry associations to gain insight into trends and priorities.
- **Public Administrations:** legislation and regulatory requirements in ESG matters are analysed.
- **Media and opinion leaders:** media searches were carried out on a regular basis and external experts are consulted.

2. Identification and assessment of relevant issues:

In order to **identify and define the key ESG issues** that should potentially guide Ibercaja's strategy and actions and information reporting, an **exhaustive internal and external analysis has been carried out**.

Internal analysis, where they have been evaluated:

- The **Challenge 2023 Strategic Plan** and the Sustainability Roadmap, as essential pillars on which the relevance of Ibercaja's materiality is based.
- Commitments assumed by Ibercaja with respect to its stakeholders: **Code of Ethics, Corporate Purpose**, Mission, Vision and Values, manuals, regulations and corporate policies, among others.
- Results of the communication established in the usual channels with stakeholders (surveys, reports, mailboxes, meetings, questionnaires, etc.) and other specific analyses carried out.

External analysis, which has collected:

- **Regulatory requirements and recommendations** on ESG aspects and Sustainable Finance.
- **Best practices and trends** in sustainability, with a focus on sector-related aspects and the relevant issues gained in the financial industry.
- **External requirements and demands**, in the media, rating agency requirements, analysts and investors, among others.
- **Initiatives, Partnerships and Standards**, such as the Global Reporting Initiative, WEF-IBC, Sustainable Development Goals, TCFD, among others.

The analysis of internal and external information has been carried out with the aspiration, on the part of Ibercaja, to include a broad time horizon, taking into account the demands of the different stakeholders in the medium and long term, as far as possible. In this way, aspects such as Ibercaja's strategy, the regulatory roadmap for the coming years, trends in sustainability, as well as the future commitments assumed by the Institution have been considered.

From the internal and external analysis, Ibercaja obtained a list of **90 specific topics**, which were grouped into 15 **relevant topics**, all of them aligned with industry expectations and which respond to the programmes and initiatives included in the Bank's Challenge 2023 Strategic Plan.

Assessment of relevant issues:

Once the relevant issues had been identified, an internal and external consultation was carried out by means of **personalised questionnaires** for the main stakeholders, with the aim of determining their priority, from the perspective of "Importance for Ibercaja" and "Importance for stakeholders", which will form the basis of the materiality matrix.



IMPORTANCE FOR IBERCAJA

Corporate Divisions	Financial group
Business Divisions	Fundación Ibercaja



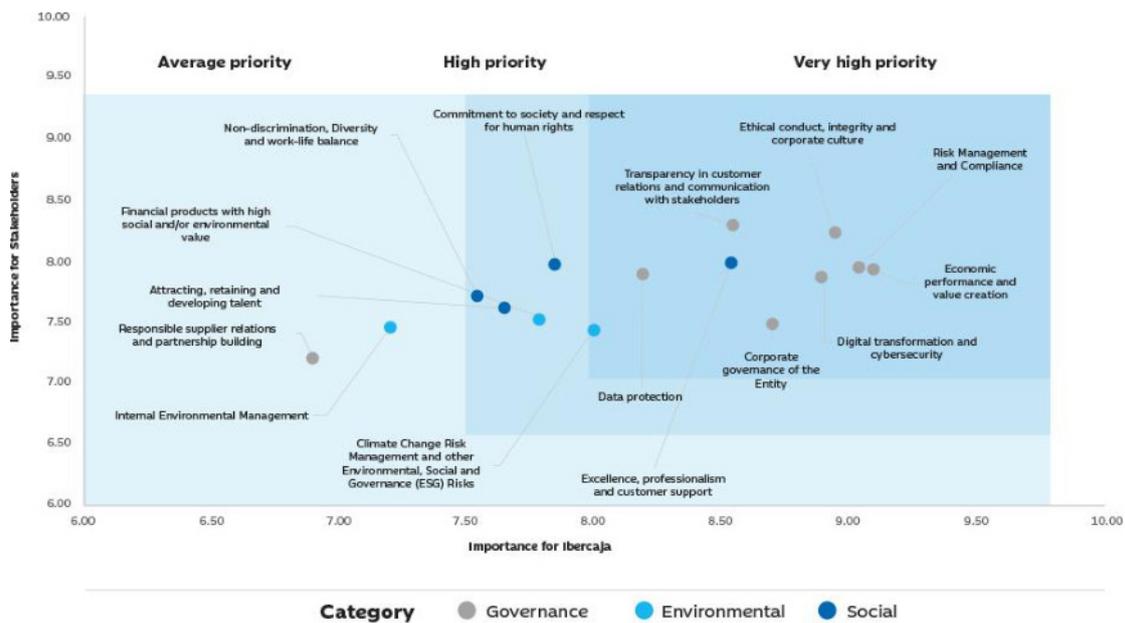
IMPORTANCE FOR STAKEHOLDERS

Customers	Suppliers
Shareholders and Investors	Society at large
Employees	Opinion leaders

3. Prioritisation of material issues

The results of the assessments were structured in a materiality matrix reflecting the **priority** of the **15 relevant issues** identified.

- | Very high priority |
|--|
| <ul style="list-style-type: none"> • Strategic aspects related to generating value for customers and shareholders and increased transparency towards all stakeholders. • High standards of regulatory compliance and risk management. • Highest standards of corporate culture, ethics and integrity. • Digital transformation and cybersecurity • Excellence, professionalism and support in excellent customer service. • Compliance with Corporate Governance best practices and standards. • Ensuring absolute data privacy. • Integrating ESG aspects, and specifically those related to Climate Change, into the business and risk management. • Transparency in customer relations and communication with stakeholders |
| High priority |
| <ul style="list-style-type: none"> • Commitment to society and respect for human rights • Attracting and developing the best talent • Implementation of diversity, equality and work-life balance policies. • Creation of products with high social and/or environmental value |
| Average priority |
| <ul style="list-style-type: none"> • Internal environmental management. • Conveying Ibercaja's commitments along its value chain. |



The materiality matrix shows that all of Ibercaja's material issues are characterised by their **high importance for both the Bank and its stakeholders**. Compared to the last materiality analysis in 2018, the relevant issues evolved in 2021. These are strongly influenced by the regulatory environment and the current socio-economic context, including the Covid-19 pandemic. As a result of this analysis, the themes classified as “very high” priority in 2021 are in line with the Bank's strategic objectives. These issues include:

- Strategic aspects related to the **generation of value** for customers and shareholders, as well as increased transparency towards all stakeholders.
- Maintaining the highest standards in **ethics, integrity and corporate culture** of the Bank and high standards of regulatory compliance and risk management.
- The **digital transformation, transparency, communication and excellence in customer service** continue to be priorities for Ibercaja, as well as the full guarantee of data privacy.
- The integration of ESG aspects into business and risk management, in particular those related to climate change, also has the highest priority, reflecting the **Bank's commitment to sustainability and the fight against climate change**.

4. Impact analysis

The **dual perspective of materiality** is designed to **assess the impacts generated by the Bank on the environment and society**, as well as the **impacts that the environment may have on the business and the company**. It is an “inside-out” and “outside-in” analysis.

Ibercaja has analysed the qualitative impact of the very high priority themes based on this dual perspective:

Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
<p>Ethical conduct, integrity and corporate culture</p> <p>Compliance with ethical principles, as well as with the specific commitments subscribed to voluntarily by the organisation and actions aimed at improving the image and principles on which Ibercaja's Corporate Culture is based.</p>	<p>The correct management of these aspects is reflected in an improvement in Ibercaja's reputation with its stakeholders, ensuring regulatory and ethical compliance. To this end, the Bank must maintain a constant drive for employee training and stringent monitoring practices in these areas.</p>	<p>Having a corporate culture of integrity and ethics enhances trust in stakeholder relations while placing greater demands on stakeholders. This results in increased investment security and increased job stability as the risk of regulatory non-compliance is reduced. This behaviour has a positive impact on stakeholders, who are favoured in this way. By demanding that they behave in the same way, they transfer these principles to the other groups.</p>	
<p>Risk Management and Regulatory Compliance</p> <p>Risk management model and compliance with applicable legislation and corporate policies and commitments.</p>	<p>Rigorous and continuous compliance is essential to avoid potential non-compliance and sanctions, which in turn boosts business stability and enhances reputation and stakeholder relations. In addition, it promotes the training of its employees on these issues and the supervision of monitoring systems in the three lines of defence.</p>	<p>Proper management of this aspect leads to greater confidence on the part of public administrations, as well as greater security for the Bank's investors, employees and suppliers, due to a lower risk of non-compliance. In addition, the management of this aspect makes a direct contribution to SDG 16.</p>	
<p>Economic performance and value creation</p> <p>Maintain adequate economic performance to ensure profitability, solvency and value creation for shareholders and investors.</p>	<p>A good economic performance will improve Ibercaja's positioning and stability, as well as attract new customers and investors, attracted by a solvent and stable business. Ibercaja will maintain solvency controls and will continue to invest in training and recruiting the best team to achieve the solvency targets set by the Institution.</p>	<p>The creation of value and economic profitability is key to consolidating the long-term stability of relations with stakeholders such as investors, customers, employees and suppliers and fosters their confidence in the Bank's profitability and solvency. Adequate economic performance and the creation of value for its shareholders enables the improvement of shareholders and society in general, through the social action of its shareholder foundations.</p>	

Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
-------------------------------------	--	--------------------------------------	--------------

Transparency in customer relations and communication with stakeholders

Mechanisms to ensure adequate, clear and transparent communication with stakeholders to manage expectations and identify and respond to their requirements.

Transparency is a key aspect in the relationship with stakeholders, which translates into better communication with simpler and more accessible channels of dialogue, which will allow greater alignment with their expectations of information and an improvement in the perception of investors and rating agencies. In addition, maintaining transparency and quality information requires the need to maintain efficient and secure communication channels, as well as to establish control procedures to ensure confidentiality in data storage.

Generating trust for all stakeholders, including customers, as the management of this aspect improves accessibility to the Bank's information. Likewise, the management of this aspect improves communication with stakeholders and therefore the identification of their expectations, thus providing a better response to their needs. Furthermore, generating value for the investor can be highlighted, as it improves traceability in Ibercaja's operations and business, as well as more agile participation and more effective decision-making.



The Bank's Corporate Governance policy

Compliance with best practices in good corporate governance (including those aspects related to ESG governance).

Having a diverse, integral and capable Corporate Governance ensures correct decision making in the Bank, which translates into greater stability, reduced reputational risk and improved process efficiency. These aspects are directly related to attracting customers and investors. The governance structure must meet the objective of oversight, validation and control, without impacting on the loss of operational efficiency by slowing down decision-making.

Greater trust in Ibercaja and the establishment of more stable and lasting relationships, as a result of greater business stability, lower risk of default and proper management and decision-making (including ESG aspects). Shareholders benefit from good corporate governance as it provides stability, profitability and value creation. Compliance with best practices in corporate governance also benefits society and other stakeholders in general.



Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
-------------------------------------	--	--------------------------------------	--------------

Digital transformation and cybersecurity

Identification and implementation of new digital solutions to streamline internal processes, boost efficiency, open up business opportunities and improve the customer experience while ensuring maximum system security and data protection.

Digitisation has a significant impact on increasing the efficiency and speed of processes. It is also associated with a reduction in costs and impacts on the environment, resulting from a digital service that requires less use of natural resources. In addition, the digitalisation process increases the need for investment in cybersecurity, given the possible risk of cyber-attacks, as well as the need to incorporate specialised human resources and tools (e.g. apps such as Ibercaja Pay).

Customers benefit from a more accessible, immediate and efficient service (e.g. My manager), which in turn can be a difficulty for customers less familiar with digital services, who will receive the necessary support. In turn, employees and suppliers will see Ibercaja's demands in these areas increase and will have to train and adapt to an increasingly digital environment. In a common way for all stakeholders, digitalisation and cybersecurity improve relations with Ibercaja, resulting in a more agile, traceable and secure relationship.



Excellence, professionalism and support for the customer

Operations implemented by the Bank in order to achieve excellence in the provision of its services and the highest quality perceived by customers, and to continue to promote proximity and tailored solutions.

Ibercaja, with its professional and excellent service, has the potential to attract and retain customers, which translates into greater stability and business growth and, therefore, greater attraction and loyalty of investors. Ibercaja will continue to invest in the training of its team and innovation in order to continue providing the best personalised service.

Customers require quality and personalised services, tailored to their needs and expectations. Among others, Ibercaja has managed to improve accessibility with tools such as Ibercaja Próxima and the protection and support of the most vulnerable groups, for example through the Retail Trade Support Plan. This range of services and the specialisation demanded translates into a higher level of demand for suppliers and employees. Proper management of this aspect translates into greater confidence, stability and value creation for all stakeholders.



Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
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Data protection

Management model that guarantees maximum protection of stakeholder data.

To the extent that Ibercaja responsibly manages the privacy and confidentiality of its stakeholders' data, damages and losses are avoided and possible risks of non-compliance are reduced. Ibercaja ensures compliance with the controls implemented in order to avoid reputational and economic damage due to privacy breaches, sanctions or loss of personal data integrity.

Stakeholders have the right to control the use of their personal data with regard to the right of access, rectification and deletion. The modification of personal data of customers, employees or other stakeholders (destruction, loss, theft, misuse, etc.) can lead to moral and financial damage and loss of trust. Proper management of them therefore generates confidence in all groups



Climate Change Risk Management and other Environmental, Social and Governance (ESG) Risks

Identification and management of ESG risks (including risks associated with climate change) and their integration into Ibercaja's risk model.

Ibercaja's management of these types of risks results in less exposure of Ibercaja's business to them, greater alignment with regulation and with stakeholder expectations. The current focus is on climate change risks. Ibercaja will continue to make progress in identifying and managing these ESG risks to meet regulatory and stakeholder expectations. This will enhance the Bank's solvency and reputation.

The management of this aspect allows Ibercaja's customers to have support and backing in the transition processes of their businesses (companies) and in their personal contribution (individuals), towards a sustainable, low-carbon economy. While funding requirements may be tightened for activities with higher exposure to climate risks, the future benefit will reward this approach. The correct management of these aspects improves stakeholder confidence in Ibercaja as a result of greater alignment with the 2030 Agenda, the 2015 Paris agreement, the TCFD recommendations, legal requirements and complete climate risk management.



In 2022 Ibercaja has carried out a **qualitative analysis of its impacts**, taking into account the **dual materiality** approach in order to assess the potential and real impacts generated by the Bank on the environment and society, as well as the impacts that the environment may have on the business and the company. In addition, this analysis identifies the type of management that Ibercaja is implementing to contribute to the remediation of these negative impacts. This year, for the highest priority issues, the Bank has made progress in analysing impacts in terms of significance (for positive impacts), severity (for negative impacts) and likelihood:

- **Importance:**
 - **Positive impacts:** The significance of positive impacts is determined by their scale and scope, as well as the likelihood of their occurrence. In the case of positive impacts, scale refers to how beneficial the impact is or could be, and scope implies how widespread the positive impact is or could be (e.g. the number of individuals or the amount of natural resources that are or could be positively affected).
 - **Negative impacts:** The importance of negative impacts is determined by their severity and the likelihood of their occurrence. The **severity** of an actual or potential negative impact is determined by its **scale**, such as the level of severity of the impact, and **scope**, which refers to the extent of the impact (e.g. the number of individuals affected or the magnitude of environmental damage).
- The **probability** of a potential positive or negative impact refers to the likelihood of the impact occurring.

Ibercaja has assessed the importance of impacts on very high priority issues:

Main material issues and definition	Scope		Likelihood		Likelihood		Main actions
	Positive impact	Negative impact	Positive impact	Negative impact	Positive impact	Negative impact	

Ethical conduct, integrity and corporate culture

Compliance with ethical principles and specific commitments subscribed to on a voluntary basis and actions aimed at improving and promoting the image of the Corporate Culture.



The main actions of the Group are described in chapter 4 of this document.

Transparency in customer relations and communication with stakeholders

Mechanisms to ensure adequate, clear and transparent communication with stakeholders to manage expectations and identify and respond to their requirements.



The main actions of the Group are described in chapter 6 of this document.

Excellence, professionalism and support for the customer

Operations implemented by the Bank in order to achieve excellence in the provision of its services and the highest quality perceived by customers, and to continue to promote proximity and tailored solutions.



The main actions of the Group are described in chapters 3, 4 and 6 of this document.

Low Average High Very high

Main material issues and definition	Scope		Likelihood		Likelihood		Main actions
	Positive impact	Negative impact	Positive impact	Negative impact	Positive impact	Negative impact	

Risk Management and Regulatory Compliance

Risk management model and compliance with applicable legislation, policies and other corporate commitments.



The main actions of the Group are described in chapters 3, 4, 6 and 7 of this document.



Digital transformation and cybersecurity

Identification and implementation of new digital solutions to streamline internal processes, boost efficiency, open up business opportunities and improve the customer experience while ensuring maximum system security and data protection.



The main actions of the Group are described in chapter 4 of this document.



Economic performance and value creation

Maintain adequate economic performance to ensure profitability, solvency and value creation for shareholders and investors.



The main actions of the Group are described in chapters 4 and 6 of this document.



Low Average High Very high

Main material issues and definition	Scope		Likelihood		Likelihood		Main actions
	Positive impact	Negative impact	Positive impact	Negative impact	Positive impact	Negative impact	

Data protection

Management model that guarantees maximum protection of stakeholder data.



The main actions of the Group are described in chapter 4 of this document.

The Bank's Corporate Governance policy

Compliance with best practices in good corporate governance (including those aspects related to ESG governance).



The main actions of the Group are described in chapters 4 and 6 of this document.

Climate Change Risk Management and other Environmental, Social and Governance (ESG) Risks

Identification and management of ESG risks (including risks associated with climate change) and their integration into Ibercaja's risk model.



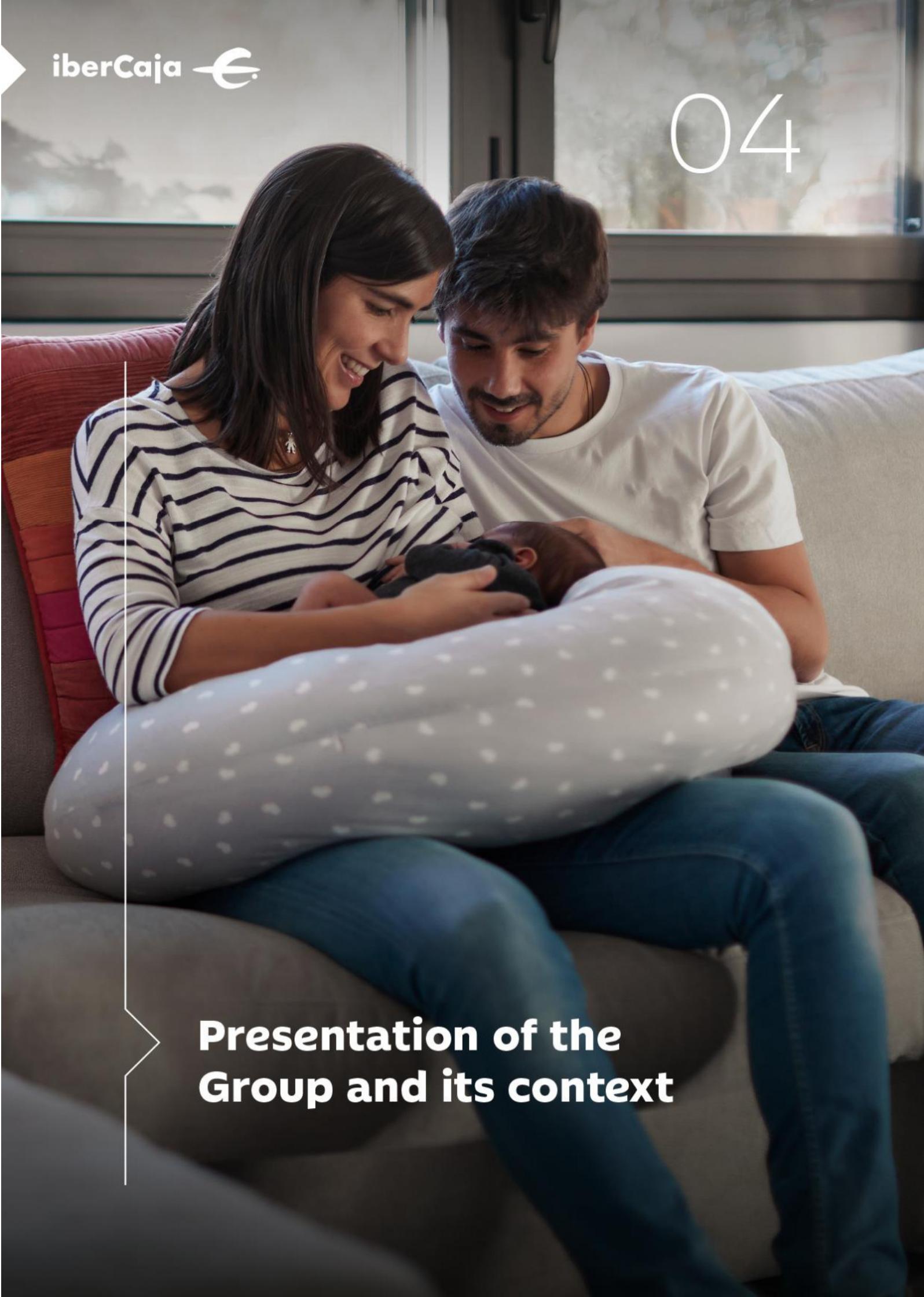
The main actions of the Group are described in chapter 6 of this document.

Low Average High Very high

External audit review

Ernst & Young, S.L. has issued an independent assurance report, with limited assurance scope in accordance with ISAE Standard 3000 (Revised), on the non-financial information and diversity indicators that respond to Law 11/2018, on the indicators that follow, as a reference, the criteria of the GRI standards, as well as those other criteria, including the Financial Services Sector Supplement to the GRI G4 Guidelines, as well as the United Nations Principles for Responsible Banking (UNEP FI), as well as the requirements set out in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the European Council on establishing a framework to facilitate sustainable investment (known as the EU Taxonomy Regulation). This Report is included in the “Independent Verification Report” Appendix of this document.

Finally, Ernst & Young, S.L. has issued an Auditor's Report on Information related to the Internal Control over Financial Reporting (ICFR) System, which is included as an Appendix to the Annual Corporate Governance Report

A young family is sitting on a couch. A woman with long dark hair, wearing a black and white striped long-sleeved shirt, is smiling and looking down at a baby. A man with short dark hair and a beard, wearing a white t-shirt, is also smiling and looking at the baby. The baby is lying on the woman's lap, wearing a white onesie with small black polka dots. The background shows a window with a view of a building and trees.

**Presentation of the
Group and its context**

4.1. Description, shareholding and organisational structure

2-1, 2-2, 2-6

Ibercaja is a national banking entity specialised in the business of individuals and companies, whose objective is to generate value for its customers, shareholders and society at large.

The Group primarily engages in retail banking, and carries out practically all of its business in Spain. Its corporate purpose extends to all manner of general banking activities, transactions, business, contracts and services permitted under prevailing law and regulations, including the provision of investment and auxiliary services.

The Bank was created in 2011 following the spin-off and transfer to Ibercaja Banco of the financial business of the former Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, now transformed into the Ibercaja Banking Foundation, in accordance with the provisions of the Banking Foundations Act. In 2013, the Bank took over Banco Caja3, an Entity formed as a result of the spin-off and subsequent merger of the financial business of three former savings banks: Caja de Ahorros de la Inmaculada (currently Fundación Caja Inmaculada), Caja Badajoz (currently Fundación Caja Badajoz) and Caja de Ahorros Círculo de Burgos (currently Fundación Caja Círculo), which have since been transformed into foundations and are the Bank's current minority shareholders, together with Fundación Bancaria Ibercaja, which is its majority shareholder.

Shareholder structure



From an organisational standpoint, **the Bank is the parent of a group of subsidiaries**, the most notable of which (due to their wide range of banking products and high levels of profitability) belong to the Financial Group, which comprises companies specialising in investment funds, pension plans, bancassurance and leasing-renting.

Organisational structure

The most relevant companies within the scope of consolidation are as follows:



4.2 Purpose, mission, vision, values and Code of Ethics

2-6, 2-16, 2-23, 2-29

We are a different kind of bank, driven by a corporate purpose focused on people and the environment. The mission, vision and values define this purpose and define our way of banking and the value proposition for customers, employees, investors and society at large.

Corporate purpose

Ibercaja's Corporate Purpose is **“To people build their life story because it will be our story”**. It is the Bank's raison d'être, that which gives meaning to the daily work of its professionals and which is very present in its strategy. Ibercaja works by and for people, it wants to help, accompany and support them in their life decisions, building and walking together with mutual commitment.

In order for this Purpose to be fully present in all business decisions, to be visible, known and shared by the entire Organisation and to mobilise action, Ibercaja is working on its activation within the framework of the **Challenge 2023 Strategic Plan**.



This transformation process is carried out through one of the Challenges of the Purpose and Sustainability Initiative. The aim is for the Corporate Purpose to be reflected in **our way of banking** and to be a lever for competitive differentiation. To this end, the **Culture and Purpose project** has been launched, defining the Bank's relationship model based on the axes of Purpose and clear internal and external communication, proactively and systematically.

Internally, the purpose is the cornerstone of our corporate culture and the challenge is for it to be present in the daily behaviour of all Ibercaja's professionals and in decision-making, providing a differential value that is sustained over time. Our aim is for the Purpose to be perceived by customers and for it to be present in all interactions with them and in the Bank's value proposition, so that they feel that we accompany them at the most important moments, in accordance with their needs and expectations. We are also working on the external activation of the Purpose, identifying the main levers in our area of action, which will help us to transform and improve the territories and the lives of their people.

The Purpose is completed by the **mission** and **vision**, based on the Bank's **corporate values**, which have marked the Bank's path since its foundation.

Mission

Contribute to **improve** the life of families and companies, **helping them to manage** their finances by offering a **personalised global financial service** so they can attain their own objectives.

Ibercaja's mission reflects how the Institution should act in order to achieve its Purpose: **to improve the life of families and businesses**, helping them manage their finances with the aim of giving the customer efficient service and a personalised and quality advice, which will help the bank achieve its own objectives.

Since its origins, Ibercaja has been committed to society and works on generating resources that are returned to society through shareholder foundations.

Ibercaja understands that, in the carrying out its activity, its contribution to society and the environment makes the company stronger and more sustainable. Therefore, it accepts the triple challenge of generating business, social and environmental benefits so as to drive the transition towards a more sustainable economy.

Vision

The **vision** sets the path for the Bank to follow, towards what we want to be, towards **our goal**: to be an excellent bank. Our commitment to our stakeholders and to caring for the environment focuses on promoting sustainable development, preserving natural resources and promoting a fairer and more inclusive society.



Values

Ibercaja's corporate values define its business culture and have guided its path since its beginnings. They are the basis of the Bank's ethical commitments, which are reflected in its **Code of Ethics**.



Ibercaja Code of Ethics

The Bank has an “**Ethics Model**” consisting of:

Ibercaja's **Code of Ethics**, a key element that reinforces the Bank's corporate culture and ethical approach to management. The Code contains the Bank's ethical commitments and the principles of action that must be present in the day-to-day work of the people who make up Ibercaja, so as to make its corporate values tangible.



The key principles of conduct that define us and shape our ethical culture are:

- We are **rigorous**: we know and follow the rules
- We are **honest and trustworthy**
- For us, **the customer takes centre stage**
- We are **role models**
- We take care of **the Bank's reputation** and look after information
- We **take care in the use of the Bank's media**
- We are **committed to our environment**

The approval and subsequent updates of the Code are the responsibility of the Board of Directors.

To ensure that all employees are aware of and comply with the Code of Ethics, it is available in the Internal Regulations. In addition, reminders are regularly included in the Daily Information published for all staff. In 2022, a **training pill** on **Corporate Culture and Ethics** has been incorporated for all Ibercaja employees, the purpose of which is to strengthen and consolidate these principles, as well as the protection of human rights and the values and behaviours that define our different way of banking.

The **Ethical Management Handbook**, which establishes the internal functions and processes necessary to ensure the implementation of the Code.

The **whistle-blowing channel** is a specific and independent channel for reporting possible violations of the Code and for queries about its interpretation. The communications received are treated confidentially, guaranteeing the protection of the people who use it and in accordance with data protection regulations. All of them are analysed by the Brand, Reputation and Sustainability Department, with the assistance of the competent departments or units in each case, reporting periodically on them to the Reputation and Sustainability Committee, which, where appropriate, will inform the competent governing bodies.

Also included on the corporate website www.ibercaja.com is an **e-mail address** (rsc@ibercaja.es) to which anyone can send **queries about the Bank's Code of Ethics**.



To ensure the correct functioning and use of this channel, periodic reviews are carried out by Internal Audit. Employees also have an Whistleblower Channel to report any violations of the Code of Ethics.

Corporate Brand

The Bank's **brand**, both internally and externally, is one of Ibercaja's most valuable intangible assets: it represents our identity, our values and our Corporate Purpose, and makes them visible at every point of contact with customers and society.

The “**El Banco del vamos**” communication concept responds to our brand DNA, the result of our 145-year history, and helps convey our Corporate Purpose.

This concept is developed in all institutional and commercial actions, our positioning and communication style. It helps us to show ourselves as a Bank that is approachable, transparent, honest in the information we offer, proactive, committed and dynamic, where people and their important moments in life are at the centre of our decisions.

In 2022, within the framework of the Strategic Plan, the positioning (the perceived attributes of the Value Proposition) and notoriety of Ibercaja in the market have been analysed, with the aim of designing the strategy to transfer the positioning to the process of commercial attraction and loyalty, defining how it will be applied in commercial management for each of the priority financial needs. The final objective is to define the key levers that will make Ibercaja a more attractive and differential project for the different stakeholders.

4.3 Economic and financial environment

3-3

The world economy is suffering from inflation problems not seen in decades.

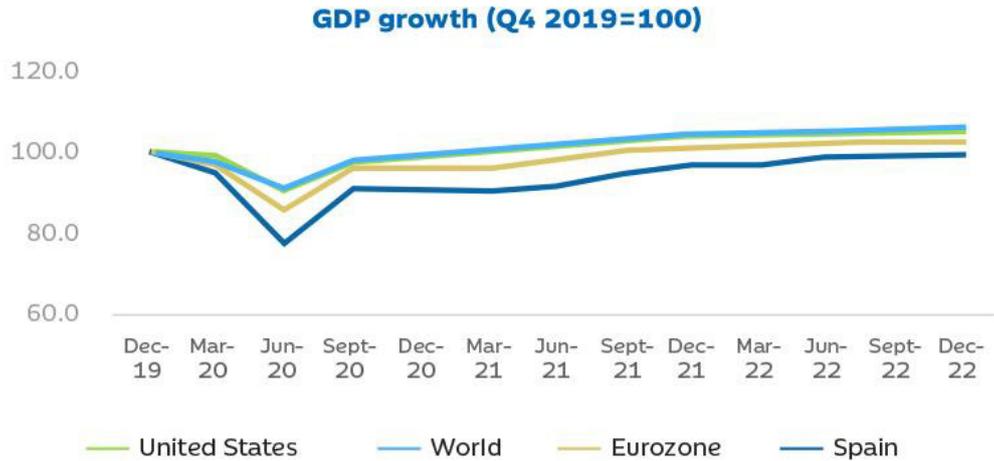
World economic scenario

The **global economy** was severely affected in 2022 by the **war in Ukraine** and by **inflationary pressures that have been unknown for decades**. The sharp rise in prices was largely due to higher commodity prices, especially for energy, and a strong **recovery in demand**, faster than supply, **after the most severe periods of the covid pandemic**. The IMF estimates that **global GDP growth reached 3.4%**, decelerating after a strong rebound in 2021 to an increase of 6.2%.

According to these estimates, the expansion would have been more dynamic in **emerging countries (3.9%)** than in **developed countries (2.7%)**, although the difference would be smaller than in other periods due to the moderate growth in **China (3.0%)** and the fall in **Russia's GDP (-2.2%)**, while in advanced countries some regions such as the **Euro Zone (3.5%)** presented notable data due to the somewhat later rebound in activity.

China's economy, which was the first to emerge from the pandemic crisis in 2020 and 2021, was hit by successive waves of covid and a zero-tolerance policy that resulted in periods of relapsing activity. Moreover, the problems in the construction and real estate sectors continued and had the usual knock-on effect on the economy as a whole.

The US economy continued to show remarkable strength despite two quarters of falling GDP. These declines were due to the negative contribution of inventories and external demand, while domestic demand, in particular private consumption, continued to show expansionary data, and relevant variables such as industrial production reached record highs



For the year as a whole, US GDP would have grown by 2.0% after 5.9% in 2021. The labour market performed well as employment lost during the pandemic recovered and the unemployment rate fell to a low of 3.5%, matching the lowest level since 1969. On the negative side, price pressures were severe throughout the year. The CPI rose by 9.1% year-on-year in June, a rate not seen in four decades. The underlying figure reached 6.7% year-on-year.

The more severe restrictions in the face of the arrival of the various pandemic waves delayed the recovery of the **Eurozone** compared to other regions, resulting in a still high dynamism in 2022: **GDP growth was 3.5%** after 5.3% in 2021. The labour market recovery continued and the year ended with an unemployment rate of 6.6%, down from 7.4% before the pandemic. Furthermore, the Eurozone was particularly affected by the war in Ukraine and the sanctions applied, given its dependence on energy supplies from Russia. In summer, gas prices reached a level of over 300 euros per MWh, which was ten times the maximum of previous cycles. Rising gas and electricity prices were passed on in the production and consumption chains, causing serious inflation problems. The CPI accelerated to 10.6% year-on-year in October and the underlying rate to 5.2% in December. Energy prices grew by 44.3% year-on-year.

Monetary policy and financial markets

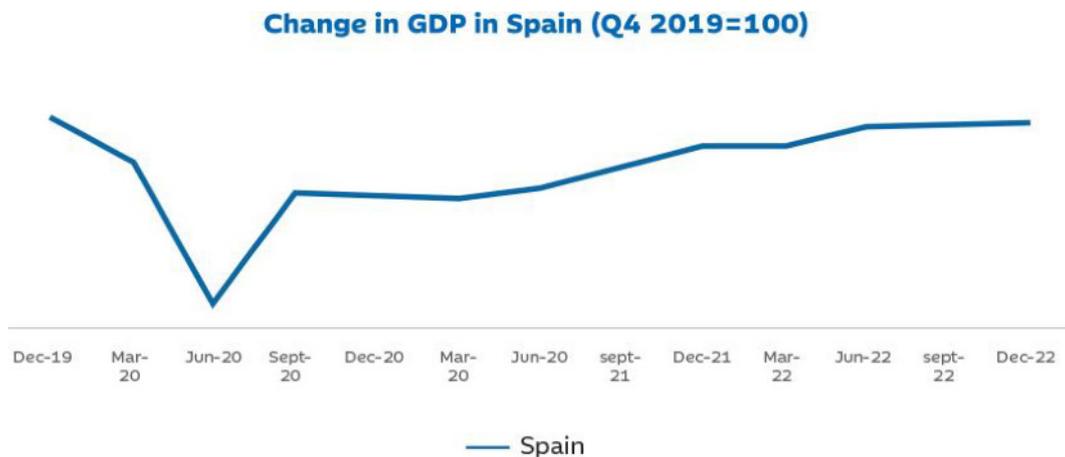
In response to inflationary pressures, major central banks made a U-turn in their policies after years of fighting deflation. Intervention rates were raised at an unprecedented pace and 75 bp movements, unusual in other cycles (unknown in the case of the European Central Bank's previous history), were used. The US base rate, which had started the year at 0.25%, had risen in December to 4.5%. In the case of the European Central Bank, the increase was 0% to 2.5%. Moreover, after years of expansionary quantitative policies, mainly through government bond purchases, balance sheet expansion ceased. After stabilising them, the Federal Reserve started to reduce their size and the European Central Bank announced that it will do so from March 2023.

Rising short-term interest rates and lower demand for government bonds by central banks were two of the main reasons that drove **long-term rates** to levels not seen in the last decade. Ten-year US sovereign bond yields started the year at 1.5% and reached 4.25% at the end of October and 3.85% at the end of the year. In the case of German bonds for the same maturity, the increase was -0.1% to 2.55% at the end of the year, while Spain's ten-year rate rose from 0.6% to 3.65%. This is a significant change after a long cycle of negative real interest rates, which were very favourable for business and household investment but distorted financial markets by encouraging high risk-taking and punishing savings in the absence of positive real returns on the safest assets.

2022 was an extremely negative year for most **stock markets**, which suffered from rising interest rates and uncertainty stemming from the war in Ukraine and inflation. The US S&P 500 fell by 19.4% and the European Stoxx 600 by 12.9%. The Ibex, which had performed less well in previous years, fell somewhat less: -5.6%. Only two Stoxx 600 sectors closed 2022 higher, significantly oil (24.4%) and commodities (4.3%). The biggest falls were in technology (-28.4%), distribution (-32.6%) and real estate (-40.1%).

The Spanish economy

The recovery of Spanish GDP continued thanks to the definitive reopening of the sectors most affected by the pandemic. However, it was also one of the economies hardest hit by rising prices. In 2022 as a whole, GDP grew by 5.5% according to INE's first estimate, the same rate as in 2021, which was insufficient to recover the pre-pandemic volume of activity, as GDP had fallen by -11.3% in 2020. GDP in 2022 was still -1.3% lower than in 2019, with a negative performance of its main component, private consumption, as it was -3.0% below that recorded in 2019.



Inflation performance reflected the rise in energy prices more immediately than in other European countries. The CPI accelerated to a peak of 10.8% year-on-year in July before decelerating to 5.7% in December, also due to a rapid pass-through of the easing of tensions in electricity and gas prices. However, food prices continued to accelerate throughout the year, reaching a peak of 15.7% year-on-year in December. The impact of these price increases hit lower-income households, who spend a larger share of their income on housing and food, and who had saved less during the years most distorted by the pandemic restrictions, the hardest.

The economic recovery was remarkable in 2022 thanks to the revival of the sectors most affected by the pandemic. However, the production and consumption levels of 2019 were not reached due to inflation-related problems, which affected all households and in particular lower-income households. The best news was the good performance of the labour market.

The **labour market** surprised favourably by recovering much faster than output, the opposite of the usual post-crisis behaviour. On average over the year, the number of employed persons in 2022 was 3.1% higher than in 2019, which represents a creation of more than 600,000 jobs according to EPA data. The unemployment rate was reduced to 12.9 per cent on average per year from 14.8 per cent in 2021, 15.5 per cent in 2020 and 14.1 per cent in 2019.

The **real estate market** remained strong in 2022 thanks to pent-up demand in the pandemic, changing preferences and purchases as an investment with real rates still negative and in a context of high uncertainty.

Prospects and foreseeable business developments

Macroeconomic scenario

In 2023, the slowdown in growth suggested by the data for the second half of 2022 is expected to be confirmed. In addition to inflation-induced damage to household disposable income, there is the impact of tighter monetary policy and the maturity of the US cycle. **IMF expects a 2.9% increase in global GDP in 2023**, five tenths of a percentage point less than in 2022. The slowdown would come from advanced countries (1.2% from 2.7%), while there would be greater stability in the expansion of emerging countries (4.0% from 3.9%). Within the advanced economies, data would be particularly weak in Europe, with growth of 0.7% in the Eurozone and a fall of -0.6% in the UK. For the United States, the IMF forecasts an increase of 1.4%.

The slowdown in economic dynamism was already noticeable in **Spain** in the second half of 2022 as the momentum from the reopening of the economic sectors most affected by the pandemic runs out and the effects of inflation on consumption in real terms worsen. In 2023 this inertia may become more acute and we could see some negative data, although for the year as a whole the **IMF forecasts GDP growth of 1.1%**, higher than the 0.7% of the Eurozone. The performance of the labour market will be key, which was resilient in 2022 but is often late to react to cyclical downturns. Once this period of sluggishness is over, as inflationary pressures ease (a process which, if there are no further negative surprises in the gas market, seems to have already started), the economy may experience a rapid recovery, helped by improved confidence, the availability of excess savings and cash generated by households and companies in recent years, investment projects linked to European funds and the revival of long-term trends that have been reflected in the strong expansion of sectors such as information and communications, business services, healthcare, logistics and the energy sector, which will require new investments to increase reliability and independence of supply.

4.4 Corporate governance

2-11, 2-12, 2-13, 2-14, 2-19, 2-20, 2-23, 2-26, 3-3

Ibercaja's governance structure carries out its functions efficiently guided by the rules and codes of good corporate governance.

The **internal governance model** consists of the **General Meeting of Shareholders and the Board of Directors**, which has an Executive Committee and five advisory committees.



The Ibercaja Group's governing bodies, along with their composition and their internal rules, are governed by the **Articles of Association and the Regulations of the Board of Directors**, the contents of which are compliant, among other regulations, with the law on the organisation, supervision and solvency of credit institutions, the Corporate Enterprises Act, the Audit Act, the guidelines issued by international bodies such as the EBA or the ESMA, and the Code of Good Governance of Listed Companies, which is taken as a benchmark of best practices in this field. **In this respect, it should be noted that:**

1. Separation of functions between the non-executive Chairman and the executive CEO.
2. The independent status of 45.5% of the members of the Board of Directors.
3. The Audit and Compliance Committee, the Major Risks and Solvency Committee, the Remuneration Committee and the Appointments Committee are chaired by an independent director.

The **composition, independence** and manner of action of the governing bodies, the **codes of conduct and internal rules** of mandatory compliance, the established **monitoring systems**, the **communication policy and transparency**, the **fight against fraud and corruption and confidentiality in the handling of information** all form the **basis of Ibercaja's corporate governance**.

General meeting of shareholders

The General Shareholders' Meeting is the most senior decision-making body at the Bank and its resolutions are binding on the Board of Directors. The General Meeting has the broadest of authorities to govern the Bank and may validly adopt resolutions regarding any matters submitted for deliberation, in accordance with applicable law and the Bank's own Articles of Association. The functioning of the General Shareholders' Meeting is regulated in section 5 of the Articles of Association, which are accessible through the [corporate website](#) in the [Shareholders and Investors section](#), setting out in articles 13 to 23 the regulation of the Meeting, the place and time of the meetings, the right to attend and representation, the rules governing the constitution of the general meeting, the drawing up of attendance lists, deliberation, the casting of remote votes prior to the meeting and the adoption of resolutions.

Board of Directors

Meanwhile, the Board of Directors has the **broadest of authorities to manage, administer and represent the Company** and, except for those matters reserved for the General Meeting, it is the highest decision-making body at the Bank. The Board has six committees: Delegate Committee and the internal advisory committees on Appointments, Remuneration, Audit and Compliance, Major Risks and Solvency and Strategy.

The composition of the Board of Directors at 31 December 2022 was as follows:

POSITION	DIRECTOR	CATEGORY	
Chairman	Mr Francisco Serrano Gill de Albornoz	Proprietary	
CEO	Mr Víctor Manuel Iglesias Ruíz	Executive	
Member	Mr Vicente Evelio Condor López	Independent	
Member	Mr Jesús Tejel Giménez	Independent	
Member	Ms María Pilar Segura Bas	Independent	
Member	Mr Luis Enrique Arrufat Guerra	Proprietary	
Member	Mr José Miguel Echarri Porta	Proprietary	
Member	Mr Félix Santiago Longás Lafuente	Independent	
Member	Ms María López Valdés	Independent	
Member	Ms Natividad Blasco de las Heras	Proprietary	
Member	Ms María Luisa García Blanco	Proprietary	
9.00	45.5	45.5	26
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

All appointments of the members of the Board of Directors have been endorsed by the Nomination Committee, prior to their formal appointment, and have been subject to the mandatory individual and collective evaluation, in accordance with the terms established in the Policy for the evaluation of suitability and diversity of the members of the Board of Directors of Ibercaja Banco, S.A., as required by current legislation.

The search and selection processes for advisors are based on the following general principles:

- a. They ensure compliance with the applicable regulations, the Articles of Association, the Regulations of the Board of Directors and the Policy on the suitability and diversity of the members of the Bank's Board of Directors, in force from time to time.

- b. The selection processes for directors are based on an analysis of the Bank's needs. This analysis will be carried out by the Board of Directors with the advice of the Nomination Committee.
- c. They encourage the number of independent directors to be at least 40% of the total number of external directors on the Board of Directors, ensuring that there is an appropriate balance between proprietary and independent directors.
- d. They strive for diversity in the composition of the Board of Directors, both in terms of gender, age and experience, with the objective that the least represented gender should represent at least 33 per cent of the total number of directors (currently 36 per cent of the total number of directors) and 40 per cent of the total number of external directors (currently 50 per cent of the total number of external directors), and encouraging the Board to be composed of members with different profiles, not only with expertise in finance, but also in other areas, such as law, sustainability, technology, auditing, etc., so that the Board as a whole is enriched in its decision-making by different points of view.
- e. They ensure that the process of searching for, selecting, appointing, re-electing or replacing members of the Board of Directors does not affect the normal functioning of the Board of Directors or the management of the Bank.
- f. The Nomination Committee proposes the appointment or replacement of independent directors and the Board of Directors proposes the appointment or replacement of proprietary and executive directors. Proprietary directors are proposed in advance, at the request of the shareholder the candidate is to represent.
- g. All candidates, in addition to what is set out in the Policy on Suitability and Diversity of the members of the Bank's Board of Directors, must obtain the suitability of the European Central Bank, to which a complete dossier with extensive and complete information on the candidate is sent, such as, for example: education, professional experience and, if applicable, current professional situation, competences, membership of different boards of directors, among other information.

The academic background, experience and professional career of the directors is available on the [Bank's corporate website](#).

According to article 28 of the current Articles of Association, directors shall hold office for a term of four years and may be re-elected one or more times for terms of the same duration. The appointment of the directors shall lapse when, upon expiry of the term, the next General Meeting has been held or the legal term for convening the meeting that is to decide on the approval of the financial statements of the previous financial year has elapsed.

During the year, Francisco Serrano Gill de Albornoz was appointed Chairman of the Bank's Board of Directors to replace José Luis Aguirre Loaso, who had already announced his wish to step down for reasons of age at the end of 2021. In addition, for the same reasons, Mr Jesús Bueno Arrese, Mr Jesús Solchaga Loitegui and Ms Gabriela Gonzalez-Bueno have resigned from their posts as directors of the Bank and have been replaced by Ms María Luisa García Blanco, Ms Natividad Blasco de las Heras and Ms María López Valdés appointed by the General Meeting held on 27 October 2022. The four new members were deemed suitable by the Bank's governing bodies and by the European Central Bank.

At 31 December 2022, the average term of office of directors was three years and 10 months, taking into account that this year there has been a significant renewal of directors, starting with the appointment of a new Chairman in March and the appointment of three new female directors in October, replacing four members of the Board of Directors, bringing the number of directors to eleven.

Executive Committee

The **powers vested** by the Board of Directors in the Executive Committee are expressly set out in the **Board of Directors' Regulations** and are as follows:

- Hear and adopt resolutions regarding proposals to grant, modify, novate or cancel risk transactions which, under the Policies and Procedures Manual to manage lending risk approved by the Board of Directors, fall within its competencies. It will also hear and adopt resolutions regarding proposals to acquire assets by the Bank in lieu of receivables that must be submitted to the Committee in accordance with the Asset Management Policies and Manuals.
- Hear and adopt resolutions regarding personnel matters (disciplinary cases, granting of leaves of absences, etc.), except in those cases in which the decision falls to the CEO or to the plenary Board of Directors' Meeting, since it involves employees that report directly to the CEO.
- Hear and adopt resolutions regarding matters relating to the Bank's assets (properties, expenses, purchases, etc.) and investments and divestments in investee companies that must be submitted for its scrutiny in accordance with internal policies and manuals, except for those that must be decided by shareholders at a General Meeting in accordance with the law.
- When appropriate, shall grant the authority that is necessary or advisable to execute the resolutions adopted.

The composition of the Executive Committee at 31 December 2022 was as follows:

POSITION	DIRECTOR	CATEGORY	
Chairman	Mr Francisco José Serrano Gill de Albornoz	Proprietary	
Member	Mr Víctor Manuel Iglesias Ruiz	Executive	
Member	Mr Vicente Cándor López	Independent	
Member	Mr Enrique Arrufat Guerra	Proprietary	
Member	Mr Jesús Tejel Giménez	Independent	
20.00	40.00	40.00	24
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Nominations Committee

The Nominations Committee is responsible for **proposing nominations** to the Board of Directors. It is specifically responsible for: evaluating the suitability of directors and senior managers of the Bank and the basic terms and conditions of their contracts, establishing a target for the gender less represented on the Board, making, together with shareholders at a general meeting, proposals for the nomination, re-election or removal of independent directors, reporting on motions to nominate or remove senior executives and key office holders, and examining and organising the succession of the Chairman and the CEO.

The composition of the Nomination Committee at 31 December 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Ms Maria Pilar Segura Bas	Independent
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Ms Maria López Valdés	Independent
Member	Ms María Luisa García Blanco	Proprietary

0.00	25.00	75.00	4
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Compensation Committee

The Compensation Committee has the duty of **reporting, advising and proposing matters regarding compensation** for directors, general managers and similar personnel, and the remaining members of the so-called Identified Staff, i.e. the persons whose professional activity has a significant impact on the Bank's risk profile.

The composition of the Remuneration Committee at 31 December 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Ms Maria Pilar Segura Bas	Independent
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Ms Maria López Valdés	Independent
Member	Ms María Luisa García Blanco	Proprietary

0.00	25.00	75.00	4
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Audit and Compliance Committee

The committee's duties are expressly stipulated in the Regulations of the Board of Directors. In particular: to inform the general meeting regarding any matters raised by shareholders with respect to areas under its authority; **to supervise the effectiveness of the Bank's internal control (in particular overseeing the Compliance function including procedures for the prevention of money laundering and terrorist financing) and, internal audit and risk management systems**, including tax risks; to supervise the process of preparing and presenting regulated financial information; to propose the designation or re-election of the financial auditor; to establish appropriate relations with the external auditor and to receive information regarding its independence; to receive annual information from the external auditor confirming its independence with respect to the Bank or its Group; and to issue the relevant report.

The composition of the Audit and Compliance Committee at 31 December 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Jesús Tejel Giménez	Independent
Member	Ms Natividad Blasco de las Heras	Proprietary
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Mr José Miguel Echarri Porta	Proprietary
Member	Mr Vicente Cóndor López	Independent

0.00	40.00	60.00	12
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Large Exposures and Capital Adequacy Committee

The Committee has the primary duty of **advising the Board as to the overall current and future risk appetite** of the Bank and its Group, and the strategy in this respect. It also assists the Board with supervising the application of that strategy by the senior management by monitoring the Bank's capital adequacy levels and proposing any action deemed appropriate for improvement.

The composition of the Large Exposures and Solvency Committee at 31 December 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Vicente Cándor López	Independent
Member	Mr Jesús Tejel Giménez	Independent
Member	Ms Natividad Blasco de las Heras	Proprietary
Member	Ms Maria Pilar Segura Bas	Independent
Member	Mr Luis Enrique Arrufat Guerra	Proprietary

0.00	40.00	60.00	15
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Strategy Committee

The Strategy Committee has the core function of informing the Board of Directors of the Company's strategic policy, ensuring that there is precise organisation for its implementation. The Committee has **periodically evaluated the Strategic Plan** approved by the Board of Directors, which is of great importance for the proper management of the Bank in the medium and long term, together with the **capital scorecard**, as well as the **quarterly monitoring of budgetary developments**, in accordance with the mandates contained in the aforementioned Strategic Plan, and has reported the conclusions obtained to the Board of Directors. It also monitors and reports to the Board of Directors on the sustainability policy.

The composition of the Strategy Committee at 31 December 2022 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Francisco José Serrano Gill de Albornoz	Proprietary
Member	Ms María López Valdés	Independent
Member	Ms María Luisa García Blanco	Proprietary
Member	Mr Luis Enrique Arrufat Guerra	Proprietary
Member	Mr José Miguel Echarri Porta	Proprietary

0.00	80.00	20.00	8
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Information on the **composition of the different governing bodies** and the **remuneration policy** is disclosed in the **Annual Corporate Governance Report** and is also available on the Bank's corporate website, www.ibercaja.com under "Shareholders and investors – Corporate governance and Remuneration policy".



Management team

At its meeting on 1 April 2022, the Board of Directors, at the proposal of the Chief Executive Officer, resolved to **modify the structure of the Bank's senior management**. As a result of the appointment of Francisco Serrano as non-executive Chairman of the Bank, the functions of the former “General Secretary's Office and Control Department” area were divided into two large blocks: firstly, the classic functions of a General Secretary's Office to provide ongoing support for the development of the banking business and the management of its associated financial risks, and bringing together under its management both the Legal Advisory Division and the Tax Advisory Division. Secondly, the functions of a complete second line of defence in risk management and control, integrated in a Control Directorate (CRO), with the Risk Control Directorate, the Regulatory Compliance Division and the Customer Service Unit under its command; the Security Unit, which previously reported to the former General Secretary's Office and Control Division, now reports to the current Media Division. It was also agreed that the CEO's Deputy Director would take over the management of the People Area. As a result, the Bank's senior management structure consisted of 10 Area Divisions and two Staff Divisions reporting directly to the Chief Executive Officer.

CEO | Victor Iglesias

AREA MANAGEMENT

General Secretary Jesús Sierra	Deputy Manager
Control Manager Ana Jesús Sangrás	Deputy General Manager
Branch Network Area Manager José Ignacio Oto	Deputy General Manager
Financial Area Manager Antonio Martínez	Deputy General Manager
Credit Risk Area Manager Raquel Martínez	Deputy General Manager
Media Area Manager José Palma	Deputy General Manager
People Area Manager Rodrigo Galán	Deputy General Manager
Marketing and Digital Strategy Area Manager Ignacio Torre	Deputy Manager
Financial Group Area Manager Luis Miguel Carrasco	Assistant General Manager
Corporate Banking Area Manager María Teresa Fernández	Deputy General Manager

INTERNAL AUDIT DIVISION

Reports to the Audit and Compliance Committee

Ángel Carlos Serrano	Deputy General Manager
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Suitability of the members of the Board of Directors

All members of the Board of Directors must **meet**, in order to be appointed and hold the position of director, requirements in the terms required by current regulations and those included in the **Bank's internal governance rules**.

Ibercaja has a **policy for assessing the suitability and diversity** of the members of the Bank's Board of Directors adapted to the EBA/GL/2017/12 Guidelines and the European Central Bank (ECB) Guidelines for assessing suitability, which establish the criteria and systems to be taken into account for assessing the suitability of the members of the Bank's Board of Directors individually and as a whole.

This Policy shall apply to the members of the Board of Directors of Ibercaja Banco when there are relevant changes in its composition and on an ongoing basis when, in the light of any new relevant event, situations arise that make it advisable to reassess the suitability of the directors either individually or as a whole. For example, it will be reassessed, if necessary, whether the time commitment of a member of the Board of Directors is sufficient if he or she takes up an additional position or starts new relevant activities, including in the political field.

To **assess the suitability of the aforementioned key posts**, which, in any case, must take place prior to their appointment, the following will be taken into account:

- A. They must be of sufficiently good repute;
- B. They must possess sufficient knowledge, skills and experience for the performance of their duties;
- C. They must be able to act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the Board of Directors in its management function and other relevant management decisions, when necessary, as well as to effectively supervise and monitor management decision-making;
- D. They must be able to devote sufficient time to the performance of their duties in the Bank.

Likewise, it shall be ensured that the selection criteria take into **account the diversity** of knowledge, training, professional experience, age and gender, and that they do not include implicit biases that could imply any discrimination (in particular, on grounds of gender, race, skin colour, ethnic or social origin, genetic characteristics, religion or convictions, belonging to a national minority, heritage, birth, disability, age or sexual orientation). In particular, the Bank will ensure that the selection processes are not implicitly biased so as to hinder the selection of women aimed at including women that meet the sought-after professional profiles among the potential candidates.

The Bank periodically promotes **training sessions** aimed at the members of the Board of Directors, the content of which on various matters is determined according to the training needs of the directors, regulatory developments affecting credit institutions and relevant economic and social issues.

Performance assessment - self-assessment of the Board and committees

Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions assigns responsibility to the **Board of Directors** for the **oversight, control and periodic assessment of the effectiveness of the corporate governance system**. The European Banking Authority (EBA) Guidelines on internal governance (EBA/GL/2021/05) and the Bank of Spain's guidelines on the internal capital adequacy assessment process at credit institutions provide for the management body to periodically assess the individual and collective efficiency and effectiveness of its corporate governance activities, practices and procedures, as well as the functioning of the delegated committees. This obligation is stipulated in the Corporate Enterprises Act for listed companies and in the CNMV'S Code of Good Governance. These legal obligations and good practices are included in the Bank's Board of Directors' Regulations, which stipulate that one of the Board's duties is to annually prepare a self-assessment report of its performance and that of its internal committees. Every three years this performance evaluation is carried out by an external evaluator, the last external evaluation having been carried out in the 2019 financial year.

Remuneration of Governing bodies and Senior Management

The **position of member of the Board of Directors** is remunerated, in accordance with article 34 of the Articles of Association.

The **maximum amount of the annual remuneration of all the directors is approved by the General Shareholders' Meeting** and remains in force until their modification is approved. Unless otherwise resolved by the General Shareholders' Meeting, the distribution of remuneration among the directors shall be established by resolution of the Board of Directors, following a favourable report from the Remuneration Committee, taking into consideration the special duties and responsibilities inherent to the position, as well as sector and market practices (sector comparables based on size, market capitalisation, among other factors). Remuneration shall be set to reward the level of responsibility and career development of the Bank's Directors, ensuring both internal fairness and external competitiveness.

In particular, the **Board of Directors shall be responsible for setting the remuneration of the chief executive officer and the terms and conditions of his contract with the Bank**, in accordance with current legislation and the director remuneration policy.

In general, directors' remuneration shall be based on the following principles:

- **Prudent and effective risk management:** the Policy shall promote and be consistent with sound and effective risk management, and shall not provide incentives to take risks beyond the level tolerated by the Bank.
- **Alignment with business strategy:** the Policy is linked to the achievement of the Bank's business strategy, objectives, values and long-term interests.
- **Decision-making:** avoid conflicts of interest by setting performance targets to be achieved to which remuneration can be linked, avoiding the risk of such conflicts of interest.

- **Sustainability over time**, so as not to encourage excessive or undue assumption of risk, and should be aligned with the Bank's solvency and capitalisation needs, maintaining adequate proportionality between the remuneration paid to directors and the responsibilities assumed and the volume of assets and nature of the Bank, also ensuring equality in the remuneration schemes of the directors from the point of view of gender diversity, and in particular, preventing excessive remuneration of independent external directors from circumventing their independence.
- **Alignment with long-term interests**: the valuation of any performance-based component shall focus on long-term results and take into account the current and future risks associated with them.
- **Transparency**: the Policy shall be transparent and known to the persons to whom it applies from time to time, so that they can have a clear idea at the beginning of the financial year of the total amount of remuneration they could achieve at the end of the financial year. Decisions taken by the governing bodies competent for remuneration matters shall be duly recorded in the minutes of the relevant meetings. The approved quantitative aspects in force from time to time shall be set out in an appendix to this Directors' Remuneration Policy.
- **Simplicity**: the rules for the management of remuneration shall be drafted in a clear and concise manner, simplifying as far as possible the description of the rules, the calculation methods and the conditions for their achievement.
- **Adequate ratio between fixed and variable components**: in those cases in which the remuneration system of a director provides for a variable component, the fixed component shall constitute a sufficiently large part of the total remuneration, in order to allow the variable component sufficient flexibility to permit its modulation, to the extent that it is possible not to satisfy it by means of the "malus" and "clawback" clauses that have been established. In order to avoid any excessive risk-taking, a maximum shall be set for the ratio between the fixed and the variable component of the total remuneration.

The remuneration policy of the members of the Board of Directors and senior management staff (Management Committee) is aimed at establishing a **remuneration scheme appropriate to the dedication and responsibility assumed**, all in accordance with the provisions of current legislation, and promoting sound and effective risk management, which does not imply an assumption of excessive risks.

The setting of global and specific targets for variable remuneration is linked to prudent risk management, with some of its main features in relation to ex ante adjustments being as follows:

- **Depends on and is adapted to the individual performance** of beneficiaries and the results of the Bank, considering the impact of the underlying economic cycle and the present and future risks.
- **Flexibility and alignment with the Bank's strategic interests**, without limiting its ability to reinforce its solvency.
- **Setting of certain upper and lower limits** that clearly mitigate risks associated with their potential impact on the income statement and on the Bank's own funds.

Without prejudice to the foregoing, the Bank has established ex post adjustment clauses for variable remuneration (pre-malus, malus and clawback clauses) that may be applied up to 100% of the total variable remuneration. In any case, the variable component of the remuneration may be reduced at the time of its performance evaluation, in the event of a negative performance of the Bank's results or of its capital ratios, either in relation to previous years or to those of similar entities, or a negative performance of other parameters such as the degree of achievement of budgetary targets, and provided that a requirement or recommendation by the competent authority to the Bank to restrict its dividend policy is in force.

Ibercaja's Remuneration Policy is coherent with the Sustainability Policy and the principles and values of the Bank with regard to managing environmental, social and corporate governance risks. It is in line with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector with regard to establishing a remuneration system based on equal opportunities and non-discrimination, contributing to the Bank's good corporate governance, coherent with the internal code of conduct and mitigates an unreasonable assumption of risks.

In addition, a long-term incentive was approved, with the objective of aligning the interests of certain key executives of the Bank with the corporate strategy and long-term value creation. Three of its multi-annual objectives are related to sustainability: percentage of female managers, CO₂ emissions and achievement of the major sustainability milestones contained in the Challenge 2023 Strategic Plan.

The position of member of the Board of Directors is remunerated, in accordance with article 34 of the Articles of Association.

Only the Chief Executive Officer and the Chairman receive a salary for the performance of their duties, in addition to the remuneration they receive as members of the Board of Directors in accordance with the provisions of the Articles of Association.

The remuneration of the members of the board of directors in their capacity as such, **until 30 June of this financial year**, consisted of: (a) allowances for attending meetings of the Board of Directors and its committees, and (b) an annual allocation to be determined by the Board for directors with special dedication and duties (chair of the internal committees of the Board of Directors). And **as from 1 July 2022**, the remuneration of directors in their capacity as such shall consist of: (a) fixed annual allowances for their membership of the Board of Directors and, where appropriate, its committees and (b) a fixed annual allowance to be determined by the board for those directors who have special dedication and duties and (c) such remuneration in kind and insurance as may be established from time to time, all in accordance with Article 34 of the Articles of Association in force.

Thus, the average annual remuneration of the directors, considering that the composition of the Board throughout the year has always been 11 members, including the CEO and the Chairman (9 directors and 2 female directors until 27 October 2022, and 7 directors and 4 female directors after that date), amounts to 161 thousand euros. Furthermore, the average annual remuneration of the directors in their capacity as such, also considering that the composition of the Board throughout the year has been 11 members, is 77 thousand euros (the average remuneration up to 27 October of the directors is 63.4 thousand euros and that of the female directors is 38.9 thousand euros, and from that date until 31 December it is 25.6 thousand euros for the directors and 18.1 thousand euros for the female directors). This difference is due to the fact that the least represented gender has two more members as from the last quarter of the year and to the chairmanship of committees, the number of committees of which it is a member and the number of meetings held by each of them, until 30 June 2022, since as from that date, by resolution adopted at the General Shareholders' Meeting of 30 June, the remuneration policy for directors was changed, replacing the payment of attendance fees with a fixed annual allowance.

Quantitative data on directors' remuneration are provided in the annual directors' remuneration report disclosed on the [Bank's corporate website](#) and both directors' and senior management remuneration in the Annual Corporate Governance Report (sections C.1.6 and C.1.7), also available on the [corporate website](#).

Conflicts of interest of the administrative, management and supervisory bodies

The members of the governing bodies of Ibercaja Banco **comply with the requirements established in the Corporate Enterprises Act**, and no conflicts of interest have been disclosed between persons, their private interests and other duties, and their activity at the Bank.

The members of the Board have the obligation adopt the measures that are necessary to avoid situations in which there may be a conflict of interest with the business and their duties to the Bank, as is stipulated in the Board of Directors' Regulations.

No conflicts of interest of the Bank's directors that could affect the performance of their position as provided in article 229 of the Corporate Enterprise Act have been reported. In those specific situations in which a director considers that a potential conflict of interest could be involved, the director has refrained from intervening in the deliberations and participating in the voting.

In accordance with article 36 of the current Regulations of the Board of Directors, the situations of conflict of interest in which directors are involved shall be disclosed in the annual report, which is available to all stakeholders on the Bank's corporate website.

Internal Rules and Control Bodies

3-3, 417-1

Ibercaja has established internal rules and control bodies to ensure full and rigorous compliance with the Bank's good governance measures, including the following:

- **Code of ethics**, which include a memorandum of operating conduct and security that affects all the Bank's employees.
- **Policy for managing the risk of non-compliance with regulations.**
- **Internal Code of Conduct in the securities market**, applicable to the Board of Directors, Senior Management and employees of the Bank who operate or whose professional activity is related to the securities market, or who may have access to privileged information or other relevant information of the Bank.
- **Body for reporting suspicious activities involving market abuse.**
- **Regulations for the Defence of the Customer** of the Ibercaja Group and the **Style Manual for customer service**, which contains the general criteria for customer service.
- **Retail savings product marketing manual**, in accordance with MiFID regulations.
- **Conflicts of interest policy**, prepared in accordance with MiFID regulations, whose purpose is to objectively manage conflicts of interest that may arise between the Ibercaja Group and its customers.
- **Anti-money Laundering and Counter-Terrorism Financing Prevention Committee** (Internal Control Body-ICB) that has been commissioned the functions established in the anti-money laundering and counter-terrorism financing regulations.
- **Data Processing Officer** (DPO) of the Group and Privacy Office, whose duty is to ensure compliance with the personal data protection regulations.
- **Control body for the criminal risk prevention system.**
- **Tax compliance management and control model.**

Control Functions

The Group has an internal monitoring system in place to oversee the financial and operational risks inherent in its business activities. The **Control area** brings together the **second line of defence**, formed by the Risk Control department, the Compliance department and the Customer Service Unit. The Director of this Area is also the CRO of the Bank.

The Risk Control Department **verifies compliance with the risk limits approved by the Board of Directors and the** Regulatory Compliance Department **supervises observance of the laws that govern the Group's business activities**. In addition, the **Internal Audit Division** reviews the proper functioning of the risk monitoring systems, while verifying compliance with established policies, procedures and standards. The **Audit and Compliance Committee** of the Board of Directors supervises the effectiveness of internal audit and control and the systems for managing the risk of non-compliance with regulations.

The head of the Control Division (CRO) reports regularly to the Major Risks and Solvency Committee, while the head of the Regulatory Compliance Division (which reports to the CRO) and the head of the Internal Audit Division report regularly to the Audit and Compliance Committee. The chairpersons of these committees, as well as the CRO directly, report to the plenary meeting of the Board of Directors on all matters within the scope of their respective competences.

Commitment to privacy

All processes and actions of the Ibercaja Group are conducted with the utmost possible respect and protection for the privacy and security of personal data.

Privacy management is central to the design of internal actions, both commercially and technologically. The Ibercaja Group's data protection officer (corporate DPO) carries out his or her activity through the privacy branch and coordinates this function in all the Group's companies. Promotes maximum respect for privacy, above general standards, with a medium-term view aimed at anticipating future obligations. Over the course of 2022, a number of aspects have been reviewed, such as:

- **Improvement of internal rules and criteria** so as to achieve maximum effectiveness in the protection of personal data when dealing with changes in processes, products or technological assets.
- **Constant improvement in the definition of special processes** for the blocking, erasure and conservation of data, making the legally mandated periods for the persistence of information compatible with absolute respect for the law in relation to the protection of such data.
- **Conducting both general and process-specific audits** to ensure the adequacy of the privacy framework to the internal dynamics of innovation and change.
- **Development of internal utilities** based on artificial intelligence tools aimed at creating a privacy innovation pipeline.
- **Training and outreach actions**, with recurrent privacy committees, internal communications and maintenance of a complete and clear internal regulatory corpus, as well as mandatory data protection courses and presence in professional exchange forums.

4.5 Business model and Strategic Plan

4.5.1 Business positioning and markets in which it operates

2-1, 2-6, 3-3

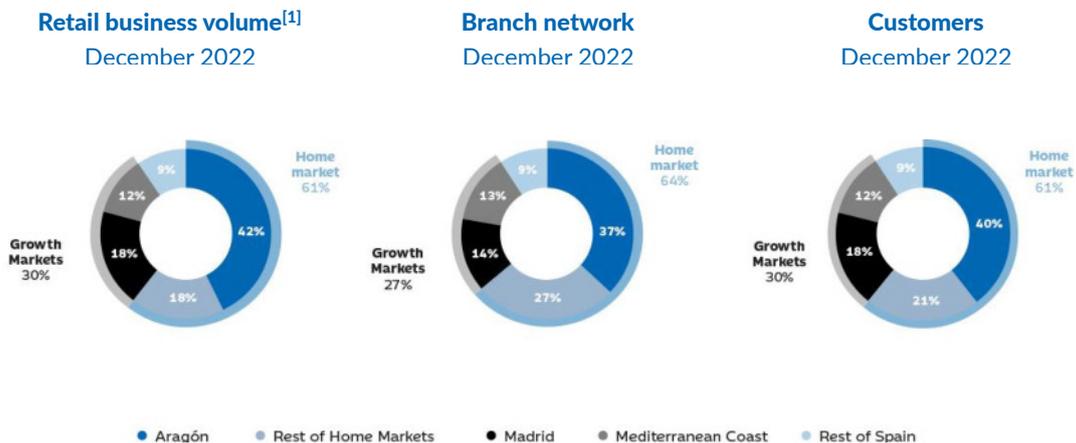
The Ibercaja Group, with a balance of **54,361 million euros**, is the **tenth largest in terms of asset volume in the Spanish banking system**. The Bank is developing a “universal banking” model to meet all the financial needs of its customers. It has a wide range of banking and financial products and services, with a particular focus on first home mortgages, SME financing, asset management and life-savings and risk insurance products.

The **retail nature of the business** is reflected in the balance sheet structure and the low risk profile. Housing loans account for 61.1% of normal lending (excluding repos) and retail deposits for 87.1% of borrowed funds.

At the national level, it has a market share of **2.4% in lending to households and non-financial corporations**, **3.5% in the individual house purchase segment**, and **2.7% in household and corporate deposits**, according to statistics published by the Bank of Spain.

Ibercaja owns its entire Financial Group, which is made up of subsidiaries specialising in the management of investment funds and pension plans, bancassurance, and leasing and renting, through which it offers a wide variety of products especially aimed at retail customers and which complement more traditional banking services. Ibercaja's Financial Group makes the Bank the **fourth largest financial institution in Spain in terms of asset management and life insurance** with 31,641 million euros in assets under management and technical provisions, reaching an aggregate market share in this range of products of **5.1% at 31 December 2022**.

The Bank operates exclusively in Spain and has a **leading position in its traditional area of operation** (the autonomous communities of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz), where **61% of customers** are concentrated and where **60% of retail business volume is obtained**. The market share in this territory, **31%** in private sector deposits and **21%** in credit, reaches 43% and 28% in Aragón, respectively, according to the latest statistics published by the Bank of Spain. It also has a **significant presence in other areas of major economic significance such as Madrid and the Mediterranean Coast** (includes the Autonomous Communities of Catalonia and the Community of Valencia), which account for 18% and 12% of the Bank's customers and 18% and 12% of its turnover.



¹ Retail business volume in normal course of business: loans and advances to customers ex reverse repos of assets and non-performing assets + retail deposits + asset management and insurances

At December 2022, the **network** totalled **894 branches**, of which 285 were rural. Within the framework of the ERE agreement signed in 2020, **137 centres were closed**. Their closure, in line with a policy of economic streamlining, was compatible in every case with the commitment to guarantee business continuity, conserve customer proximity and maintain the Bank's presence in small towns and villages.

Distribution of Ibercaja Banco's branch network



The **distribution of offices by Autonomous Community** is: 330 points of sale in Aragón, 129 in the Community of Madrid, 84 in Extremadura, 70 in Castilla y León, 69 in Catalonia, 56 in La Rioja, 56 in Castilla-La Mancha, 45 in the Community of Valencia, 27 in Andalusia and 28 in other Autonomous Communities.

The **number of employees** in the Group totals **4,794 (4,465 at the parent)**. In December 2020, Management of Ibercaja Banco and the employees representatives, as part of a redundancy programme enforceable until 30 June 2022, reached an agreement that envisaged a compensated lay-off plan. It affected a total of 750 employees, establishing voluntary participation as a preferential selection criteria, either due to age or due to the closure of the centre of employment. At December 2022, all planned departures had already taken place.

Commercial efficiency is being increased by **specialising more employees** to serve different types of customers and their specific needs. Supporting the branch network, providing a high value-added service, are **210 managers specialised in corporate banking, 444 in personal banking and 77 in private banking**. Additionally, there are **126 digital managers** (67 digital personal banking managers and 59 digital customer managers) advising digital customers who need to engage with financial experts through channels other than the traditional branch.

The trend towards greater digitalisation in the banking sector has accelerated in the wake of the Covid-19 pandemic, and this trend has been further consolidated in 2021 and 2022. Customers are more demanding in terms of being able to conduct their transactions in a more convenient and user-friendly environment, and the use of cash as a means of payment is decreasing. Ibercaja is facing this challenge with a **digitalisation strategy** that focuses on responding to the greater demands of our customers in the face of the demand for online services, but without losing the quality of customer service. The number of **digital customers** reached 60.7%, compared to 48.1% before the start of Covid-19, and the number of transactions carried out by remote banking in the year accounted for 74.0% of total transactions. The number of **digital banking users** who have used any of the different channels in the last month reached **914,418** compared to 765,585 in 2019, with notable advances in mobile banking users (+12.0% year-on-year) and mobile payment (+20.4% year-on-year). **Digital sales** accounted for **40.5%** of total sales.

Section 4.5.4 of the **2022 Management Report** provides further details of the **Ibercaja Group's progress in digital transformation**.



4.5.2 Goals and Strategies

2-6, 3-3

The **Strategic Plan 2021–2023**, under the motto “**Challenge 2023**”, is the Bank’s roadmap for the three-year period. The **main objectives** of this plan are to improve the Bank’s recurrent profitability, reinforce Ibercaja’s leadership in customer experience as a differential value and accelerate its transformation to ensure that it remains competitive moving forwards while maintaining its own independent and sustainable project.

The main objective of the new Strategic Plan is to improve profitability, guaranteeing the long-term sustainability of the Bank. The medium-term objective is to achieve a return of over 9%.

The Bank will continue, in parallel, to reinforce its financial strength, while maintaining its Fully Loaded CET 1 Ratio above 12.5%.

These levels of profitability and solvency will allow us to pay a “pay out” (percentage of profit distribution in the form of dividends) of 60%, making Ibercaja an attractive project for our shareholder foundations.

The plan is articulated in two Programmes and two blocks of Initiatives that allow this ambitious approach to be undertaken. These are:

- The Customers and Profitable Growth Programme;
- The Productivity and Efficiency Programme and the Value Initiatives Block
- And finally, the Enabling Initiatives block.

CUSTOMERS AND PROFITABLE GROWTH PROGRAMME

In-depth knowledge of the customer is key to **achieving a differential offer that makes us an attractive Bank in terms of the value offered to our customers and very effective commercially.**

Challenge 2023 is based on the premise that **the entire organisation must focus on the customer and on fully satisfying their needs**, even in advance, with a personalised proposal of value and global service that is in some way differential. In this way, an equitable and fair monetisation of the value and utility offered to customers will be achieved.

- **Generating omnichannel business** in a relevant, sustained, differential and growing way.
- Increasing **our presence in the corporate world** thus improving the diversification of our business, through a truly differential value proposition for the customer, which has a direct impact on profitable business growth.
- Working towards **excellence in Personal Banking**
- Being a **leading reference in bancassurance** in Spain, providing a differential experience to our private and corporate customers
- **Redefining the way we design financial products and services**, as well as the way they are offered to our customers, in order to maximise collections for them

So far in the Strategic Plan, the main milestones achieved in this Programme are as follows:

- Deployment of the **Personal Non Face-to-Face Model** to achieve excellence in omnichannel customer service. Customer experience continues to be a basic pillar in management and we have achieved **TOP3 in the BMKS ranking** that measures the quality perceived by our customers; in addition, our app continues to occupy the highest positions in the rating rankings of platforms such as Apple Store or Google Play.
- Development of **Business Intelligence** applied to propensity modelling to achieve greater efficiency in commercial activity.

- In **Corporate Banking**, the positive development of business in formalisations, loan portfolio and market share was accompanied by the implementation of a series of significant milestones:
 - the deployment of the **ICAR** (risk-adjusted commercial intelligence) model, which enables a personalised commercial proposal for our corporate customers,
 - and the implementation of the **Eureka Plan**, the main objective of which is to improve the efficiency of specialised company management figures by reducing low-value tasks to enable them to focus more on the customer.
- Roll-out of the **new Personal Banking model**, which entails multiple improvements in the area of personalised and quality service and aims to continue improving on a playing field where we are recognised as a benchmark institution.
- **Digitalisation in contracting processes**, launch of **new products and personalisation** of the **Insurance Banking offer**.

PRODUCTIVITY, EFFICIENCY AND VALUE INITIATIVES PROGRAMME

With an “ambidextrous” approach, it is based on **cutting unproductive operating costs “deep”** so that we can **invest those “savings”** in accelerating transformation with a focus on improving our efficiency and boosting productivity.

EFFICIENCY AND PRODUCTIVITY PROGRAMME

We will implement a **new budgeting methodology that makes the most efficient possible allocation of available resources**, knowing in advance the real costs assigned to each task and process. We will approach this challenge with the mentality of a start-up, of a newly created company that rethinks every year the need and the return on each recurring expense.

As regards efficiency improvements, we are maintaining the **four main lines of work (efficiency; self-service; outsourcing; and robotisation)**, which have freed up a large amount of capacity to devote to the Bank's transformation and to increase commercial efficiency.

So far in the Strategic Plan, the main milestones achieved in this Programme are as follows:

- In the area of the new budgeting methodology, progress has been made in the elaboration of the **cost matrix** and in the analysis of **profitability by product/business line**.
- Within the Operating Model Development Initiative, work has been carried out on various lines of work, but of particular note is the **mechanisation and robotisation of processes** using **artificial intelligence** tools linked to document analysis and processes linked to credit and risk investments.

HIGH-VALUE INITIATIVES

In order to consolidate the Bank's value orientation, **risk awareness must be improved and overall risk management must be** more advanced. **The risk-adjusted return approach is the basic criterion for decision-making** and for guiding business growth.

Accordingly, we are improving our understanding of risk and strengthening the pricing of that risk with three key objectives: **gain agility, obtain a risk-adjusted return, and strengthen our creditworthiness.**

So far in the Strategic Plan, the main milestones achieved in this Programme are as follows:

- The **capital policy** has been defined as an orderly management model, with clear roles and responsibilities for integrated capital management. This policy facilitates value-oriented decision-making (efficiency, profitability and solvency). The **capital scorecard** has also been developed by allocating capital on a customer/product basis.
- In addition, **pricing based on RAROC** (risk-adjusted return on capital) methodology has been implemented.
- The **most relevant credit risk data** addressing financial, supervisory, regulatory, management and strategic needs have been governed and an action plan has been designed to maximise the value of the Data.

ENABLING INITIATIVES

Technology, people and our corporate purpose are the cornerstones of becoming a leaner, more innovative and flexible organisation, with an organisational culture aligned around creating value for customers and shareholders.

We are working on **developing the technological model** to respond to business requirements, **improving efficiency and agility, as well as risk management and control**. Technology is a decisive factor underpinning the competitive advantages of our business and operating model.

The key and differential factor in achieving our ambitious goals is undoubtedly **people**. **Internal talent** is being leveraged to scale the speed and scope of transformation, with a **new development model to empower it**, an intensive **education and training programme**, and the **recruitment of external talent** in needed and unmet skills.

Ibercaja is a Bank with a social DNA, with a marked commitment to the development of the territories where we operate and with an exemplary corporate governance model. We want to continue to be a **recognised and recognisable Bank** for the way we do retail banking, as well as for our contribution to society and the environment, **fully integrating sustainability into the core of our business model**.

So far in the Strategic Plan, the main milestones achieved in this Programme are as follows:

- **Digital Challenge** Project within the framework of the “development of the technological model” initiative, equipping the entire workforce with new mobile devices with the Windows 365 collaborative platform, which has allowed us to modernise and standardise all the equipment, increasing our technological capacity and facilitating collaborative work with our colleagues and the relationship with our customers.
- Implementation of an **advanced cybersecurity threat detection and response system**, an issue of great relevance due to the increase in the number of customers and transactions executed through digital channels.
- The **New People Management Model** has been developed with a talent map that will ensure that each person is in the right place at the right time. Furthermore, training, internal functional mobility, the external search for profiles needed to address future challenges and the reduction of the wage gap are some of the lines of work being developed within this Initiative.

- **Integrating Sustainability into Business.** We have doubled the percentage of customers with sustainable investments in Ibercaja and the same is true for the volume of sustainable investment under management. In this line of work, the sustainability business strategy has already been defined and an action plan has been defined on the basis of the ECB's published expectations guide on climate and environmental risks.

Likewise, **the carbon footprint strategy for the loan portfolio** has been defined in such a way that:

- The Bank's Carbon Footprint has been measured.
- The decarbonisation pathways of those sectors with the greatest impact in terms of emissions have been analysed.
- Decarbonisation targets for 2030 have been set for the Power Generation, Iron and Steel Production and Residential Real Estate Development sectors and have been approved by the Management Committee.

Medium-term objectives

	DEC- 2022	MEDIUM-TERM OBJECTIVES
SOLVENCY		
Ratio CET1 (fully loaded)	12.4%	12.5%
Total capital ratio (fully loaded)	17.1%	17.0%
Pay-out ratio	60%	60%
PROFITABILITY		
ROTE	7.6%	c. 9%
Recurring cost-to-income ratio	57.4%	≈55%
ASSET QUALITY		
Cost of risk	30 bp	30 bp
NPL ratio	1.6%	c. 2.5%
Distressed asset ratio	2.9%	c. 4%
Coverage rate of distressed assets	76.3%	>65%

4.5.3 Ukraine

The global economy was severely affected in 2022 by the **war in Ukraine that started in February**, and inflationary pressure was added to by double-digit inflationary readings in the face of bottlenecks caused by the exit from the Covid-19 crisis. In view of this situation, the Group analysed its loan portfolio, taking into account the different typology and segmentation of the customers affected by the economic situation, by the characteristics and sector to which each of them belong.

According to the Group's assessment, the **main sectors affected** by the economic uncertainty are the transport of goods by road, catering, preparation, manufacture and marketing of textile products, as well as tourism, raising the levels of credit risk coverage to mitigate the possible effects suffered by these groups.

Highlights of the main recommendations made by regulators and supervisors when it comes to managing credit risk in an environment of uncertainty include the following two, which are a continuation of the previous crisis suffered by the Covid-19 pandemic:

- *IASB Communication of 27 March on adapting IFRS 9 to the situation arising from Covid-19 ("IFRS9 and Covid-19: Accounting for expected credit losses applying IFRS9 Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic"), which encouraged institutions to make "overlays" or post-model adjustments to reflect factors that were not captured by credit risk models*
- *ECB Communication of 1 April, which also refers to the use of these post-model adjustments to capture the effects that the extraordinary situation was producing, and which were not captured by the "ordinary" credit risk models of financial institutions.*
- *ECB Communication of 1 April, which also refers to the use of these post-model adjustments to capture the effects that the extraordinary situation was producing, and which were not captured by the "ordinary" credit risk models of financial institutions.*

4.5.4 Lines of the Group's Business Model

2-1, 2-6, 3-3, 417-1, FS6, FS14

Ibercaja is committed to a universal banking model, focused on retail business and based on a solid relationship with the customer, advice, quality of service and innovation.

Ibercaja pledges for a **universal banking model**, focused on the retail business and based on advisory services, service quality and innovation. It serves a **stable base of 1.8 million customers (management units)**: comprising households, companies and public and private institutions. It has specific channels, special products adapted to different customer segments, and offers basic banking services, other complements, such as insurance, investment funds and pension plans, all marketed through its highly specialised financial group, whose companies it owns in full.

Ibercaja's commercial strategy is based on:

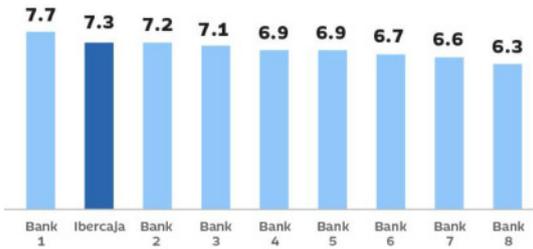
- 1. Specialisation:** aims to meet the customer's financial needs and expectations through specifically qualified managers specialised in personal banking, private banking and corporate banking.
- 2. Advice:** advisory services have become a differentiating factor that characterises Ibercaja. In 2012, the Bank was the first Spanish bank to obtain AENOR's Personal Wealth Management Advisory Certificate, which it has been renewing on a recurring basis, including in 2022, in addition to the Excellence in Service in the Personal Banking segment certificate, which it has held since 2020, making it the only financial institution in the sector with this recognition. Since 2007, it has also held the European Seal of Excellence 500+, awarded by the European Foundation for Quality Management (EFQM), which it renewed for the last time in 2021, under the updated EFQM Model, making it the first financial institution to obtain it.



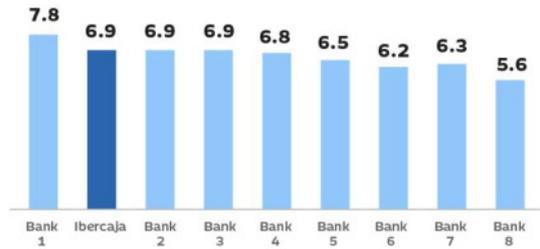
3. **Omni-channel relationship model:** the customer decides the most appropriate way to interact with the Bank according to their preferences, needs, characteristics, context and life cycle. The omni-channel system provides the customer with a unique and recognisable experience so that they can rely on personal interaction for their advisory needs while using digital channels for carrying out their daily transactions. Omni-channel customers generate the highest revenues, with an average number of products and services purchased far higher than those operating only in branches.
4. **Personalised product offer:** The Financial Group's subsidiaries enjoys a solid reputation and enables a customised offer tailored to each type of customer, their personal and financial circumstances and the level of risk they are willing to take.

The customer is constantly evolving, so it is important to deepen our understanding of their expectations and their experience of the Bank. Satisfaction surveys conducted by polling individuals and companies allow us to ascertain their perception of the Bank, evaluate the services offered and identify those aspects that may be improved. According to the results obtained in the sectoral report on the Satisfaction of Private Customers in the Financial Sector (BMKS), carried out by the consultancy firm Stiga, Ibercaja ranks second among its peers in terms of overall satisfaction, loyalty and recommendation.

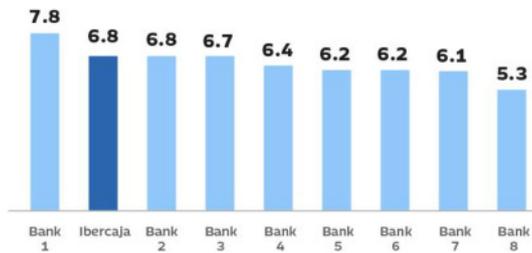
Overall satisfaction



Loyalty

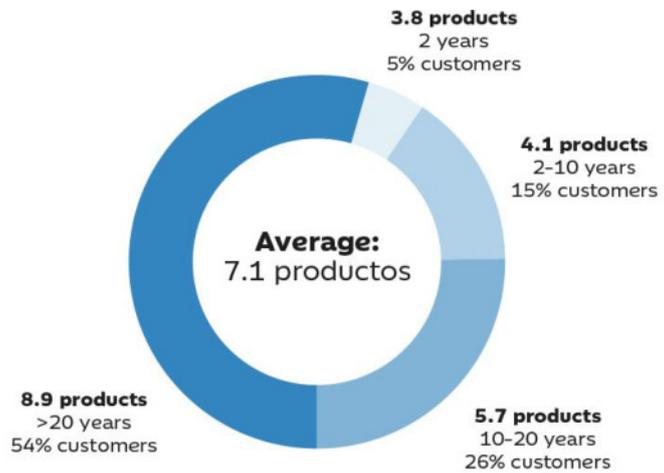


Word of mouth

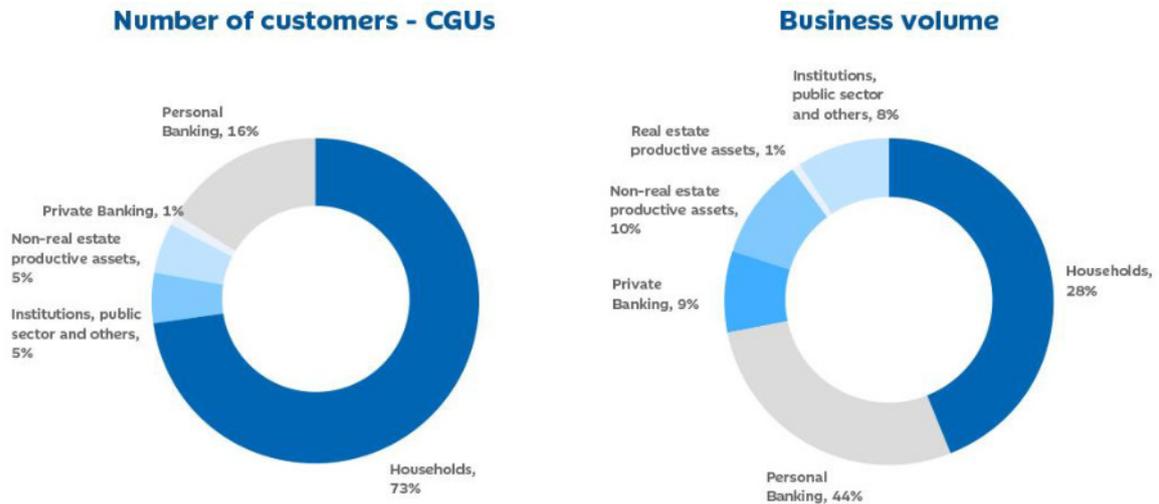


Average number of products and services -

The level of customer satisfaction is translated in terms of **commitment** and **engagement** with the Bank.



The distribution by segment of the number of customers and retail business volume at the end of 2022 is shown in the following charts:



In Ibercaja's business model, there are **three main areas** depending on the commercial strategy defined for each type of customer:



The most relevant segments are described below:

PRIVATE BANKING

Private Banking manages 1.6 million customers who contribute more than 80% of the retail turnover. It concentrates 68% of credit and 86% of retail customer loans. Their high level of engagement with the Bank can be seen in the average age of 20 years, and in the average number of products or services arranged, 7.1. **Retail banking includes the household, personal and private banking segments.**

Households

Households **provide the largest number of customers, 1.3 million, and account for 19% of customer funds and 50% of financing.** The management of the branch network in this segment focuses on capturing new customers and consolidating the loyalty of existing ones. The Bank carries out its mission through proposals adapted to personal needs, depending on the risk profile and available income.

The change in customers' habits and the notable increase in remote operations and digitalisation has continued, the bank has responded by reinforcing remote operations and also by increasing the number of digital managers, which now stands at **59 digital customer managers and serving 54,000 customers.** This year, new digital mortgage brokers have become particularly important, facilitating the entire process of providing information and contracting housing financing remotely. Digital mortgage sales account for 28% of the total.

The Bank continued to enjoy the confidence of customers in the management of their financial assets and, despite the difficult market situation caused by the war in Ukraine, managed to maintain a good pace of contributions to intermediation.

The Bank maintained its commitment to housing financing for individuals, a sector in which it has historically specialised, adapting its offer to the needs of different types of customers, in the case of the youngest, financing up to 95% to facilitate their emancipation and access to home ownership. The main campaigns of the year focused on housing finance to meet the needs of our customers and also to attract new customers at the time of buying a home. With the same objective in mind, the My first home agreement has been signed with the Autonomous Community of Madrid to provide young people with access to housing.

Personal banking



Personal banking encompasses over **302,000** customers with a **savings balance of more than 100,000 euros or 75,000 euros outside the Traditional Area**. **This segment contributes more than 65% of the investment savings balance of Individuals with an average linkage that is double that of the household segment.**

The customer care model for this group is based on a personal manager who proposes the best investment strategy for the customer's profile and preferences. The 444 specialised managers, based on their knowledge of the customer, offer him/her investment alternatives, mainly funds, pension plans and insurance, adjusted to his/her risk profile, objectives and experience in financial products.

The new **digital personal banking** model continues to expand, a new way of working whereby the customer, through a digital banking manager, receives the same service provided by the branch in a non-face-to-face manner. **The current team of 67 managers, which serves almost 42,000 customers**, and given the good reception, we will continue to expand this model over the coming years.

In 2022, Ibercaja renewed the **Excellence in Service Management certification for the Personal Banking** segment awarded by Aenor, becoming in 2020 the first Spanish financial institution to receive it. This seal reinforces the Bank's leadership in professional advisory services in terms of customer savings management, and is accompanied by the **personal asset management advisory services certification**, also granted by Aenor, held by the Bank since 2012.

Personal banking advisers are trained with internal and external means. Most of them have specific qualifications such as EIP (European Investment Practitioner) and EIA (European Investment Assistant) endorsed by the European Financial Planning Association (EFPA).

Private Banking



Private banking is aimed at **customers, household management units or companies with financial wealth in excess of 500,000 euros**. The over **17,000 customers** are assisted by a private banking manager who analyses their needs and provides them with the best investment alternatives and financial-tax planning.

The range of financial assets available to this private banking community is very wide: securities listed on Spanish and foreign markets, investment funds both of Ibercaja and of external suppliers, SICAVs, structured deposits, **with the most relevant service being Discretionary Portfolio Management**.

The work team assigned to the private banking services is made up of **77 people**, distributed among the branches of Madrid, Zaragoza, Logroño, Valencia, Guadalajara, Barcelona, Burgos, Seville and Badajoz, as well as the customer service offices of Huesca, Teruel and Pamplona.

In a context of economic uncertainty and great market turmoil, emphasis was placed on **improving the information to help the customer to take decisions**. In this regard, we have the daily market report, the weekly analysis of the performance of different assets and the investment keys, the monthly funds, plans and markets report and the new services related with tax optimisation and inheritance planning.

BUSINESSES AND INSTITUTIONS

Companies business

This segment consists of more than **77,000 customer companies** with a **turnover** of around **12 billion euros**.

One of the **objectives** of Ibercaja's current Strategic Plan, Challenge 2023 Plan, is to **reinforce its positioning in the business world**, thus advancing in asset diversification and improving risk-adjusted profitability.

To achieve this objective, we have a specialised commercial network made up of 212 Managers who offer professional advice based on proximity, quality of service and individualised attention, 40 Technical Managers who offer technical support in order to guarantee agility in the service provided to customers, 8 Business Centres for Companies and 14 Company Spaces in the main Spanish cities. Also a Corporate and Syndicated Banking Financing unit. The service to companies with a turnover of less than 2 million euros has been reinforced by increasing the number of commercial business managers in branches to a total of 160.

Strategic Impetus

The positive development of the business has been accompanied by the implementation of a series of relevant actions to continue promoting and consolidating Ibercaja's business banking in the medium and short term, among which the following stand out:

- a. **Launch of new Risk-Adjusted Business Intelligence model:** whose objective is to drive growth by identifying linkage opportunities based on the customer's profile and business stage,
- b. **Eureka Plan:** As part of the Challenge 2023 Strategic Plan, this project aims to improve the commercial efficiency of the specialised management figures of companies and businesses to enable them to focus more on the customer. The actions being carried out fall into two main groups:
 - Improving **Corporate Banking** processes and procedures
 - Improvement and development of **new products and services**.

In 2022 we passed the halfway point of the Challenge 2023 Strategic Plan, in which Banca de Empresas continued to face the challenges set to evolve the commercial management and expert advice model. In addition, the new Ibercaja Family Business Service has been created to inform and accompany this group, which is so representative of our productive fabric. And the new Digital Business Banking platform was deployed, with new technological and functional core adapted to the current needs of companies.

All of this, with the aim of reinforcing the main lines of action aimed at offering our customers proximity and excellent service quality, a differential experience, and more agile and digital processes.

Development and constant improvement of our commercial offer

During 2022, we have continued to improve and expand our commercial offering of products and services, adapting it to the needs of the market.

The new **Servicio Plan Empresa y Futuro** (Business and Future Plan Service) has been launched, with the aim of boosting the marketing of occupational pension plans. These plans are becoming increasingly important as an instrument for channelling retirement savings as a result of recent regulatory changes that incorporate new types of employment plans (notably plans for the self-employed) and important tax incentives. With the launch of the new service, the aim is to publicise the advantages that these future savings instruments offer companies and workers, as well as the global service that Ibercaja loans to companies through advice and support not only in the process of setting up the employment plan, but also throughout its life.

In terms of investment products, the **range of investment funds specially designed for companies has been consolidated**, focusing on products that enable companies to make the most of their short-term liquidity surpluses.

Also noteworthy was the **boost in working capital financing**, incorporating products especially aimed at the liquidity needs of small companies, micro-enterprises and the self-employed, such as the new commercial financing with SGR guarantee or the new SGR Multi-product.

Lastly, the range of international business products and services has been improved in order to respond to the companies that are showing the most dynamism and drive in the Spanish economy.

Strengthening the commitment to sustainability

Ibercaja has reinforced its commitment to accompanying companies in their process of adaptation and transition to becoming more sustainable. The **Vamos juntos hacia la sostenibilidad** (Let's go together towards sustainability) service has been launched by the Ibercaja Foundation, which provides companies with training, support and projects to adapt to the 2030 SDG roadmap.

Bringing Next Generation Funds closer to companies

The Next Generation Funds have continued to play a leading role in the business world, especially in the last quarter of 2022, when PERTES and calls for interest began to materialise. Throughout the year, we have developed an action plan to make it easier for companies to access the opportunities offered by the Next Generation Funds, as accelerators of the transformation of our economy and our productive fabric. To succeed in this task, the **Ibercaja NEXT** Assistant has now been launched. The assistant consists of standard functionalities available to all users (general information, profiling to find out about calls tailored to the customer's profile, news, videos and list of calls) and an exclusive premium access for Ibercaja customers that allows them to access the details and complete monitoring of each call with all the associated documentation, see the probability of success indicator, find out the analyst's keys to each call, receive alerts and automated updates with calls and news of interest to them. The assistant complements the **collaboration agreement with the companies Mazars and Silo** to offer specialised consultancy services to companies interested in accessing the Funds. Thanks to this combination of support, we have advised more than 2,400 companies on how to access these funds for their projects. In addition, based on our strategic alliance with Microsoft, a collaboration agreement was signed with several partners specialising in digitisation, to help micro, SMEs and the self-employed to access and take advantage of the aid from the Kit Digital.

During the two years of the Strategic Plan, Ibercaja's corporate business has been growing at a much faster rate than the market, increasing its market share and increasing its activity with companies in all territories, with notable growth in Madrid and the Mediterranean Coast.

Businesses, professionals, farmers and the self-employed

Businesses, professionals, the agricultural sector and the self-employed in general are strategic customers for Ibercaja due to the important business opportunities they generate in the field of financing, insurance and collection and payment services related to their professional activity, as well as the other financial needs we can help them with.

One of the Bank's main objectives during 2022 has been to facilitate the dissemination and access of these customers to the **Next Generation EU Funds**, promoting the digitisation and growth of businesses with the implementation of new projects framed in the initiatives promoted by these funds.

Specifically, we have made available a new service to facilitate access to the **Digital Kit** grants, through an alliance with top-level technological partners, as well as the **Ibercaja Next Assistant**, a free service that allows you to be promptly informed of grants, tenders, subsidies and financing in accordance with the needs and preferences of each company or professional.

Through **alliances with Professional Associations of Property Administrators** from different territories and other groups, we have disseminated a comprehensive solution that includes the provision of a **complete service of efficiency diagnosis**, aid management, financing and execution of adaptations, to promote energy refurbishment in homes and buildings of communities of owners, which is provided in collaboration with Acierta Asistencia, a Caser group company.

To facilitate the approach of **new customers**, we offer them a **welcome offer** during the first 12 months that allows them to start their relationship with the Bank **without commissions and without conditions for 12 months**, including account, card, digital banking and a free orientation and legal assistance service.

Throughout the year **various actions** have been implemented to provide our customers with information and news on financing products, insurance, cards and payment and collection solutions, mainly.

In the case of customers in the agricultural sector, the **CAP management service** has been provided once again this year in several Autonomous Communities, enabling us to continue supporting these customers at one of the most important times for them. Our commitment to the sector is demonstrated through our collaboration in different conferences and events, including **FIMA 2022**, in which we are the main sponsor.

The **main strategic challenges and trends** that will mark the activity of Business and Institutions in the near future are:

- **Value proposition:** Promote the **integral management** of these customers, specifically Personal Banking and Wealth Management customers with professional activity on their own account, who have professional needs to which we must respond by providing them with personalised advice and content to help them in their decision-making.
- **Financing solutions:** Continue to provide **financing products and services** both for day-to-day business and to facilitate and enhance the growth of businesses by launching new projects.

PROGRESS IN DIGITAL TRANSFORMATION AND MULTICHANNELLING

The **Digital Transformation** project is a key pillar in **Challenge 2023**, focusing on continuing to transform Ibercaja's customer relationship model and business generation capabilities through **the most advanced technological solutions**.

Ibercaja's **objective** is to lead the rankings of customer satisfaction with our digital assets, and to implement new digital innovations and capabilities aligned with the bank's positioning and business objectives. This greater satisfaction, together with digital innovations, will allow us to accelerate transactions, thereby increasing the weight of **digital sales** in the Bank as a whole.

In 2022, Ibercaja has continued to make progress in the integration of the necessary tools to achieve greater knowledge of the customer and a much more personalised commercial proposal. The year also saw the completion of the transition from the old digital banking system to the new version, which brings major improvements in terms of usability, security, new functionalities and technological innovation. All these advances have enabled Ibercaja to consolidate its leadership in digital channel satisfaction, as demonstrated by the fact that the Ibercaja app is one of the best rated in the Spanish financial sector according to the rankings of the main app stores. As for the trend in digital sales, this has reached 40%.

In 2021, a major innovation step was highlighted with the entry of the transformative "Pension by Consumption" project into the **Financial Sandbox**. In 2022, the testing phase has been completed jointly with Fintech Pensumo and the Directorate General for Insurance and Pension Funds. The regulatory framework is currently being defined with the aim of being able to launch the project on the market in the coming months. The digital service Pension by Consumption "Pensumo", based on the Open Banking philosophy and with the possibility of being available in a mobile application, aims to modify the mechanisms that have been established until now for contributions for future savings, with the objective of converting the Pension by Consumption into the Fourth Pension Pillar, and therefore proposes several alternative ways to make them. For example, one of these is the promotion of agreements with third parties so that the establishments and companies themselves apply a percentage of the purchase to the future savings plan, while another is based on the user's own choice, who will be able to allocate a certain percentage of the savings.

Mobile and digital banking

- **Customer satisfaction** with the app is maintained. The app has been the best rated at various times during the year in the Play Store and Apple Store.
- Simulators have been integrated into both the app and digital banking and other simulators have been developed, such as the card sales simulator.
- New goals functionality in mobile banking that will allow customers to generate savings with a specific objective.
- The look&feel of the app has been revamped to make it much more in line with the new digital banking.
- Implementation of new Risk Insurance consultation and service functionalities in collaboration with our ally Caser.
- All digital channels have been integrated with the new digital analytics tool, which allows us to have clear, specific information on the customer's steps both on the web and in the app and to be able to act accordingly, supporting the customer in their decisions in a personal but remote way.
- Digital banking has been improved by incorporating in the new version some advantages such as: new design, multi-signature, improved information on investment funds, file generator, personalisation options, direct information channel with the fund manager, etc.

Commercial portal and omnichannel sales

The commercial portal has to become the **sales channel of the branches**, for this it is necessary to incorporate additional functionalities to those of the commercial system, the objective is that it becomes another channel of communication with the customer, aligned in form and substance with the digital channels of the web and app

In 2022, the focus has been placed on the customer file that allows the manager to have all the customer's information in the same place and progress is being made in the customer knowledge model. Furthermore, functionalities have been added to My manager, simulators and telesubscription have been included.

A study has begun on the steps to be taken to have an omnichannel sales process that makes the customer's relationship with the Bank even easier by focusing on personalised assistance at key moments of the non-face-to-face sale.

Relationship management

In 2022, focus has been placed on the use of digital capabilities in face-to-face channels, i.e. promoting non-face-to-face tools in the branches, mainly My Manager, deferred signature and video calls with customers, and training has been provided through use cases on how to use each of these tools and in which cases.

Digital managers: they provide a service to digital customers that must have dealings with financial experts. We currently have around 130 digital managers.

New channels in the Contact Centre: In 2021 the new tool was deployed to all Ibercaja Connect agents based on Microsoft Dynamics Servicing, and in 2022 we worked on the integration of other channels such as email, WhatsApp and Facebook.

Personalisation of commercial actions: through greater knowledge of the customer, with sources such as digital analytics, and with the definition of journeys in the new marketing automation tool, much more personalised commercial actions will begin to be carried out in 2022, which will considerably improve the relationship with the customer and simplify the work of managers.

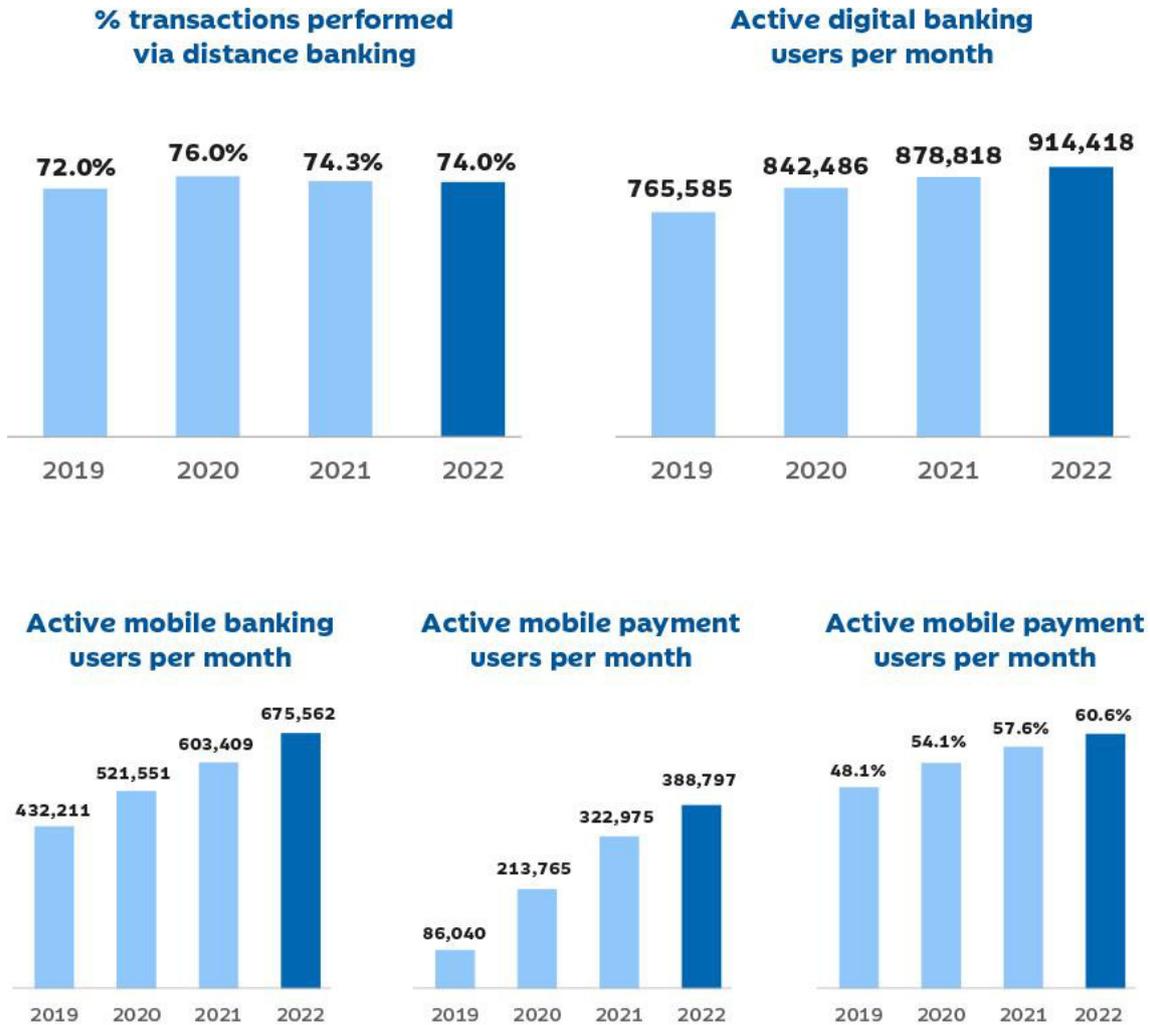
Promotion of virtual sales

In Challenge 2023, one of the **Bank's main objectives is to reach 45% of digital sales in 2023** with respect to the Bank's total sales in the main products. In 2022, 40.5% was achieved.

The improvement in virtual sales processes has meant they are made through digital channels:

- 28.0% of **non-subrogated mortgage loans taken out since April.**
- 90.8% of **pre-classified loan transactions.**
- 9.0% of **arrangement of non-life risk insurance.**
- 96.7% of **sales of securities.**

In addition to the new digital capabilities implemented in the non-face-to-face channels, the successful implementation of the new Marketing Automation system, **Adobe Campaign**, a world leader, has enabled optimal integration between the Bank's Business Intelligence and the different communication and relationship channels.



BUSINESS MODEL AND SUSTAINABILITY

Since it was formed 150 years ago, the Bank has maintained a **sustainability commitment**, which is reflected in the social, economic and environmental approach of its activities. The Group is aware that financial institutions have a key role in sustainable development, mobilising the necessary capital flows and integrating environmental, social and corporate governance risks and opportunities into management. In 2020, the Board of Directors approved the **Group's Sustainability Policy**. This document reflects the commitment to sustainable growth and establishes the framework for global action in sustainability.

Ibercaja incorporates sustainability into its business model through different channels, including most notably:

- **Financial product offering** which contribute to achieving sustainable development by reducing the carbon footprint and by mitigating the effects of economic activity on the climate. Ibercaja has a wide range of financing and investment products.

In the business segment, these products focus on supporting accessibility and energy efficiency improvements in housing, sustainable mobility and access to EU Next Generation funds. In the line of sustainable consumption, customers are offered various ECO and Zero Emission vehicle alternatives.

In addition, Ibercaja focuses its efforts on young people, supporting them in their first expenses through its membership of the My First Home programme of the Community of Madrid and the offer of financing products for educational purposes, and on senior citizens, ranking first and second among its peers in the overall satisfaction indicator for people over 65 years of age. Ibercaja has an independent financing strategy for senior citizens and, among other services, has defined a decalogue of measures for their personalised attention through different channels.

- Environmental care in **energy and property management**: central headquarters recognised as a green building in line with ISO 14001.

- **The organisation is committed to the Sustainable Development Goals** of the 2030 Agenda, is a signatory to the UN Global Compact and the UN **Principles for Responsible Banking**, follows the recommendations of the **Task Force for Climate Related Financial Disclosures (TCFD)**, is a founding member of the **Net Zero Banking Alliance (NZBA)** and is a member of the **New Deal for Europe “CEO’s call to action”** initiative.
- **Commitment to employees:** development of their capabilities, Family-Responsible Company Seal, training in sustainable finance, corporate volunteering, etc.
- **Commitment to society:** its social sensitivity is manifested in its daily activities and in obtaining resources that revert to society through the generation of wealth and welfare and through the social action of the Bank's shareholder foundations.

Chapters 2 and 6 of this report explain in further depth and quantify the aspects related to **sustainability**.



4.5.5 Financial Group

2-1, 2-2, 3-3, FS6

The Financial Group's activity provides customers with investment solutions of recognised prestige, as well as expert support to strengthen their relationship with Ibercaja. It also allows diversifying the business and generating recurring income.

Created in 1988 and 100% owned by Ibercaja, the Financial Group is made up of **companies specialising in investment funds, savings and pension plans, bancassurance and leasing-renting**. Its products, which are aimed at both individuals and companies, are distributed mainly through the branch network and digital channels, complementing the Bank's range of banking products and services.

Differentiating values

The innovation and specialisation of the offer are differential values of the Ibercaja Financial Group.

The companies that form part of the Financial Group are 100% owned by Ibercaja.^[2]

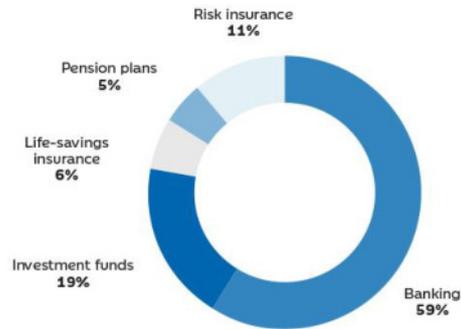
IBERCAJA BANCO				
IBERCAJA GESTIÓN	Fund management company	Equity	17,941	#5
IBERCAJA PENSIÓN	Pension plan management company	Equity	6,993	#4
IBERCAJA VIDA	Life Insurance broker	Technical provisions	6,707	#7
IBERCAJA LEASING	Leasing & Renting	Outstanding Investment	495	#9
IBERCAJA MEDIACIÓN	Insurance brokers	Premiums	303	

(Figures expressed in millions of euros)

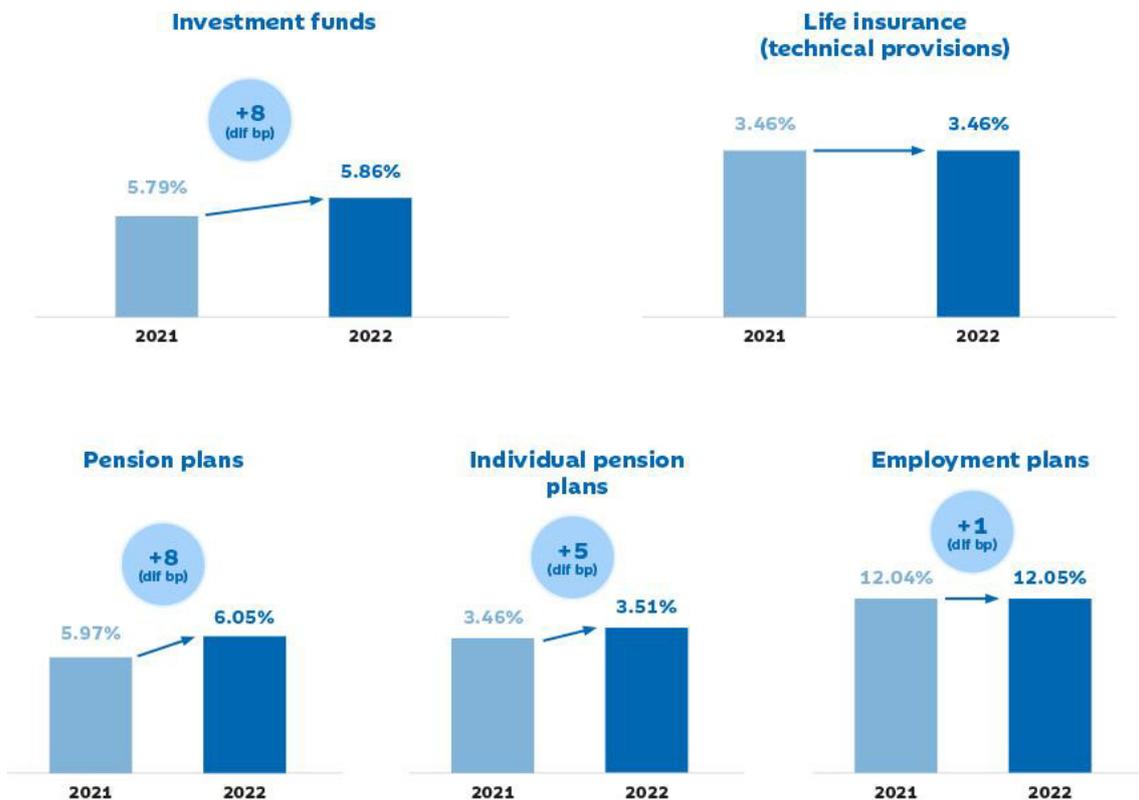
² Source: Inverco and ICEA at December 2022. Ibercaja Gestión includes the Ibercaja management company and other companies.

Contribution to recurrent revenues:

Assets under management and insurance account for 40% of the Group's recurrent revenues and 46% of the retail customer funds managed by the Bank, giving rise to one of the most diversified mix of savings and income generation in the Spanish banking system.



Ibercaja has a **market share**^[3] in these products that is **much higher** than in traditional banking products. In 2022, the gain in market share in investment funds and individual pension plans is noteworthy:



³ Source: Inverco and ICEA at December 2022. 5.87% if Ibercaja Gestión includes the Ibercaja management company and other companies.

SUSTAINABILITY:

The Financial Group is part of Ibercaja's **“Purpose and Sustainability” strategic initiative**, led by the Brand, Reputation and Sustainability Division. The initiative began in 2021 and will run until 2023. The objective of the Financial Group is to identify risks and opportunities in this area, responding to the sustainability, regulatory and market challenges of its member companies. In this way, the Financial Group promotes different actions related to governance, regulatory adaptation, risk management and the development of the sustainable products business, having achieved the following sustainability achievements in 2022:

Governance:

- Review and development of new policies and procedures with ESG criteria.
- “Engagement, involvement and active dialogue with companies.”
 - During 2022, the Financial Group has continued to collaborate with engagement platforms such as Climate Action 100+, Access to Medicine Foundation and Carbon Disclosure Project.
 - In addition, dialogue and voting activities are carried out in line with our Engagement Policy. Dialogue is an integral part of the circular process of integrating ESG risks into investment analysis and management with a focus on medium to long-term engagement. In 2022, 65 shareholder meetings of both domestic and international companies were attended with the support of a proxy advisor with ESG criteria.
 - Since 2021, the management companies of the Financial Group, under the name of Ibercaja Asset Management^[4], have subscribed to the United Nations Principles for Socially Responsible Investment.

ESG risk management:

- Acquisition and implementation of ESG data provision tools for cross-cutting use by all companies and the Bank, facilitating investment decision-making and regulatory reporting.

⁴ Ibercaja Pensión had previously subscribed to them at their level, in 2011.

Business development:

- Design and development of new sustainable products in accordance with the strategy. Thus, Ibercaja already provides sustainable investment solutions worth 3,938 million euros at the end of 2022:

Investment performance:

Millions of euros and number		EQUITY	EQUITY INCR.	UNIT HOLDERS
PENSION PLANS		717	47	71,065
Sustainable Confidence	Mixed fixed income	257	(46)	26,089
Sustainable and Solidarity	Mixed equities	285	(26.00)	19,509
Sustainable Europe	Equities	39	(5.00)	2,486
Megatrends	Equities	29	16	2,908
Savings Fixed income (*)	Fixed income	108	108	20,073
INVESTMENT FUNDS		3,217	(208)	152,663
Savings Fixed income (*)	Fixed income	929	(201)	34,302
Sustainable fixed income	Fixed income	37	(12)	686
Sustainable Confidence (*)	Mixed fixed income	135	(15)	6,421
Sustainable and Solidarity	Mixed equities	673	(152)	34,775
Global dividend (*)	Equities	286	112	9,905
Infrastructure (*)	Equities	17	3	2,113
Megatrends	Equities	477	(26)	31,780
New Energy	Equities	47	(7)	2,861
Health (*)	Equities	615	89	29,814
Profiling 30 ESG (*)	Mixed fixed income	–	–	6
SICAV		4	(1)	162
Asguard		4	(1)	162

(*) Incorporated into sustainable supply during 2022.

Regulatory adaptation:

During 2022 it has been produced:

- Adaptation to the Disclosure Regulation - SFDR: Periodic information.
- Adaptation to the Taxonomy Regulation: Assessment of alignment with climate objectives (mitigation and adaptation).
- Adaptation to the SRD II Directive: Annual reporting on the Engagement Policy.
- Entry into force of “Green MiFID/IDD”: Suitability test and sustainability preferences.
- Adaptation to Level 2 RTS (SFDR): Disclosure to customers of pre-contractual and web information.
- Consideration of major adverse events (MIAs) at product level.

Solidarity activity:

The Financial Group's solidarity activity is implemented through initiatives such as “Tu Dinero con Corazón” (Your Money with Heart) supported by Sustainable and Solidarity products (investment fund and pension plan). The initiative:

- This is governed by a Steering Committee and a Technical Committee which direct and oversee the distribution of funds and the internal and external communication of the initiative.
- It has a website at Ibercaja.es (“Tu Dinero con Corazón”), with the aim of keeping participants informed of the initiatives it supports, as well as informing potential customers and society about the project and the products that currently constitute a truly differential investment alternative in the market.
- The 1st Solidarity Dinner “Tu dinero con Corazón” (Your money with Heart) was held to raise funds to help the Hijas de la Caridad de San Vicente de Paul soup kitchen in the Aragonese capital. During the event, 810,000 euros in grants were awarded to nine projects of associations and non-profit organisations.

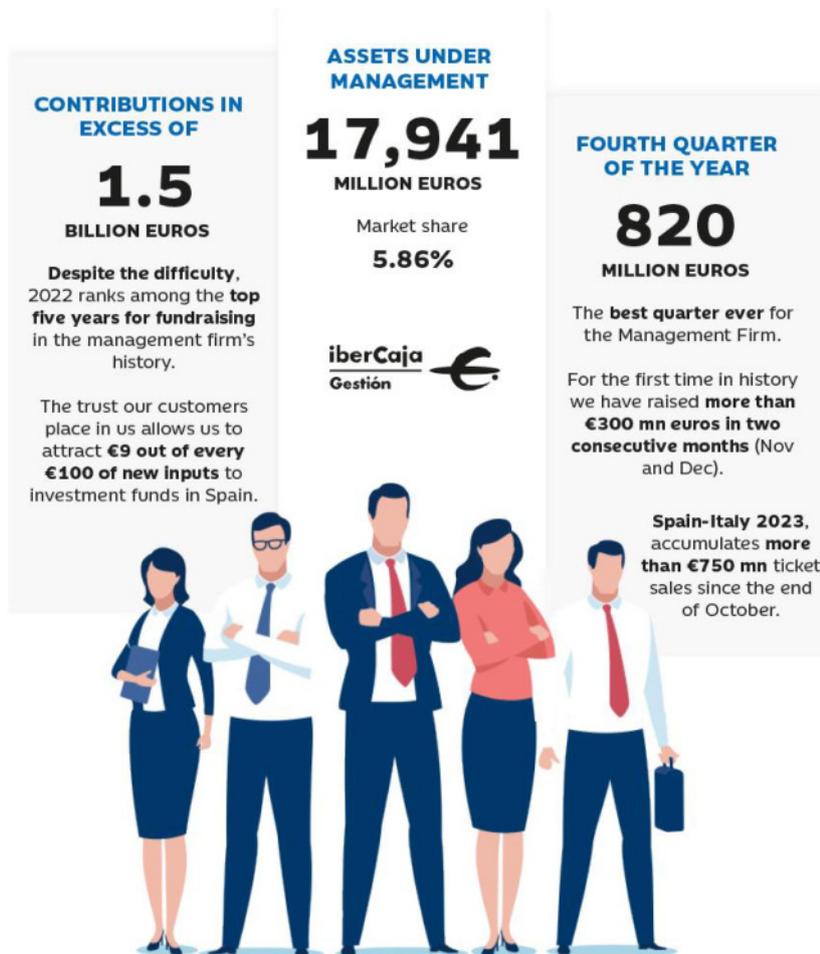
In addition, the proceeds from the dinner, amounting to 6,925 euros, have been donated to the Hijas de la Caridad de San Vicente de Paúl soup kitchen in Zaragoza, which will be able to offer 860 breakfasts and meals with the donation. Around 250 people from different Aragonese companies and institutions took part in the solidarity event, organised by Ibercaja and Fundación Ibercaja.

- During 2022 it has distributed 1,190,000 euros:
 - The Emergency Committee's "Help Ukraine", which brings together Children's Villages, Educo, Médecins du Monde, Oxfam Intermón, Plan International and World Vision.
 - Nipace Foundation's "Atlas 2030 exoskeleton for children with cerebral palsy".
 - "Solar power supply to a school in Cameroon" by Energy Without Borders.
 - Lares Foundation's "Prevention of unwanted loneliness in the elderly".
 - Cruz Blanca Foundation's "Comprehensive assistance for victims of trafficking".
 - Adecco Foundation's "Programme to improve the employability of people with disabilities".
 - "Emergency social support for families at risk of social exclusion due to cancer" by the Spanish Association Against Cancer (AECC).
 - "Study of paediatric liquid biopsy with extracranial tumours" by the Foundation for Biomedical Research of the Hospital Infantil Universitario Niño Jesús.
 - The University Clinic of Navarra's "Children against cancer".
 - "Attention to homeless people in Zaragoza" by the Charity-Coordinator of organisations for homeless people in Zaragoza.
 - Nuevo Futuro's "Educational and digital divide in sheltered homes in Burgos and Aranda".
 - "Social and labour market integration of vulnerable migrants in Burgos" by Atalaya Intercultural-Hijas de la Caridad.
 - "Social and labour insertion of vulnerable adolescents in Badajoz" by Fundación Maimona.
 - Children's Villages to respond to emergencies arising from the humanitarian crisis caused by the war in Ukraine.

- 14 soup kitchens in Zaragoza, Huesca, Teruel, Guadalajara, Rioja, Burgos, Badajoz, Madrid, Barcelona, Lleida, Valencia and Seville.
- Within the “Impulso Solidario” project, grants will soon be awarded to six projects of small organisations working in the fields of disability, illness, social exclusion and environmental protection.

INVESTMENT FUNDS

Ibercaja Gestión, SGIIC, S.A. is the company tasked with managing the Group’s collective investment undertakings (CIUs).



Major milestones of 2022: “Year of extraordinary events

- **A volatile, complex and uncertain year. 2022 has been a very uncertain year from a macroeconomic point of view and especially vulnerable for the financial markets**, where there has been a **clear loser: fixed income**, and as a maximum exponent, its volatility, which has even surpassed that of the equity market.
- However, thanks to the trust of our customers and the excellent work of our distribution network, **accumulated contributions** to investment funds amounted to **1,539 million euros**.
- **9 out of every 100 euros of new** investment fund inflows in Spain have been made by our customers in Ibercaja Group investment funds. This high percentage of new inflows registered in 2022 is not new; in the last 3 and 5 years, in cumulative terms, **Ibercaja Gestión has been able to capture 11% of new fund inflows in Spain**.
- **Anticipating the needs of our customers has been key. In a year of enormous complexity, we have opted for simple and safe solutions**, with government bonds and short-term high credit quality private fixed income being our main bets this year.
- Thanks to new fund inflows and despite the negative developments in the financial markets, **we were able to maintain the volumes under management**. The volume of investment funds at the end of December was 17,941 million euros. €
- **Market share of 5.86%^[5] (growth of 8 bp in the year)**, consolidating Ibercaja's position as **the fifth largest Spanish financial group** by volume managed in investment funds.
- The **Ibercaja Group's asset management** has once again been **recognised at the Expansión-AllFunds Bank Awards**, where it received the award for best National Fixed Income Manager in 2021. Ibercaja Gestión was also a finalist in the Best National Investment Fund Manager category for the fifth consecutive year and in the Best Asset Allocation Manager category.
- The Manager continues to make progress towards its goal of becoming a leader and benchmark in ESG matters. During 2022, it has continued to collaborate with engagement platforms such as Climate Action 100+, Access to Medicine Foundation and Carbon Disclosure Project.

⁵ Source: Inverco and ICEA at December 2022. 5.87% if Ibercaja Gestión includes the Ibercaja management company and other companies.

- Ibercaja Gestión carries out dialogue and voting activities in line with Ibercaja Gestión's Involvement Policy. The dialogue is an integral part of the circular process of integrating ESG risks into the investment analysis and management of the Manager's investments and, in this respect, is based on a medium to long-term ownership context and is aligned with the investment thesis based on fundamental analysis. In 2022, we have participated in 56 shareholder meetings of both national and international companies.

Fund range and commercial strategy

Ibercaja Gestión has 67 investment funds adapted to any market situation and to different investor profiles. In addition, it manages 2 SICAVs in Spain with an aggregate volume of more than 8 million euros and has a management agreement with a Luxembourg-based SICAV, Ibercaja Global International, which has assets of 52.5 million euros.

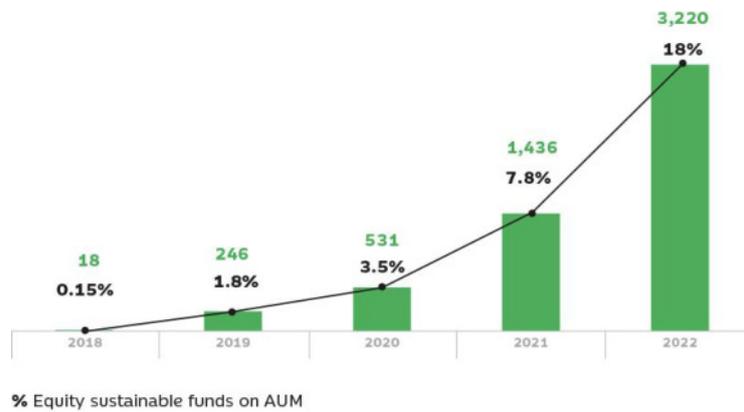
The **key** to explaining the good dynamics of the contributions has been **to anticipate the needs of our customers. 2022** was a year in which **six new investment funds were launched**. The positivisation of the curves means that **government bonds have become more attractive after a long period of time**.

NEW FUNDS	DATE OF INCORPORATIO	INVESTMENT POLICY
Ibercaja España-Italia 2026, FI	27/04/2022	Spanish and Italian government bond fund
Ibercaja Renta Fija Horizonte 2024, FI	27/04/2022	Euro corporate bond fund maturing in late 2024
Ibercaja España-Italia 2023, FI	28/09/2022	Spanish and Italian government bond fund with one-year maturity
Ibercaja España-Italia 2024, FI	10/10/2022	Spanish and Italian government bond fund with two-year maturity
Ibercaja Perfilado ASG 30, FI	29/08/2022	ESG international mixed bond fund
Ibercaja Corto Plazo Empresas, FI	21/11/2022	European corporate bond fund

Following the positive response to the range of funds we launched in 2021 aimed at channelling the surplus liquidity of companies and institutions, we have continued to reinforce it with the fund **Ibercaja Corto Plazo Empresas**.

Funds managed with extra-financial criteria (ESG) in addition to the traditional purely financial approach exceeded **3.22 billion euros** at year-end, multiplying by 2.3 times the assets at the end of 2021.

Quarterly interest margin €Mn



	Product type	Equity (€Thousands)	Unit Holders at 31/12/2022
Ib. Sostenible y Solidario, FI	Mixed Equity	673,176	34,775
Ib. Ahorro Renta FIja, A FI	Fixed Income	344,167	8,742
Ib. Ahorro Renta FIja, B FI	Fixed Income	584,491	25,560
Ib. Sanidad, A FI	Equity	129,047	7,398
Ib. Sanidad, B FI	Equity	486,145	22,416
Ib. Megatrends, A FI	Equity	210,312	15,773
Ib. Megatrends, B FI	Equity	266,739	16,007
Ib. Dividendo Global, A FI	Equity	69,808	4,547
Ib. Dividendo Global, B FI	Equity	215,870	5,358
Ib. Confianza Sostenible, A FI	Mixed Fixed Income	134,680	6,420
Ib. Confianza Sostenible, B FI	Mixed Fixed Income	26	1
Ib. New Energy, A FI	Equity	27,243	2,854
Ib. New Energy, B FI	Equity	20,228	7
Ib. Renta FIja Sostenible, A FI	Fixed Income	13,194	680
Ib. Renta FIja Sostenible, B FI	Fixed Income	24,160	6
Ib. Infraestructuras, A FI	Equity	15,414	1,561
Ib. Infraestructuras, B FI	Equity	1,825	552
Perfilado 30 ASG	Mixed Fixed Income	0	6
Asguard Sicav	Mixed Equity	3,548	162

€3,220
mn

152,825
Unit holders

20.07%
Total unit holders

Within the range of sustainable solutions, **Ibercaja Sostenible y Solidario stands out** as **one of the manager's largest funds**. There are already more than **34,989 participants** who trust in our mixed fund, Ibercaja Sostenible y Solidario, a way of saving and investing that helps to build a better world. Its **698 million euros in assets** will enable us to donate 750,000 euros to social and environmental projects in 2022.

Acknowledgements and awards

In the 2022 edition of the Expansión-AllFunds Bank awards, Ibercaja Gestión was recognised as the Best Fixed Income Manager.

The solid track record of the Ibercaja Group's management companies is demonstrated by their presence in each and every one of the 33 editions of the Expansión awards. These awards take place in an environment of uncertainty and volatility in the markets, in which Ibercaja is once again highlighting its ability to adapt, both in management and in the advice it provides to its customers.



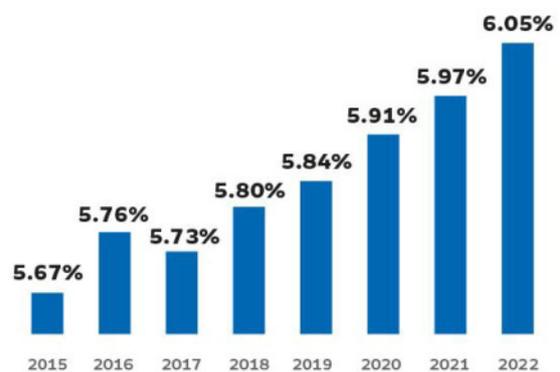
PENSION FUNDS

Ibercaja Pensión, EGFP, S.A. is the Group company engaged in **managing different kinds of pension plans**. The company is a signatory of the United Nations Principles for Responsible Investment and a founding member of Spainsif, the Spanish forum for Socially Responsible Investment.

Assets under management were penalised in 2022 by the poor performance of both bond and equity markets. At the end of the year, assets under management amounted to **6,993 million euros**, -8.5% lower than in 2021, but performing better than the sector (-9.7%).

Despite this unfavourable environment, Ibercaja Pensión's better performance compared to the market enabled the company to reach its **highest ever market share** in global terms and also in the subsector of individual plans and employment plans. In global terms, this **share rose 8 basis points to 6.05%**, and the management company remains in fourth place in the sector ranking (source: INVERCO).

Trend in pension plan market share:

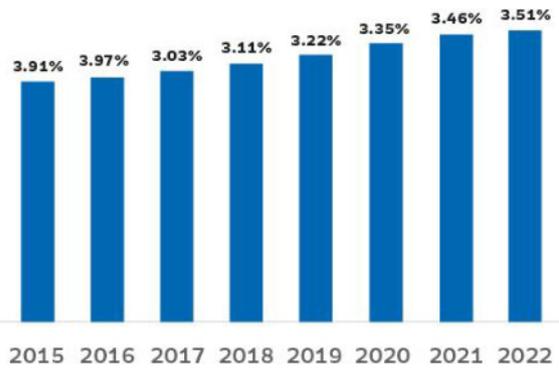


Savings managed in individual pension plans affected by the poor performance of bond and equity markets declined by -8.75% to 2,821 million euros, better than the sector as a whole (-10.2%). **Customer contributions** amounted to **82 million euros** in a context marked by the reduction of the legal limit for tax deductible annual contributions. **Market share rose 5 b.p.** to an all-time high of 3.51%, keeping the company in sixth position in the sector ranking (source: Inverco). The number of customers with individual plans increased by 1,043, reaching 245,208 by the end of 2022.

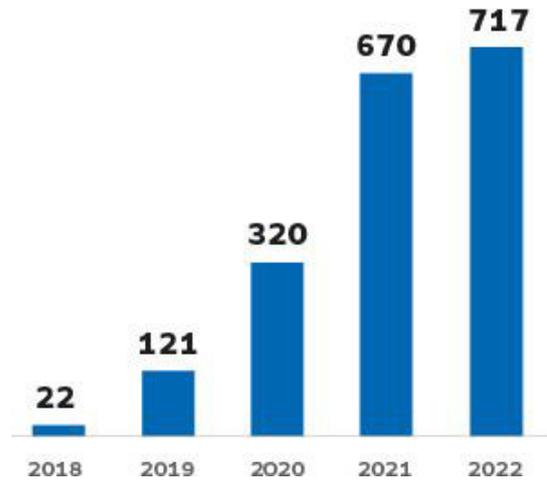
In the distribution of individual pension plans by type, there was a strong expansion of products with a sustainable profile, which now account for 26% (717 million euros) of total assets, compared to 22% in 2022.

The active management range consolidated with 53% of the volume and the weight of fixed income and guaranteed plans continued to fall from 12% a year ago to 8%.

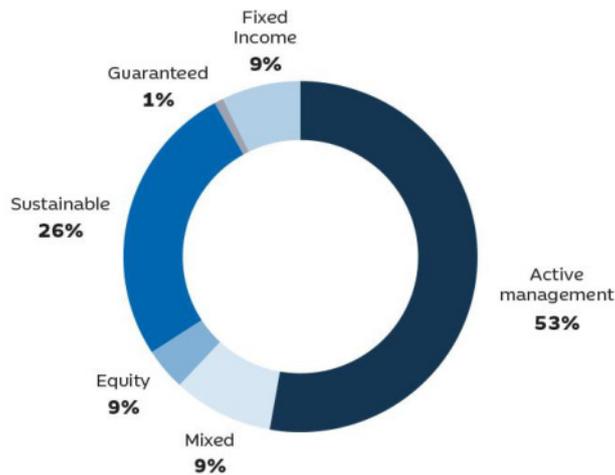
Trend in personal pension plan market share:



Assets of individual sustainable plans (€m)

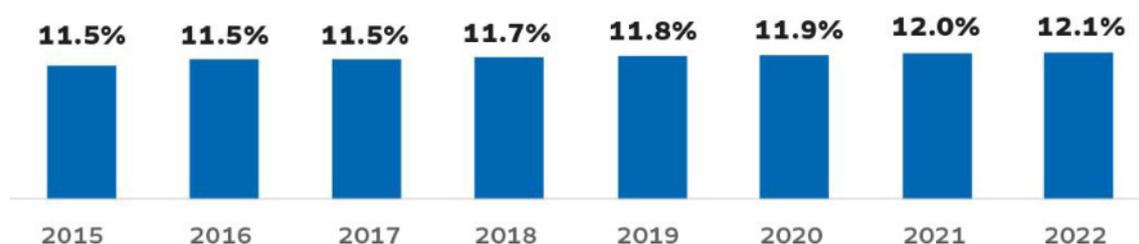


Equity PIP 2022
2,821 million euros



Assets under management in employment plans amounted to 4,172 million euros, -8.3% lower than in 2021 (sector -8.4%) due to the fall in the markets. The company's market share rose 1 b.p. to 12.05%, an all-time high, consolidating its position as the third largest Spanish fund manager (source: INVERCO). This system comprises 69,334 unitholders through 15 plans. Ibercaja Pensión administers two of the ten largest employment plans in the country.

Work pension plan market share trend:



Acknowledgements and awards

In the 2022 edition of the Expansión All Funds awards, **Ibercaja Pensiones Bolsa USA** was awarded as the **best pension plan** in the quantitative awards in the **Global Equity category**. It is one of the most profitable pension plans in Spain in 2021 in the short, medium and long term.



Ibercaja Pensión, for its part, was a finalist as Best Pension Fund Manager of 2021, the seventh consecutive time it has been nominated in this category, winning the award on four of these occasions (2020, 2018, 2017 and 2016). This is a very significant milestone given the importance of these awards given by the industry itself and shows the positive assessment that our competitors have of Ibercaja's pension business.

Initiatives



The company promoted holding the “8th Conference on Pension Plans in Spain” in Madrid in November under the title “**Values of the present for a better future: sustainability and profitability in the world to come**”. The conference brought back the face-to-face formula for the 2019 edition, which coexisted with a streaming broadcast.

The company once again organised an event in Zaragoza as part of Spainsif's Socially Responsible Investment week entitled “Voting in Boards as an Instrument for Sustainable Investment”. This year's event was once again held in person and was broadcast via streaming.



Ibercaja has launched the **Business and Future Plan** service for companies to promote workplace pension plans.

These plans are becoming increasingly important as an instrument for channelling retirement savings, as a result of the changes introduced in the new Law for the Promotion of Workplace Pension Plans.

With this service, Ibercaja aims to raise awareness of the advantages that these future savings instruments offer both companies and workers.

For workers who are participants in a workplace plan, Ibercaja has designed a **simulation tool to calculate the tax impact** on their customers' tax returns of the contributions they can make to their individual pension plan, as well as, as of this year, to their workplace pension plan.

INSURANCE BUSINESS

The Group's insurance business is carried on through two companies operating in the life and non-life lines, providing products and specialised support to Ibercaja Banco's branch network: **Ibercaja Vida Compañía de Seguros y Reaseguros** and **Ibercaja Mediación de Seguros**.

Ibercaja Vida Compañía de Seguros y Reaseguros S.A.U. specialises in life insurance, with a proven track record in the bancassurance business since 1996. The Bank produces **life savings and life risk insurance** that it brokers through **Ibercaja Mediación** and distributes through Ibercaja Banco's commercial network and digital channels. The insurer's technical provisions amounted to 6,707 million euros at the end of 2022. The solvency ratio is well above the legal limit of 100%, reaching 190% in December 2022.

Ibercaja Vida has an extensive range of life savings products: **systematic savings insurance, investment savings** (life annuities, temporary annuities, fixed savings and insured pension plans) and **unit linked**.

The amount of premiums and the number of policies are shown in the table below:

	2022	2021	2020
No. Policies	414,791	446,418	489,335
Savings insurance premiums (€ million)	1,035	826	884

Mathematical provisions for life insurance savings, 6,573 million euros, decreased by 1.1% in the last financial year. The new market context, with higher interest rates, has enabled the marketing of guaranteed insurance products to be reactivated, particularly medium and long-term investment savings insurance, giving a twist to the business strategy of the last few years, which has been more focused on unit linked.

Distribution of mathematical provisions for life insurance savings:

	2022		2021		2020	
	€Mn	%	€Mn	%	€Mn	%
Systematic savings insurance	2,139	32.5	2,531	38.1	3,425	49.8
Savings and investment insurance	2,543	38.7	2,235	33.6	2,404	35.0
Unit Linked	1,553	23.6	1,690	25.5	850	12.3
Group insurance	337	5.2	187	2.8	199	2.9
Total	6,573	100.0	6,643	100.0	6,878	100.0

In the individual risk life business, Ibercaja Vida is the **7th largest company in Spain in terms of premiums collected**, with a significant growth trend from 73 million euros in premiums collected in 2021 to 77 million euros at the end of the 2022 financial year. It is worth highlighting the increase in new production that has been observed since 2020 and, in particular, the increase in single premium business that provides stability and assurance of future profit.

Ibercaja Mediación de Seguros S.A.U., is engaged in general insurance brokerage. Through the Bank's branch network and digital channels, it markets **risk insurance (life and non-life)** and retirement savings for individuals and companies. The company's activity also extends to operations regulated by Royal Legislative Decree 1/2002, which approves the Consolidated Text of the Pension Plans and Funds Regulation Act. The Bank has a strategic alliance with Caser in the non-life insurance area.

The risk insurance premiums brokered by Ibercaja Mediación, 303 million euros, grew by 6.5% compared to the previous year and policies totalled 958,707.

- **Life insurance premiums increased by 5.2% to 82 million euros.** Ibercaja Vida, with 77 million euros of premiums brokered in individual life insurance, it is the leading insurer in the life insurance business. The rest of the premium volume of life insurance policies comes mainly from Caser.

(€ million)	2022	2021	2020	2019
Life insurance premiums	82	78	76	76
Of which: Ibercaja Vida	77	73	71	71

- **Non-life insurance premiums, 221 million euros, increased 7%.** The boost in activity is the result of the commercial effort and the alliance with Caser for the distribution of this type of insurance through the branch network. The most notable advances were in the death (10.3%), health (6.4%) and multi-risk (5.9%) lines. The market share in non-life insurance premiums, 0.53% at December 2022, remains at similar levels compared to 2021 (source: in-house creation based on data published by ICEA).

(€ million)	2022	2021	2020	2019
Non-life insurance premiums	221	206	200	198
Of which: Agreement with Caser	195	183	172	170

Ibercaja Mediación has promoted various actions throughout 2022 to boost the non-life insurance business:

- Launch of the Vamos Insurance Account, which allows customers to group the payment of insurance bills from Caser and Ibercaja Vida in order to pay them conveniently month by month in a single fixed monthly instalment.
- Caser Pyme Multiproduct, insurance improvement by updating new coverages.

- Extension of Caser Comercio insurance coverage.
- Boosting the supply of life and non-life insurance through digital channels.
- Seguro Caser Auto Bancaseguros. Inclusion of new coverage for electric cars.
- The new digital service Selfie Health has been incorporated into Caser's healthcare policies and the top and telemedicine services offered by the insurer have been updated.
- Extension of the major service for newly produced home policies, which includes, in addition to the services already included, a door-opening sensor for the fridge.

LEASING AND RENTING

Ibercaja Leasing y Financiación S.A.U., E.F.C. specialises in financing productive **activities through leasing and renting**.

It offers solutions for SMEs and professionals to finance their investments in fixed assets, as well as renting services to companies, the self-employed and individuals.

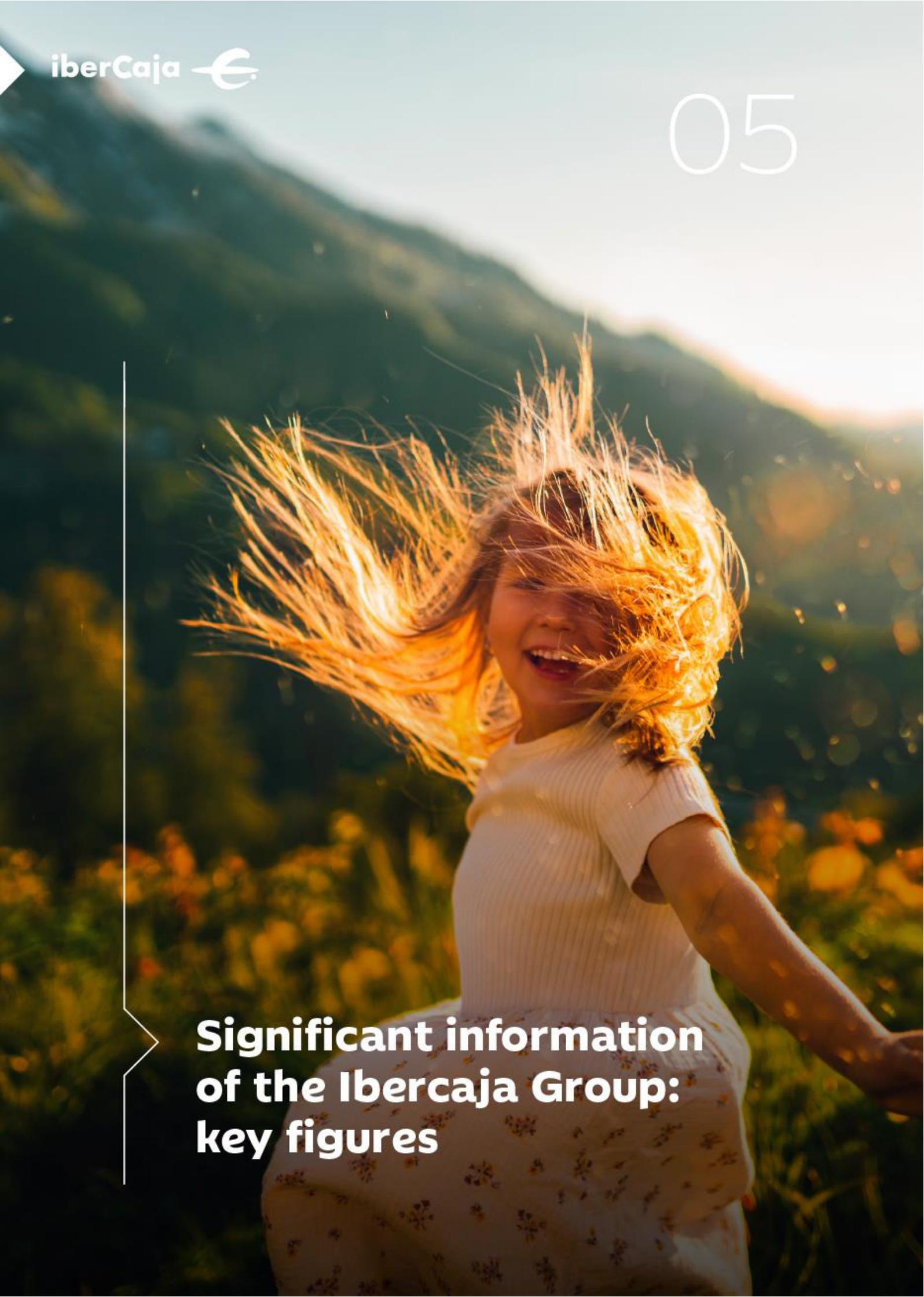
In 2022, the company's outstanding risk exceeded **600 million euros**, with **new formalisations amounting to 292 million euros**. Of the global volume of new transactions, 51.4% were earmarked to the financing of non-industrial vehicles, 26.1% to industrial vehicles, 17.9% to machinery, 1.8% to IT equipment and the remainder (2.8%) to real estate, medical equipment, graphic arts and other goods and facilities.

It must be highlighted that approximately four out of ten transactions arranged corresponded to the vehicle renting business. As a result, the fleet of renting vehicles now totals 5,171 units.

The default ratio of Ibercaja Leasing y Financiación S.A.U., E.F.C., is 1.4%, significantly lower than the average for financial credit institutions (6.4% at November 2022). In turn, the coverage ratio stood at 66% of non-performing balances.

Over the last few years, the Company has demonstrated its **commitment to environmental protection**. Thus, during 2022, leasing operations were carried out to finance solar panels and photovoltaic installations, and commercial campaigns were also developed for the leasing of vehicles with the ECO label. For the first time, campaigns have been launched for the purchase of plug-in hybrid vehicles and for the purchase of electric motorbikes

Ibercaja Leasing has twice **won** the prize awarded monthly by the Spanish Leasing and Renting Association for the **most sustainable operation carried out each month**, for the financing of photovoltaic panels to Communities of Owners in August, and a solar power plant in November.



**Significant information
of the Ibercaja Group:
key figures**

5.1 Highlights for the period at the Ibercaja Group

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In a context of uncertainty, Ibercaja maintains a high level of commercial dynamism, continues to improve asset quality and shows significant progress in profitability.

Strong dynamism in the year in the main segments of the “Challenge 2023” Plan: Personal and Private Banking, Business Banking and Risk Insurance, driving market share growth in Ibercaja's key products.

- Good development in **new loan and credit formalisations**, which totalled **5,988** million euros, **10.4% more** than the previous year. Also noteworthy was the **strong dynamism** of the volume of **current loans**, with an **increase of 25.3%** in the year to **9,680** million euros. The balance of **loans and advances under reverse repurchase agreements** increased by **1.3%** to **29,237** million euros.
- **Corporate loans** amounted to **8,358** million euros, an **increase of 4.3%** over 2021, resulting in an increase in the market share of lending to non-financial companies of 8 basis points in the year. Of note was the growth in **non-real estate productive activities**, which increased by **5.1% year-on-year**.
- **Retail deposits** declined **1.6%** year-on-year to 69,016 million euros. Excluding the negative impact of the fall in the markets (2,796 million euros), retail customer funds **increased 2.4%**.
- The Bank focused **its commercial approach on transfers to intermediation products** and achieved **advances in market shares** in the main segments. The **market share in investment funds** continued to grow, **rising 8 b.p.** to **5.9%** and **contributions** amounted to **1,513** million euros, **8.8% of the total** net contributions for the Entities as a whole.
- The market share in **pension plans** was **6.1% (+8 b.p. in the year)**, of note was the rise in the market share in **individual pension plans** to **3.5%** (+5 b.p. in the year).

- **New life and non-life premium income rose 7.7%** year-on-year to **71.5 million euros**. Of note was the **new production of life-risk products**, which increased 30.2% year-on-year thanks to the high volume of mortgages formalised.
- **Investment of a sustainable and supportive** nature amounted to **3,938 million euros in 2022**. During the year, six investment funds and one pension plan were incorporated on a sustainable basis.

Ibercaja achieved a **net profit of 202 million euros** thanks to the good performance of the **interest margin** and the **fall in operating costs and the cost of risk** in an environment of rising interest rates, market volatility and inflationary pressures.

- The **interest margin** increased **13.3%** year-on-year to **558 million euros**, thanks to higher interest income from lending, the improved profitability of the fixed income portfolio and a greater contribution from the Group's insurance activity. **Net fees and exchange rate differences** amounted to **438 million euros**, virtually unchanged from 2021 (-0.1% y-o-y).
- As a result, **total recurrent revenues increased 7.0% y-o-y to 996m euros**. In the fourth quarter, recurrent revenues increased **22.0% y-o-y**.
- **Operating expenses declined 6.3%** in the year to **573 million euros**. The cost base already takes into account the effect of the 2020 Redundancy Proceedings. **The recurrent efficiency ratio was 57.5%**.
- **Writedowns of loans and foreclosed real estate** amounted to 96 million euros compared to 114 million euros because of the good performance of non-performing loans in the year. The **cost of risk** was **30 b.p.**, in line with the Bank's medium-term objective.
- Thus, Ibercaja achieved a **net profit of 202 million euros**, a **year-on-year increase of 33.9%** and a **ROTE of 7.6%** for the year.
- The dividend distribution amounted to 121 million euros, of which 101 million euros have already been paid out on account and 20 million euros are pending approval and distribution. This amount is a **60% pay-out**.

One of the soundest balance sheets in the Spanish financial system: asset quality indicators continue to improve and Ibercaja maintains high levels of solvency and liquidity.

- **Non-performing loans** declined **30.9%**, a significantly larger contraction than the sector's **17.9%** (latest information as at December). **The NPL ratio falls 72 basis points to 1.6%** and Ibercaja closes with a positive gap compared to all credit institutions of 196 basis points^[6]. The **coverage ratio** of non-performing loans was 90.0%, an increase of 15 p.p. compared to 2021.
- **Total problematic exposure, non-performing loans and foreclosed assets**, declined 347 million euros to **913 million euros**. The **problem asset ratio, at 2.9%**, declined by 110 basis points over the year and the **coverage ratio** increased by 7.6 p.p. to **76.4%**.
- The Group has a **solid funding structure** and retail customer deposits account for **87.1%** of customer financing. The ratio of credit to retail financing (LTD) was 78.4%. The **LCR ratio** amply meets the minimum requirements and stands at **306.5%**.
- The **CET1 fully loaded ratio** declined **34 b.p. to 12.4%**, in line with the Bank's medium-term strategic objective of 12.5%. The total capital ratio was 17.1%, one of the highest in the Spanish banking system after completing its AT1 and T2 buffers. The **MDA**, which measures the distance of total capital from the ECB's requirements, was **4.7%**, one of the highest in the Spanish financial system.

⁶ Source: Bank of Spain, latest available information at December 2022.

Key indicators

BALANCE SHEET	31/12/2022	31/12/2021	Change (%)
Total assets	54,361	58,631	(7.3)
Gross loans and advances to customers	31,346	31,195	0.5
Performing loan portfolio exc. reverse repurchase agreements	29,237	28,862	1.3
Total retail resources	69,016	70,163	(1.6)
Equity	3,178	3,270	(2.8)
Retail business volume	98,253	99,025	(0.8)

PROFITS (thousands of euros)	31/12/2022	31/12/2021	Change (%)
Interest margin	558,244	492,826	13.3
Gross Income	976,589	952,260	2.6
Profit/(loss) before write-downs	403,681	341,038	18.4
Profit/(loss) attributed to the parent	202,120	150,985	33.9

EFFICIENCY AND PROFITABILITY	31/12/2022	31/12/2021	Change (%)
Recurring efficiency ratio (ordinary expenses/recurrent revenues)	57.5%	64.2%	(10.5)
ROA (profit attributable to the parent company/total average assets)	0.3%	0.3%	33.0
RORWA (profit attributable to the parent company/APRs)	1.1%	0.8%	33.9
ROE (profit attributable to the parent company/average own funds)	6.9%	5.2%	32.4
ROTE (profit attributable to the parent company/average tangible own)	7.6%	5.7%	33.9

RISK MANAGEMENT	31/12/2022	31/12/2021	Change (%)
Non-performing balances (loans and advances to customers)	496	718	(30.9)
Non-performance rate of loans and advances to customers (%)	1.6%	2.3%	(31.3)
Ratio of problem assets (%)	2.9%	4.0%	(27.6)
Coverage of non-performing exposures	446	540	(17.5)
Coverage of non-performing exposures (%)	90.0%	75.3%	19.5
Coverage of exposure to distressed assets (%)	76.4%	68.8%	11.0

LIQUIDITY	31/12/2022	31/12/2021	Change (%)
Liquid assets / Total assets (%)	24.5%	26.0%	(5.6)
Loan-to-deposit ratio (LtD)	78.4%	78.2%	0.2
LCR ratio (%)	306.5%	452%	(32.2)
NSFR ratio (%)	152.7%	152.2%	0.3

SOLVENCY	31/12/2022	31/12/2021	Change (%)
CET1, phase-in (%)	12.9%	13.4%	(4.0)
Solvency ratio, phase-in (%)	17.6%	18.1%	(3.0)
Leverage ratio, phase-in (%)	5.5%	6.0%	(7.9)
CET1, fully loaded (%)	12.4%	12.7%	(2.6)
Total capital, fully loaded (%)	17.1%	17.4%	(1.9)
Leverage ratio, fully loaded (%)	5.4%	5.8%	(7.0)

ADDITIONAL INFORMATION	31/12/2022	31/12/2021	Change (%)
No. Group employees	4,794	4,880	(1.8)
No. of branches	894	914	(2.2)

Figures rounded to million euros and%

5.2 Analysis of the main balance sheet figures

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One of the soundest balance sheets in the Spanish financial system thanks to excellent asset quality performance

Key figures on the consolidated balance sheet:

	31/12/2022	31/12/2021	Change	Change (%)
Cash and credit institutions	2,242,423	6,749,981	(4,507,558)	(66.8)
Loans and advances to customers	30,900,520	30,655,026	245,494	0.8
Securities portfolio	18,168,890	18,214,267	(45,377)	(0.2)
Tangible assets	978,150	1,004,091	(25,941)	(2.6)
Intangible assets	302,950	269,167	33,783	12.6
Other assets	1,767,773	1,738,877	28,896	1.7
Total assets	54,360,706	58,631,409	(4,270,703)	(7.3)
Deposits from credit institutions and central banks	2,013,412	6,616,302	(4,602,890)	(69.6)
Customer deposits	38,841,785	38,268,280	573,505	1.5
Debt securities issued	1,715,207	1,316,321	398,886	30.3
Liabilities under insurance contracts	6,403,447	7,121,494	(718,047)	(10.1)
Provisions	219,055	268,943	(49,888)	(18.5)
Other liabilities	1,989,857	1,769,668	220,189	12.4
Total liabilities	51,182,763	55,361,008	(4,178,245)	(7.5)
Equity	3,177,943	3,270,401	(92,458)	(2.8)
Total equity and liabilities	54,360,706	58,631,409	(4,270,703)	(7.3)

Assets

Total assets on the consolidated balance sheet amounted to **54,361 million euros**, compared to 58,631 million euros in December 2021; the 7.3% decrease in the year was mainly due to the decrease in cash and credit institutions, following the early repayment of TLTRO III financing.

Loans and advances to customers, recognised as financial assets at amortised cost and financial assets not held for trading which must be measured at fair value through profit or loss came to **30,901 million euros**, 0.8% higher at year-end 2021. In gross terms, i.e. without value adjustments for asset impairment, the loan portfolio amounted to 31,346 million euros. “Sound” credit, 29,237 million euros, excluding non-performing assets and reverse repos, increased by **375 million euros or 1.3% y-o-y**. The growth in lending is explained by the **good performance of loans and credits** totalling **5,988 million euros**, 10.4% higher than in the previous year. In terms of **geographic markets**, Madrid and the Mediterranean Coast accounted for 53% of the total amount granted in the year, while 33% corresponded to the Traditional Area. The Bank maintains a low risk profile, **specialising in home purchase loans**, which account for 61% of total “healthy” credit. Without losing this specialisation, **Ibercaja is progressively increasing its focus on lending to non-real estate productive assets**, which now represents 25% of the normal credit balance.

Distribution of loans and advances to customers by purpose:

	31/12/2022	31/12/2021	Change	Change (%)
Loans to households	19,535,074	19,818,759	(283,685)	(1.4)
Housing	17,874,737	18,100,029	(225,292)	(1.2)
Consumer loans and other	1,660,337	1,718,730	(58,393)	(3.4)
Corporate loans	8,357,698	8,015,693	342,005	4.3
Non-real estate productive activities	7,399,348	7,042,292	357,056	5.1
Real estate development	958,350	973,401	(15,051)	(1.5)
Public sector and other	1,344,669	1,027,984	316,685	30.8
Gross loans, ex impairment and reverse repos	29,237,441	28,862,436	375,005	1.3
Reverse repurchase agreements	1,613,345	1,615,394	(2,049)	(0.1)
Impaired assets	495,623	717,621	(221,998)	(30.9)
Gross loans and advances to customers	31,346,410	31,195,451	150,959	0.5
Impairment losses and others	(445,891)	(540,467)	94,576	(17.5)
Loans and advances to customers	30,900,519	30,654,984	245,535	0.8

Figures in thousands of euros

Lending to households declined 1.4% year-on-year. Its main component, **home loans**, dipped by 1.2%. The greater dynamism in new mortgages, which amounted to 2,022 million euros, 41.2% more than the previous year, was offset by the increase in early repayments and cancellations. **Consumer credit and other financing to households**, with a weight of 5.7% of the total, fell by 3.4%, as a result of a 6.2% decline in consumer credit.

Lending to corporates amounted to 8,358 million euros, an increase of 4.3% over 2021. This growth translated into an increase in the market share of lending to non-financial corporations of 8 b.p. in the year. The focus of growth is **financing to non-real estate productive activities**, which increased by 5.1%. This was due to the high dynamism of loans and credits, which rose 6.4%, as well as the excellent performance of working capital lending, which increased 25.3% to 9,680 million euros. Exposure to **real estate development**, which represents only 3% of healthy loans, was reduced by 1.5% in the year.

Asset quality indicators (NPL ratio, foreclosed assets and coverage)

	31/12/2022	31/12/2021
Non-performing loans and advances to customers	495,623	717,621
Gross loans and advances to customers	31,346,410	31,195,451
Non-performance rate of loans and advances to customers (%)	1.58%	2.30%
Distressed assets (non-performing loans and advances to customers + repossessions)	912,547	1,259,862
Exposure (loans and advances to customers + foreclosed assets)	31,763,334	31,737,692
Distressed asset ratio	2.87%	3.97%
Non-performing loans and advances to customers	495,623	717,621
Coverage of non-performing exposures	445,959	540,467
Coverage of non-performing exposures (%)	89.98%	75.31%
Foreclosed assets (gross carrying amount)	416,924	542,241
Coverage of foreclosed assets	250,804	326,197
Coverage of foreclosed assets (%)	60.16%	60.16%
Distressed assets (non-performing loans and advances to customers + repossessions)	912,547	1,259,862
Coverage of Problem assets (%)	696,763	866,664
Coverage rate of Problem assets (%)	76.35%	68.79%

Asset quality indicators continue to improve in the year despite the uncertain environment with interest rate hikes and higher inflationary pressures resulting in a deterioration of household purchasing power. **Non-performing assets (loans and advances to customers), 496 million euros at the end of 2022, declined 30.9% in the year.** Of note was the exceptional performance of recoveries, which were 7 million euros higher than in 2021 and accounted for 32.0% of the total initial balance of non-performing assets. The contraction of impaired assets in Ibercaja has been significantly higher than that of the sector (-17.9% according to the latest statistical information from the Bank of Spain at the end of December).

The NPL ratio, 1.6%, is one of the lowest in the Spanish banking system. This ratio fell by 72 basis points compared to the end of 2021, to 196 basis points below that of all lending institutions^[7]. The coverage ratio of non-performing loans was 90.0%, an increase of 15 p.p. compared to 2021. In 2022, the Bank made a provision of 51.8 million euros to cover the exposures of customers for whom a significant increase in credit risk is expected in the short to medium term as a result of the aforementioned macroeconomic outlook and its potential social and economic effects on the Bank's customer portfolio, due to the high degree of uncertainty that persists in the current macroeconomic context.

The **portfolio of foreclosed properties**, recorded under the balance sheet items "investment property", "inventories" and "non-current assets held for sale" amounted to **417 million euros gross, 23.1% lower than in December 2021**. This decline is the result of a more favourable performance of inflows, down 38.9% compared to 2021, as well as an increase in foreclosure sales, 187 million euros in the year, accounting for 34.4% of the initial foreclosure stock. Land sales accounted for 65.5% of total sales, amounting to 123 million euros. The coverage of all real estate was 60.2%, with coverage of land assets reaching 68.9%. The net value of foreclosed assets, 166 million euros, decreased by 7.8% and represented only 0.3% of total assets.

Problem assets, the sum of non-performing loans and advances to customers and foreclosed real estate, fell by 347 million euros or 27.6% year-on-year to **913 million euros at the end of 2022**. The problem asset ratio, at 2.9%, declined by 110 basis points over the year. The coverage ratio for all problem assets stood at 76.4%, 7.6 percentage points higher than at the end of 2021. As a result of the reduction in the balance of gross problem assets and the increase in coverage, net problem assets, net of hedging, stood at 216 million euros, down 45.1% year-on-year and representing 0.4% of the Bank's total assets, one of the lowest in the Spanish financial system.

The main aim of the Group's refinancing and debt restructuring policy is to help borrowers experiencing temporary financial difficulties meet their obligations and also, where possible, to improve risk quality by securing additional collateral. **Refinanced loans** amounted to **403 million euros, 25.3% on year-end 2021** and accounting for only 1.3% of gross loans and advances to customers. 68.1% of refinanced loans are classified as non-performing and their coverage is 34.8%.

⁷ Source: Bank of Spain, latest available information at December 2022.

As regards the **distribution of the loan portfolio by stages**, Ibercaja has classified as Stage 2 4.7% of gross lending vs 5.0% in 2021. This improvement is explained by the good performance of the loan portfolio during the year despite the greater macroeconomic uncertainty. The level of coverage stands at 6.8%.

The **Group's portfolio of fixed-income securities, shares and equity interests in companies** amounts to **18,169 million euros**, of which 6,387 million euros corresponds to the insurance business.

The **portfolio affected by banking activity, 11,781** million euros, increased by 881 million euros in the year.

- The **ALCO portfolio** managed by the parent company increased by 922 million euros to 11,384 million euros, due to purchases of government bonds in the euro area. This portfolio is composed of low-risk bonds, mainly Spanish government bonds (67.3%) and Sareb bonds (13.8%), with an average duration, including hedges, of 4.3 years and an average portfolio yield of 0.45% (vs 0.35% in 2021). 95.7% of these financial assets are classified at amortised cost. The objective here is to soundly manage balance sheet interest rate risk, generate recurring earnings to strengthen the interest margin and help maintain comfortable levels of liquidity.
- **Equity**, at 366 million euros, comprised investments in unlisted companies in strategic sectors for the Bank or intended for the territorial development of the regions in which the Bank operates, together with listed shares of domestic and foreign companies. The decrease for the year is 38 million euros.

The **portfolio assigned to insurance activity, 6,387** million euros, declined by 926 million euros.

- **Fixed income**, 4,819 million euros, down 784 million euros in the year mainly due to the decrease of 480 million euros in Spanish public debt. These assets are mainly classified as "Financial assets at fair value through other comprehensive income".
- **Equity**, 1,569 million euros, down 142 million euros, explained by the decrease in Unit Links of 131 million euros in the year.

Breakdown of the securities portfolio

	31/12/2022	31/12/2021	Change	Change (%)
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,546,214	1,666,941	(120,727)	(7.2)
Debt securities	1,546,214	1,666,941	(120,727)	(7.2)
Equity instruments	0	0	0	
Financial assets at fair value through profit or loss	5,530	7,451	(1,921)	(25.8)
Debt securities	5,530	7,451	(1,921)	(25.8)
Financial assets at fair value through other comprehensive income	5,318,133	6,464,034	(1,145,901)	(17.7)
Debt securities	5,019,226	6,118,358	(1,099,132)	(18.0)
Equity instruments	298,907	345,676	(46,769)	(13.5)
Financial assets at amortised cost	11,209,203	9,974,513	1,234,690	12.4
Debt securities	11,209,203	9,974,513	1,234,690	12.4
Investments in joint ventures and associates	89,810	101,328	(11,518)	(11.4)
Total securities portfolio	18,168,890	18,214,267	(45,377)	(0.2)

Figures in thousands of euros

BY ACTIVITY AREA	31/12/2022	31/12/2021	Change	Change (%)
Banking business	11,781,433	10,900,580	880,853	8.1
Of which: fixed income - ALCO portfolio	11,384,236	10,462,235	922,001	8.8
Of which: fixed income - subsidiary portfolio	30,880	34,932	(4,052)	(11.6)
Of which: equities	366,317	403,413	(37,096)	(9.2)
Insurance business	6,387,456	7,313,687	(926,231)	(12.7)
Of which: fixed income	4,818,842	5,603,155	(784,313)	(14.0)
Of which: equity (Unit Linked)	1,568,614	1,710,532	(141,918)	(8.3)
Total securities portfolio	18,168,890	18,214,267	(45,377)	(0.2)

The **asset balance with central banks, credit institutions and cash** is **2,242 million euros**. The decrease in the year, 4,508 million euros, is entirely concentrated in “cash balances at central banks”, following the early repayment of the TLTRO III financing.

Liabilities to central banks and credit institutions amounted to **2,013 million euros, 69.6% less** than in December **2021**. The decrease is due to the heading “deposits with central banks” which is at 0 due to the early redemption of the entire TLTRO (5,959 million euros) in November 2022.

Breakdown of cash and assets at credit institutions and deposits from credit institutions and central banks

	31/12/2022	31/12/2021	Change	Change (%)
Cash and cash balances at central banks and other demand deposits	1,582,223	6,388,624	(4,806,401)	(75.2)
Credit institutions (financial assets at amortised cost)	660,200	361,357	298,843	82.7
Cash and credit institutions	2,242,423	6,749,981	(4,507,558)	(66.8)
Central bank deposits	—	5,871,128	(5,871,128)	(100.0)
Deposits from credit entities	2,013,412	745,174	1,268,238	170.2
Deposits from central banks and credit institutions	2,013,412	6,616,302	(4,602,890)	(69.6)

Figures in thousands of euros

Tangible assets amounted to **978 million euros**, a decrease of 26 million euros since December 2021. This is because the increase in assets leased out under operating leases by 12 million is offset by higher write-downs in property, plant and equipment for own use as well as in investment property by 6 million and 33 million respectively. **Intangibles assets, 303 million euros**, comprise goodwill, other items generated from the acquisition of Caja3 and computer software. The development of strategic and regulatory projects explains the increase of 49 million in this heading.

Tax assets, 1,238 million euros, decreased by 5.1%, due to a 5.5% decrease in deferred tax assets, because of their offset in the Corporate Income Tax for 2022.

Equity and liabilities

Customer deposits, which include demand deposits, time deposits, covered bonds and repos, ended the year with a balance of **38,842 million euros**, **1.5%** higher than at the end of 2021. The change was due to the 0.6% rise in retail deposits (demand savings and traditional term deposits without covered bonds) and the increase in repos during the year. The Bank's strategic focus was on transferring deposits to intermediation products, particularly investment funds, pension plans and savings insurance, products with higher expected returns for the customer.

Retail funds managed on and off-balance sheet, **69,016 million euros**, declined 1.6% because of the fall in asset management and insurance, which declined 4.2% to 31,641 million euros, impacted by volatility and falls in the markets.

Details of total retail customer funds

	31/12/2022	31/12/2021	Change	Change (%)
Retail deposits	37,374,772	37,131,170	243,602	0.7
Demand deposits	35,575,488	34,673,081	902,407	2.6
Term deposits (exc. mortgage-backed bonds)	1,799,284	2,458,089	(658,805)	(26.8)
Asset management and insurance	31,641,130	33,031,334	(1,390,204)	(4.2)
Total retail funds	69,015,902	70,162,504	(1,146,602)	(1.6)

Figures in thousands of euros

Debt securities issued, at **1,715 million euros**, were up 399 million euros due to the combined effect of the maturity of securitisation liabilities and the issuance of senior preferred debt in June 2022, eligible for MREL requirements, totalling 500 million euros.

Liabilities under insurance or reinsurance contracts, **6,403 million euros**, fell 10.1% as a result of the decline in the valuation of insurance business assets.

Provisions on the liability side of the balance sheet, **219 million euros**, comprise funds for pensions and similar commitments, outstanding labour costs and other provisions. The net change of 18 million euros was mainly due to the use of balances from previous years associated with redundancy plans, interest rate floor clauses and the Group's pension commitments to its employees.

Equity totalled **3,178 million euros**, 92 million euros less than at the end of 2021. The increase of 34 million euros in shareholders' equity was offset by a decrease of 126 million euros in "Accumulated other comprehensive income" as a result of the decline in the valuation of financial assets.

5.3 Income statement

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Ibercaja's net profit was 202 million euros (+33.9% y-o-y) and its ROTE was 7.6%.

Main headings of the income statement:

	31/12/2022	31/12/2021	Change	Change (%)
Interest margin	558,244	492,826	65,418	13.3%
Net fees and commissions and exchange differences	438,065	438,543	(478)	(0.1)%
Recurrent revenues	996,309	931,369	64,940	7.0%
Gains/(losses) on financial assets and liabilities	13,791	46,662	(32,871)	(70.4)%
Other operating profit/(loss)	(33,533)	(25,771)	(7,762)	30.1%
Other operating income and expense	(43,382)	(40,902)	(2,480)	6.1%
Dividends	10,365	9,542	823	8.6%
Earnings at equity-accounted entities	(516)	5,589	(6,105)	(109.2)%
Gross income	976,589	952,260	24,329	2.6%
Operating expenses	(572,908)	(611,222)	38,314	(6.3)%
Profit/(loss) before write-downs	403,681	341,038	62,643	18.4%
Provisions, impairment and other write-downs	(128,333)	(126,953)	(1,381)	1.1%
Other gains/(losses)	7,872	686	7,186	1047.4%
Pre-tax income	283,220	214,773	68,447	31.9%
Taxes	(81,100)	(63,788)	(17,312)	27.1%
Consolidated profit/(loss) for the year	202,120	150,985	51,135	33.9%
Profit/(loss) attributable to the Parent	202,120	150,985	51,135	33.9%

The **interest margin** amounted to **558 million euros**, noting an **year-on-year increase of 13.3%**, mainly due to higher financial income from lending, improved profitability of the fixed income portfolio and a higher contribution from the Group's insurance business. Part of these positive impacts have been offset by a higher cost of wholesale funding as a result of higher interest rates. The interest margin in the fourth quarter was 54.8% higher than in the same quarter of the previous year.



Lending revenues increased 16.7% year-on-year due to the improved profitability of the portfolio. The average rate of 1.39% was 20 b.p. higher than the average in 2021. The loan portfolio is gradually reflecting, especially in the second half of the year, the rise in interest rates.

The **cost of retail savings** increased slightly due to the absence of the negative interest rate charge.

The **customer spread**, measured as the difference between loans and advances to customers and retail deposits, stood at 1.40%, 19 basis points higher than the average of 1.21% in 2021.

The **yield on the fixed income portfolio** is 51 million euros and represents 8.0% of interest income. The year-on-year increase of 17 million was mainly due to an improvement in the average return on the portfolio (0.45% vs 0.34% in 2021) with no volume increases.

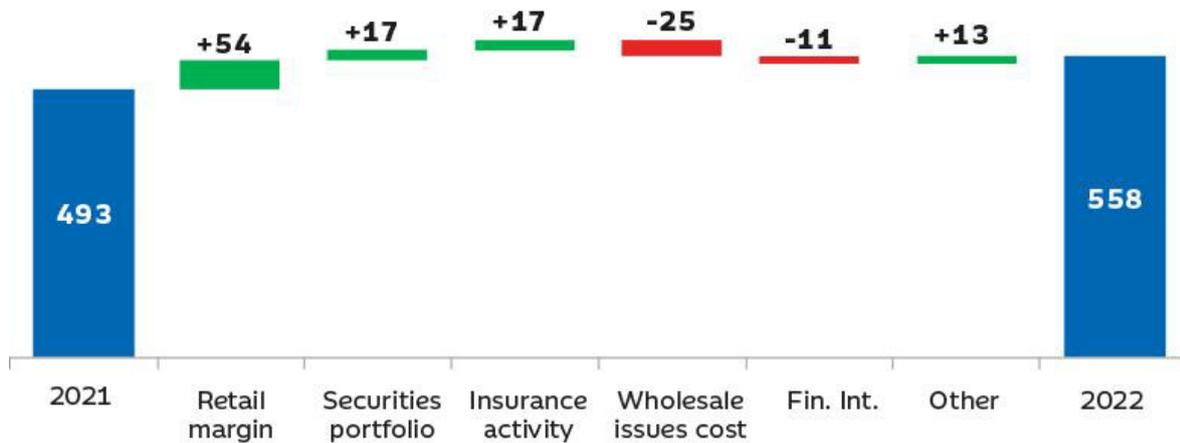
The **cost of wholesale issues** is 58 million euros, 76.6% higher than in 2021, due to the progressive repricing of wholesale issues and the cost of the 500 million euros senior preferred debt issue last June at a rate of 3.75%.

Insurance revenues increased by 19.1% to 125 million euros while insurance costs reached 5 million euros compared to 2 million euros in 2023.

The **Group's balance sheet spread** was 0.96% at the end of 2022, 11 basis points higher than in the previous year.

Year-on-year change in the interest margin

m€



Breakdown of interest margin:

	2022			2021			Change 22/21		
	Average balance	Cost Perfor	Cost Perfor	Average balance	Cost Perfor	Cost Perfor (%)	Volume effect	Effect rate	Net change
(figures rounded to millions of euros)									
Financial intermediaries	7,694	45	0.58	7,912	67	0.85	(2)	(21)	(22)
Loans and advances to customers (a)	28,756	400	1.39	28,862	343	1.19	(1)	59	57
Fixed income portfolio	11,517	51	0.44	9,969	34	0.34	5	11	17
Income from insurance activity	6,700	125	1.87	7,519	105	1.40	(11)	35	20
Other assets	3,560	20	0.56	3,603	1	0.02	–	20	19
ASSETS (c)	58,227	642	1.10	57,865	550	0.95	3	88	92
Financial intermediaries	6,414	13	0.20	6,792	24	0.35	(1)	(10)	(11)
Retail deposits (b)	37,319	(3)	(0.01)	35,924	(7)	(0.02)	–	3	3
Wholesale issues	2,641	58	2.20	2,588	33	1.26	1	24	25
Costs of insurance activity	6,554	5	0.08	7,291	2	0.02	–	4	3
Other liabilities	5,299	11	0.21	5,270	6	0.10	–	6	6
LIABILITIES (d)	58,227	84	0.14	57,865	57	0.10	–	26	27
Customer spread (a-b)			1.40			1.21			
Balance sheet spread (c-d)			0.96			0.85			

Note: In accordance with accounting regulations, income derived from the application of negative rates is recognised according to its nature. "Financial intermediaries" on the assets side includes the negative interest on the financial intermediaries' balances on the liabilities side, the most significant of which is the income from TLTRO III. Symmetrically, "Financial intermediaries" on the liabilities side includes negative interest on the balances of financial intermediaries on the assets side.

Net fees and exchange rate differences amounted to **438 million euros, virtually unchanged from 2021 (-0.1% y-o-y)**. Trading and asset management declined 3.7%, due to the poor performance of the financial markets in the year. Fees and commissions from banking activity increased 6.9%, mainly driven by growth in fees and commissions from collection and payment services (+11.4% y-o-y), supported by an improvement in economic activity and the update of fees that the Bank carried out at the end of 2021.

Net fees and commissions:

	31/12/2022	31/12/2021	Change	Change (%)
Fees for contingent liabilities and commitments	11,405	11,366	39	0.3
Collection and payment services fees	137,171	123,161	14,009	11.4
Securities services fees	34,244	49,581	(15,337)	(30.9)
Administration, custody and trading of securities	7,829	7,954	(125)	(1.6)
Asset management	26,415	41,627	(15,212)	(36.5)
Non-bank financial product marketing fees	257,785	254,860	2,925	1.1
Other fees	16,971	18,527	(1,556)	(8.4)
Fees received	457,575	457,495	80	–
Fees paid	(19,236)	(19,509)	274	(1.4)
Exchange differences	(274)	557	(831)	(149.2)
Net fees and commissions and exchange differences	438,066	438,543	(477)	(0.1)
Fees for marketing and asset management	278,103	288,925	(10,821)	(3.7)
Banking fees and commissions	159,962	149,618	10,344	6.9

Recurrent revenues, the aggregate of the interest margin and net fees and commissions, increased **7.0% y-o-y to 996m euros**. The good performance of the interest margin, driven by the progressive repricing of the loan portfolio and the increase in banking fees, offset the negative impact of the markets on the increase in fees linked to asset management. In the fourth quarter, recurrent revenues amounted to 297m euros, 22.1% higher than in the same quarter of 2021, thanks to the positive contribution from the interest margin.

Dividend income amounted to **10 million euros**, in line with the previous year.

Gains from lending transactions stood at **14 million euros**. The decrease compared to last year is mainly explained by the fact that no capital gains from sales of forward transactions have been realised this year as in 2021.

The **net of other operating income and expenses** in the income statement includes, inter alia, income and expenses from non-financial activities and contributions to the Deposit Guarantee Fund (57 million euros), to the National Resolution Fund (16 million euros) and the expense of the asset benefit from the conversion of deferred tax assets into a receivable from the Spanish tax authorities (6 million euros). In 2022, this heading shows an **expenditure of 43 million euros, compared to 41 million euros a year earlier.**

The **results of entities accounted for using the equity method** amounted to **1 million euros.** The decrease of 6 million compared to last year is mainly explained by the absence of extraordinary results in contrast to the previous year.

Gross income was **977 million euros, 2.6% higher than at the end of 2021.** The better performance was due to the good performance of recurrent revenues, which offset the lower net trading income and the lower results of entities accounted for using the equity method.

Operating expenses, 573 million euros, fell by 6.3% in the year. Discounting the impact of the additional costs in 2021 resulting from the Redundancy Proceedings (12.8 million euros), the **recurring expenses,** fell by 4.3%.

Staff costs excluding one-offs are down 8.4% as a result of savings from the redundancy programme completed in June.

Other administrative expenses decreased by 1.8% while **depreciation and amortisation** increased by 12.0%, mainly due to intangible assets. Other administrative expenses and depreciation grew by 2.1%, below inflation during the year.

Breakdown of operating expenses:

	31/12/2022	31/12/2021	Change	Change (%)
Wages and salaries	(250,981)	(270,847)	19,866	(7.3)
Social security contributions	(62,873)	(68,638)	5,765	(8.4)
Contribution to pension funds and insurance policies	(15,716)	(17,667)	1,951	(11.0)
Severance payments	(669)	(16,333)	15,664	(95.9)
Other staff costs	(1,631)	(1,698)	67	(3.9)
Staff costs	(331,869)	(375,182)	43,314	(11.5)
Buildings, installations and office equipment	(30,051)	(27,668)	(2,383)	8.6
Systems maintenance, licences, IT development and software	(22,661)	(21,879)	(782)	3.6
Communications	(12,080)	(12,154)	75	(0.6)
Advertising and publicity	(5,656)	(5,771)	115	(2.0)
Charges and taxes	(18,248)	(18,170)	(78)	0.4
Other management and administration expenses	(77,347)	(83,424)	6,077	(7.3)
Other general administrative expenses	(166,042)	(169,066)	3,024	(1.8)
Depreciation and amortisation	(74,997)	(66,973)	(8,024)	12.0
Operating expenses	(572,908)	(611,221)	38,313	(6.3)
Recurring operating expenses	(572,908)	(598,379)	25,471	(4.3)
Staff costs ex WAP costs	(331,869)	(362,341)	30,472	(8.4)
Other general administrative expenses + amortisation	(241,039)	(236,039)	(5,000)	2.1

Figures in thousands of euros

Recurrent efficiency ratio, measured as recurring expenses over recurrent revenues, improved to **57.5%**.

Recurrent revenues before write-downs totalled 423 million euros, **27.2% higher than in the same period of the previous year**, due to the sharp rise in recurrent revenues and lower operating expenses. In the fourth quarter, recurring profit before provisions amounted to 149 million euros (83 million euros in the same quarter of the previous year).

Provisions and write-downs reported as losses on impairment of financial assets, non-financial assets, non-current assets held for sale and allowances for provisions, **128 million euros**, increased by 1.1% compared to 2021.

Loan and real estate writedowns were 96 million euros, 18 million euros lower than in 2021. The Group's cost of risk, calculated as the percentage of credit and real estate impairment losses relative to average exposure, was **30 b.p.** lower than the 35 b.p. recorded in 2021 and in line with the Bank's medium-term objective.

The heading **Provisions** includes provisions for pensions, lawsuits, pending tax litigation, commitments and guarantees given and other provisions. At December 2022, it recorded a net provision of 19 million euros, due to a reversal of a provision of 16 million euros for the lapse of a contingency linked to labour costs and a provision of 32 million euros related to interest rate floor clauses and other legal contingencies.

“Other **gains and losses**” include the results of the sale of property, plant and equipment and business interests, as well as the payment of fees for the marketing of foreclosed properties. This heading showed **income of 7.9 million euros**, compared to 0.7 million in 2021. The improvement is mainly due to the capital gain obtained on the disposal of the Bank's stake in the capital of the company Solavanti S.L.

The Group's **pre-tax profit** amounted to **283 million euros**. After deducting the amount paid in corporate income tax, the **net profit attributable to the parent company** is **202 million euros**, 51 million more than in 2021, which represents an annual increase of 34%.

The **ROTE** (ratio of net income to average tangible equity) reached 7.6%, compared to 5.7% in 2021.

5.4 Funding and liquidity structure

Retail deposits are the basis of the Group's outside funding.

Ibercaja has traditionally employed a **conservative liquidity policy**, as it seeks to finance the growth of its lending activity with retail customer funds. The Bank prudently manages its liquidity and ensures that its sources of financing are balanced and well-diversified, anticipating fund needs so as to honour its obligations as these fall due without conditioning its investment activity to the climate of wholesale financing markets.

The basic principles governing its **strategy** are documented in the Liquidity Risk Management Manual, in particular:

- Actively managing through **continuous monitoring of the Funding Plan** with a focus on both the sources and applications of liquidity (EOAF) and the composition and quality of available liquid assets.
- Setting a **Liquidity Objective** that provides a cushion of liquid assets to cover outflows of funding, non-renewal of wholesale funding or a fall in the valuation of liquid assets in such a way as to ensure the viability of the Bank in the face of adverse scenarios.
- Having a **monitoring system** based on internal limits and indicators, establishing **measures and actions in the event of crisis scenarios** (Contingency Plan), considering the different **alternatives offered by the market** to diversify investment both in terms and in instruments of maximum liquidity and maintaining a significant **cushion of collateral at the ECB** to deal with possible tensions.

The **liquidity risk measurement** considers:

- The estimated **cash flows** from assets and liabilities, as well as any additional collateral or instruments that may be needed so as to ensure alternative sources of liquidity.
- The **forecasts made through the business plan**, so that the financing plan takes into account the expected growth of the various balance sheet items depending on the macroeconomic environment and the ambition of the Bank.

Note 3.8. to the **Financial Statements for 2022** provides a more detailed explanation of the **Bank's strategy and policies for managing liquidity risk**, as well as the associated measurement and control procedures.



Retail customer deposits amounted to **37,375 million euros** and are the **main source of borrowed funds, accounting for 87.1% of the total**. This percentage increases from 79.8% in 2021 as a result of the full repayment of TLTRO III financing during the year. The loan to deposit ratio (LTD) stands at 78.4%. In 2022, this ratio has remained virtually unchanged.

Customer deposits, which in addition to retail deposits include multi-cedent covered bonds, repos and others, account for 90.5% of total funding (82.2% in December 2021).

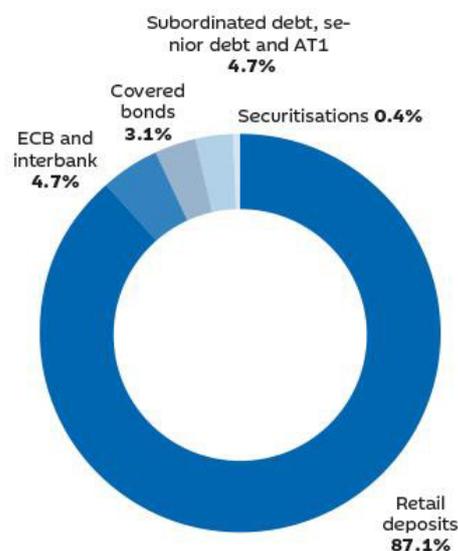
Wholesale funding supplements the funding obtained from individuals and companies. It is focused on the medium and long term and includes positions taken in interbank markets and ECB auctions, covered bonds, securitisations, subordinated liabilities and other issues.

Central bank deposits decreased to **0 million euros** compared to 5,871 million euros from the TLTRO III auction at the end of 2021. In November, the Bank repaid this financing in full and early.

Deposits from credit institutions, at 2,013 million euros, accounted for 4.7% of borrowed funds, compared with 1.6% at the end of 2021. The increase, 1,268 million euros, is the result of the higher volumes taken by the Bank in the interbank market.

Breakdown of funding structure

Debt securities issued, which include covered bonds, senior debt, Tier 2 subordinated debt and securitisations, amounted to **1,715 million euros**, up 399 million euros, representing 4.0% of borrowed funds, compared to 2.8% in 2021. The increase was mainly due to the 500 million euros senior preferred debt issue, eligible for compliance with MREL requirements, which the Bank carried out in June and which offset the maturities of securitisation liabilities.



Composition of external funding:

	31/12/2022		31/12/2021		Change	
	Balance	%	Balance	%	Balance	%
Central bank deposits	–	–	5,871,128	12.6	(5,871,128)	-100.0
Deposits from credit entities	2,013,412	4.7	745,174	1.6	1,268,238	170.2
Customer deposits	38,841,785	90.5	38,268,280	82.2	573,504	1.5
Of which: retail deposits	37,374,772	87.1	37,131,171	79.8	243,602	0.7
Debt securities issued	1,715,207	4.0	1,316,321	2.8	398,887	30.3
AT1 issue	350,000	0.8	350,000	0.8	–	0.0
EXTERNAL FUNDING	42,920,404	100.0	46,550,903	100.0	(3,630,499)	-7.8
Retail financing	37,374,772	87.1	37,131,171	79.8	243,602	0.7
Wholesale financing	5,545,632	12.9	9,419,733	20.2	(3,874,101)	-41.1

Available liquidity totalled, **13,345 million euros**, representing 24.5% of total assets. Counting the issuance capacity for mortgage-covered bonds and regional covered bonds, of 6,880 million euros, **total liquidity available** came to **20,225 million euros**.

Liquidity metrics remain at very comfortable levels. The liquidity coverage ratio **LCR**, which measures the level of high-quality liquid assets free of charges needed to overcome a liquidity stress scenario at 30 days, stands at **306.5%**, well clear of the 100% regulatory requirement. The **NSFR** ratio is **152.7%**. This indicator shows the proportion of funding for one year covered by stable liabilities, the aim being to ensure an even balance sheet structure that limits excessive reliance on short-term wholesale funding.

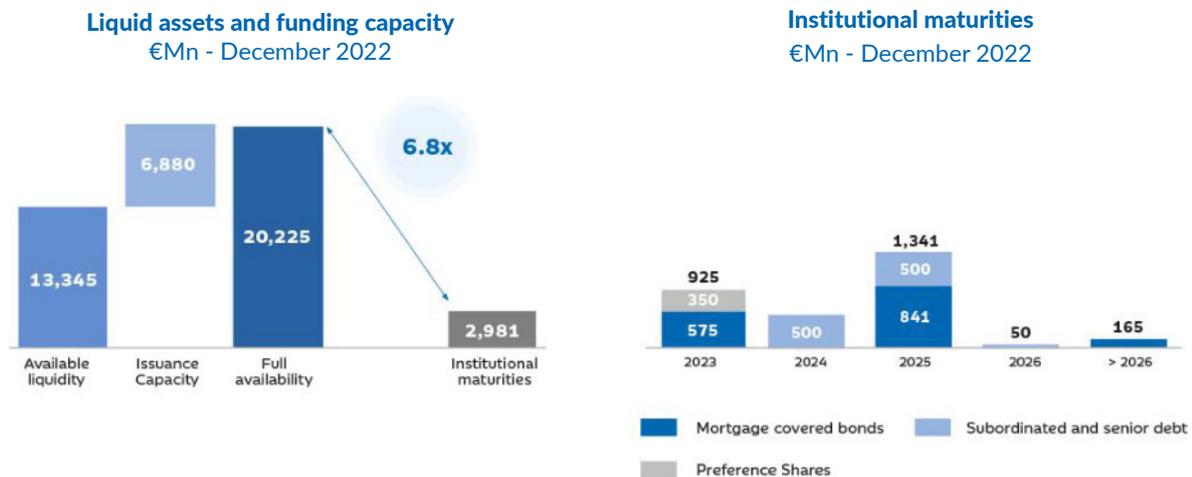
Liquidity Indicators:

	31/12/2022	31/12/2021	Change	Change (%)
Cash and central banks	1,351,694	6,183,416	(4,831,722)	(78.1)
Available in policy	5,798,903	1,050,679	4,748,224	451.9
Eligible assets not included in the policy	5,838,121	7,590,280	(1,752,159)	(23.1)
Other assets not eligible for ECB	356,274	425,796	(69,522)	(16.3)
AVAILABLE LIQUIDITY	13,344,992	15,250,171	(1,905,179)	(12.5)

Issuance capacity for mortgage covered and public sector covered bonds	6,880,460	8,776,402	(1,895,942)	(21.6)
TOTAL AVAILABLE LIQUIDITY	20,225,452	24,026,573	(3,801,121)	(15.8)
Available liquidity/total assets (%)	24.5%	26.0%		
Loan-to-deposit ratio (%)	78.4%	78.2%		
LCR (%)	306.5%	452.0%		
NSFR (%)	152.7%	152.2%		

The collateral policy with the ECB includes pledged assets with a discountable value of 6,938 million euros, of which Ibercaja has drawn down 5,959 million, and therefore maintains an **available balance** de **1,051 million euros**, which the Bank can access to meet its liquidity needs.

The **maturities of wholesale market issuances** present a staggered redemption schedule through to 2027. The total liquidity available, 20,225 million euros, covers 6.8 times the debt maturities.



Expected liquidity trends and fluctuations:

Business development projections suggest that the Group will have adequate levels of liquidity in the short and medium term, in line with both internal management and regulatory limits. The Bank has a high weight of retail funding, which is highly stable, and wholesale issues are of little relevance and staggered maturity. However, in the event of a hypothetical increase in liquidity tensions in the economy or a contraction in the credit market affecting liquidity and the deposit base, the Group, in addition to its current comfortable liquidity position, has various sources of funding (issuance of senior debt and covered bonds, as well as recourse to ECB funding through pledging of fixed-income securities, own issues and securitisation of assets), as well as recourse to ECB financing through the pledging of fixed income, own issues and asset securitisation) and, if necessary, would implement the specific Contingency Plan it has established for crisis situations.

5.5 Capital management

Ibercaja's solvency levels are among the highest in the Spanish financial system

The **Group's capital management** is designed to ensure that regulatory requirements are fulfilled at all times and to maintain an adequate relationship between the risk profile and own funds. Capital adequacy is self-assessed by the Bank on a regular basis through processes to identify, measure and aggregate risks in order to determine the capital needed to cover them. As a result of this process, a capital target is set with adequate slack in terms of both actual needs and minimum capital requirements, and projections of capital sources and consumption are made on the basis of activity and expected results in the medium term.

The expected changes in Ibercaja Banco's capital and solvency ratios shows **the Bank's ability to cope with potential stress situations in the current macroeconomic and financial environment**. In addition, the Bank has a recovery plan in place to guarantee its ability to react to potential situations of deterioration in its solvency.

Key solvency ratios

The **phased-in CET1** ratio, which measures the relationship between Tier 1 capital and risk-weighted assets, was **12.9%**. Having fully completed the hybrid capital buffers with the AT1 and T2 issues, Ibercaja maintains an efficient capital structure and the total capital at 31 December 2022 amounted to 3,173 million euros, representing a **total capital ratio** of **17.6%**.

In **fully loaded** terms, **CET1** was **12.4%** and **total capital** amounted to **17.1%**, both ratios in line with the Bank's medium-term objective (12.5% and 17.0%, respectively). The decrease in CET1 of 34 basis points in the year was mainly due to the negative impact of the valuation of the Group's financial asset portfolios, which detracted approximately 90 basis points of capital and offset the positive capital generation from the accumulation of profits in the year.

The **Ibercaja Group's leverage ratio**, which shows the relationship between the capital and assets of a credit institution regardless of the degree of risk of those assets, stood at 5.5% at the end of 2022. In fully loaded terms, the **Ibercaja Group's leverage ratio** is 5.4%

It should be noted that the calculation of weighted assets for Ibercaja's solvency ratios is based entirely on **standard models**, which results in a higher valuation of assets at risk than that considered in advanced models.

According to the definition of Distributable Items in the CRR, the balance of Distributable Items, at the individual level of Ibercaja Banco at 31 December 2022, amounted to **490 million euros**.

Developments in the main solvency ratios

	Phased in		Fully loaded	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Tier 1 capital	2,673	2,770	2,579	2,640
Common Equity Tier 1	2,323	2,420	2,229	2,290
Additional Tier 1 capital	350	350	350	350
Tier 2 capital	500	500	500	500
Total Capital	3,173	3,270	3,079	3,140
Risk-weighted assets	18,045	18,052	18,012	18,014
RWA density (RWAs/total assets)	33.2%	30.8%		
Tier I (%)	14.8%	15.3%	14.3%	14.7%
CET1 (%)	12.9%	13.4%	12.4%	12.7%
AT1 (%)	1.9%	1.9%	1.9%	1.9%
Tier 2 (%)	2.8%	2.8%	2.8%	2.8%
Total capital ratio (%)	17.6%	18.1%	17.1%	17.4%
Leverage ratio (%)	5.5%	6.0%	5.4%	5.8%
MREL ratio based on RWA (%)	20.6%	18.4%		
MREL ratio based on LRE (%)	7.7%	7.2%		

PRES and MREL requirements

In December 2022 the European Central Bank communicated to Ibercaja the decision regarding the new minimum prudential capital requirements for 2023, once the results of the Supervisory Review and Evaluation Process (SREP) were known.



These requirements have remained unchanged with respect to those required for 2022. Thus, Ibercaja Banco must maintain, **at 1 January 2023, a Common Equity Tier 1 phased-in (CET1) ratio of 8.21% and a Total Capital phased-in ratio of 12.65%**. This total capital requirement includes the minimum Pillar 1 requirement (8%, of which CET1 4.5%), the Pillar 2 requirement (2.15%, of which at least 1.21% must be met with CET1) and the capital conservation buffer (2.5%).

Ibercaja has an **MDA distance** (excess capital over current SREP requirements taking into account potential shortfalls or excesses in AT1 and T2 buffers) of **466** basis points, one of the highest in the Spanish financial system.

Furthermore, and in accordance with the Bank Recovery and Resolution Directive (BRRD2), Ibercaja must comply with the **MREL requirements** on 1 January 2024. According to the Bank of Spain's notification of the latest decision of the Single Resolution Board, **at 1 January 2024** the Group must have a ratio of own funds and eligible liabilities of **18.59%** of risk-weighted assets (21.09% including the combined requirement of capital buffers). The leverage ratio requirement is **5.21%**.

The MREL requirements set for 1 January 2024 are aligned with the Bank's funding and capital plan. In June 2022, Ibercaja issued senior preferred debt for an amount of 500 million euros, which has given a very significant boost to the strategy of setting up MREL financing. Thus, the Ibercaja Group's MREL ratio at December 2022 amounts **to 20.6% of risk-weighted assets, levels very close to those required for January 2024**. In terms of leverage ratio, at 7.7%, **Ibercaja already amply exceeds the requirements**.

Dividend policy

The Bank is no currently subject to any restrictions or limitations on the payment of dividends. In any event, it will distribute its profits in a prudent manner such that it does not affect the objective of maintaining an adequate capital buffer, even if there is an impairment of the economic situation and financial conditions.

The distribution of dividends is determined at the General Meeting of Shareholders on the basis of the proposal made by the Board of Directors. Taking into account current capital adequacy levels, projected earnings for the coming years and the capacity for organic generation of capital, the **pay-out ratio in 2022**, once the last dividend of the year has been approved, will be **60%, in line with the Bank's medium-term strategic objective.**

At its meeting of 12 May 2022, the Board of Directors of Ibercaja Banco resolved, in accordance with Article 277 of the Spanish Companies Act, to distribute an interim dividend of **37,681 thousand euros** from the results of the first quarter in favour of the partners, in proportion to their respective shareholdings. Subsequently, the Board of Directors approved the payment of an interim dividend of 31,272 thousand euros and 32,119 thousand euros against second and third quarter results, respectively. Thus, in **2022** the Bank distributed a **total interim dividend of 101,072 thousand euros** to shareholders.

The Board of Directors will propose to the General Meeting of Shareholders to approve the distribution of a dividend against 2022 results in the amount of 121,272 thousand euros; taking into account that an interim dividend of 101,072 thousand euros has already been paid to shareholders in 2022, 20,200 thousand euros remains to be approved and distributed in 2023.

Information regarding treasury shares

There were no transactions involving Treasury shares in 2022

5.6. Credit ratings

Ibercaja achieved investment grade status with all three credit rating agencies in 2022.

Thus:

- On 13 July 2022, **Fitch Ratings** upgraded the rating to “BBB-” with a “stable” outlook. Fitch justifies this decision by the substantial improvement in the financial profile in recent years, reflected in higher asset quality and a strengthening of the bank's capitalisation. The Agency also positively assesses Ibercaja's organic capacity to generate profits on a sustainable basis thanks to its diversified business model, a more efficient operating structure and a reduced level of provisions going forward following the completion of the balance sheet strengthening.
- On 25 November 2022, **Standard & Poor's** upgraded Ibercaja's credit rating to “BBB-” and affirmed the outlook at “stable”. This decision is based on the successful execution of Ibercaja's Business Plan and, in particular, on the improvement of its profitability.
- On 22 December 2022, **Moody's** upgraded the Bank's rating to “Baa3” and set the outlook at “positive”. Moody's justifies the change in rating to investment grade by an improvement in solvency thanks to the provisioning of the Reserve Fund by the Ibercaja Banking Foundation, the main shareholder of the Bank. The agency also assessed the gradual strengthening of the Bank's asset quality and profitability.

Credit ratings:

	LONG TERM	SHORT TERM	OUTLOOK
Standard & Poor's	BBB-	A-3	Stable
Moody's (rating for deposits)	Baa3	NP	Positive
Fitch Ratings	BBB-	F3	Stable



**Commitment to
sustainability:
management progress.
Statement of Non-
Financial Information
(NFS)**

6.1 Sustainability strategy

2-12, 2-23, 2-24, 3-3, 201-2

Ibercaja is committed to ensuring that its business objectives promote sustainable development, integrating environmental, social and good governance aspects into its strategy, business decisions and risk management.

The need for a shift towards a low-carbon and sustainable economy, the challenges of post-pandemic growth and the geopolitical and economic situation, marked by the rising cost of living, are the major challenges facing society.

Ibercaja is aware of its role as a key player in the economy, supporting and influencing change towards a more sustainable society. In this regard, the Bank considers the impact of its operations on the environment, social and economic situation in its strategic decisions. At Ibercaja, we are not only moving towards sustainability, we are actively promoting it.

Since the start, Ibercaja has been a Bank with a clear social commitment to the development of its activity, focused on supporting the country, the business fabric and the most vulnerable groups. Along these lines, it continues moving forward to respond to the growing sustainability-related needs.

The **CHALLENGE** that Ibercaja has taken on is to **ensure that the business objectives promote sustainable development, preserving natural resources and promoting a more just and inclusive society.**

In carrying out its financial activity, Ibercaja is very mindful of its Corporate Purpose: “Help people build their life story” and is aware that its actions must promote a balance between economic growth, social cohesion and the preservation of the environment. Ibercaja is therefore a signatory to the 10 principles of the Global Compact^[8], is firmly committed to the Sustainable Development Goals of the 2030 Agenda^[9] and is a signatory to the United Nations Principles for Responsible Banking^[10] to advance in the configuration of a sustainable banking system.

Corporate purpose

“Help people build their life story because it will be our story”

Sustainability Policy

The Ibercaja Group's **commitment** to sustainable growth was endorsed with the approval, in December 2020 by the Board of Directors, of the **Sustainability Policy**, a document that reflects this commitment and establishes the **global framework** for action in the area of sustainability. It contains the commitments voluntarily assumed by Ibercaja with its stakeholders to promote long-term sustainable, inclusive and environmentally-friendly growth.



⁸ For more information, see Appendix B of this report.

⁹ For more information, see chapter 6.2 of this report.

¹⁰ For more information, see chapter 6.11 of this report.

Ibercaja's sustainability strategy is based on five cornerstones:



ESG RISKS: identification and management for its gradual integration into the Bank's global risk analysis.



SUSTAINABLE BUSINESS: analysing needs and identifying opportunities for business development that accompanies customers in the transition to a sustainable economy, including climate change.



PEOPLE: comprehensive development of employees, training them with the necessary training for the new context and promoting work, personal and family balance.



TRANSPARENCY for all its stakeholders, promoting communication of both financial and non-financial aspects of the business.



PROTECTION OF THE ENVIRONMENT and its resources, mitigating climate change and favouring the development of a more inclusive and egalitarian society.

Principles of Sustainability

Sustainable development is based on **certain principles of action** that cover any type of activity or decision to be addressed:



Maximum respect and promotion of **ethics and good governance**.



Prudent and global management of all **financial and non-financial risks**.



Promotion of the **Sustainable Development Goals of the 2030 Agenda**, promoting the goals they pursue through its business activity.



Defence of **transparency**, promoting clear, complete and truthful communication.



Defence of human rights in line with the UN Global Compact.



Contribution to **social integration**.



Promotion of the **personal and professional development** and the European Green Pact.



Defence of the environment, contributing to the decarbonisation of the economy and promoting sustainable activities, aligned with the objectives of the Paris Agreement and the European Green Pact.

Ibercaja has a **governance structure** that allows it to adequately manage sustainability



Additionally, the following **Committees and Working Groups have been set up:**

- **Editorial Committee**, with a cross-cutting nature, aims to define messages, plan contents and channels, in order to achieve greater reach and effectiveness of communication, including everything related to sustainability.

- **EFR Committee**, responsible for implementing the EFR plan to ensure a healthy balance between the personal, family and working lives of employees. Ibercaja has earned the EFR (Family-Responsible Company) seal, which certifies the Bank's proactive commitment to ensuring a suitable work-life balance.
- **Environment Team**, comprising volunteer employees from various areas and departments, who are asked to come up with actions for raising awareness and driving best environmental practices across the Group.

2021 - 2023 Strategic Plan: IN02 Purpose and Sustainability

Given the importance of sustainability for the Bank, within the Strategic Plan defined for 2021-23, it has established the **Purpose and Sustainability Initiative**.

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transversal enabling line of work, with the **Management Committee** as a sponsor, to integrate the Corporate Purpose into the corporate culture and sustainability into the organisation's strategy. The sustainability project is deployed with transversal and multidisciplinary teams in the following lines of action:

1. **ESG Risk Management**: to identify, integrate, manage and control ESG risks, thereby advancing prudent risk management in line with supervisory expectations and commitments.

An **Action Plan for climate risk management** was prepared in 2021, which responds to the ECB's expectations and has been assessed as adequate by the supervisor, both in terms of content and feasibility. This Action Plan was updated in 2022, identifying new objectives and continues to work on achieving those set for the previous year.

As a highlight, the policies and manuals for managing credit, market, liquidity and operational risks have begun to include aspects related to environmental climate risks. The **mapping of climate and environmental risks** was also updated, which allows for a better understanding of these risks and their transmission channels to prudential risks.

In 2022, Ibercaja participated in the climate stress test exercise as a first step towards integrating climate factors into the Bank's internal stress testing framework. The overall results obtained by Ibercaja show how the **ECB has categorised** the Bank's CST framework with a **“medium-advanced” degree of progress**, higher than the average score of the banks analysed.

In addition, the Bank, committed to achieving zero emissions by 2050, has calculated the carbon footprint financed on the loan portfolio, in order to identify carbon-intensive sectors and set appropriate sectoral decarbonisation paths to achieve Net-Zero by 2050. To this end, the Bank has defined intermediate decarbonisation targets for 2030 in three of the most carbon-intensive sectors: electricity generation, iron and steel production and residential real estate.

Likewise, as part of its commitment to achieving the decarbonisation of the economy and with the aim of limiting the Bank's exposure to climate factors, two sector concentration metrics were developed according to the exposure of Ibercaja's credit and securities portfolio in carbon-intensive sectors, based on the PCAF standard.

With regard to the management of climate risks on the mortgage portfolio, in 2022 the analysis of climate, physical and transitional factors that could have an impact on the Bank's collateral properties was updated, based on internal or external data (with the collaboration of a specialised external provider).

Ibercaja is also working on the alignment of credit risk admission procedures in accordance with the requirements of the EBA Guidelines on Loan Origination and Monitoring, based on an ESG questionnaire for the evaluation of customers and transactions; as well as on an Exclusion Policy, through general and sectorial exclusion criteria on ESG factors, previously defined, applicable to the processes of admission and monitoring of customers and transactions in credit risk and in the processes of investment in market risk.

- 2. Sustainable Business Strategy:** design and develop to align commercial strategy with the Principles of Responsible Banking, responding to the needs of our customers and the objectives of society. In this way we accompany our customers in the transition to a sustainable future and a low-carbon economy.

During 2022, the **impact analysis** prepared in 2021 was updated to identify the main risks and opportunities related to climate change. We also continue to work on the implementation of the **ESG business strategy**, designed to respond to our customers' main expectations and needs in terms of sustainability. Progress was also made in the **communication and awareness of our customers** in sustainability, with the aim of accompanying them in the transition to a decarbonised economy.

In 2022, the Bank continued to offer **ESG products**, both investment and financing. In the financing products, aimed at the business segment, there is a wide range of products aimed at supporting accessibility and improving energy efficiency in housing, sustainable mobility and access to Next Generation EU aid. Recently, the Hipoteca +Sostenible has been added to this offer, aimed at financing homes with an A or B energy rating and, therefore, further away from the climate transition risks.

In line with sustainable consumption, our customers are offered various ECO and Zero Emission vehicle alternatives. To support young people, Ibercaja Banco has been selected as one of the three financial institutions in the Community of Madrid's My First Home programme. These products complement the offer of others with a social purpose aimed at supporting young people for their first major expenses and, in particular, to support their investment in education.

According to the BMKS Fin report (Benchmarking of Customer Satisfaction in the Financial Sector) by the consultancy firm Stiga, Ibercaja is between first and second place with respect to its peers in the overall satisfaction indicator for people over 65 years of age, as well as in the levels of satisfaction received from personal managers, branches and ATMs. In response to the current social demand for the financial inclusion of senior citizens, among other services aimed at senior customers, Ibercaja has defined a business strategy aimed at the senior segment, as well as a decalogue of measures for their personalised attention through different channels. Of particular note in 2022 is the launch of PENSIUM, a new product aimed at helping the most vulnerable elderly (dependents) to pay for their care without putting their home at risk and without using up their savings, by managing the rental of their home.

In addition, with the aim of accompanying our customers on this path to sustainability, we have maintained the collaboration agreement with the Extremadura Avante Agreement, the IDAE Agreement and Acierta Asistencia, focused on the energy efficiency of buildings. In 2022, new collaboration agreements were signed with the Agencia d'Habitatge de la Generalitat de Catalunya and with the Consejería de Fomento de la Junta de Castilla-La Mancha, to promote the improvement of energy efficiency.^[11]

3. Communication and Sustainable Impact: In order to create a permanent and ongoing communication framework with our stakeholders that reinforces the Ibercaja Group's commitment to sustainability and transparency, in 2022 the **2nd Planet Week** was organised, with the slogan “the week in which the planet and you are the winners”. This initiative was carried out from 24 to 30 October, coinciding with the celebration of the **International Day for Combating Climate Change**. The aim was to accompany customers, employees and society on the road to sustainability. **In this second edition, with a focus on social aspects**, various business conferences, round tables, volunteering actions, sustainability blog publications, competitions, eco-advice, etc. were organised with a national scope, achieving wide dissemination and repercussion in the media.

The Bank's commitment to being a benchmark in sustainability was reflected in the 57 press releases, as well as collaborations with the media, articles, events, etc. during the year, with 969 impacts in the media and 399,000 impressions in the dissemination of information on social media through the Bank's channels.

4. Our Footprint; Synergy with foundation shareholders: to develop and promote lines of collaboration with the shareholder Foundations, which respond to the main social and environmental needs of our territories of action, making the commitment of the entire Ibercaja Group more visible and achieving a greater impact on society and the environment.

¹¹ For more information, see chapter 6.3 of this report.

Of particular note is the project “**Vamos juntos hacia la sostenibilidad**” (Let's move towards sustainability together), in collaboration with the Ibercaja Foundation, aimed at the Bank's customers, with the aim of accompanying them on the necessary path towards the integration of ESG aspects in their business and helping them, with training and support, to align their activity with the Sustainable Development Goals. The Ibercaja Foundation has also developed, on behalf of Fundación Ibercaja, a **specific line of sustainability training** was also prepared for both companies and individuals. In addition, a new line of work has been developed for the implementation of **environmental actions**, with the firm commitment to contribute to the mitigation of climate change.

The sustainability project is completed with a **Professional Development Plan** that includes a specific line of **training in sustainability**, to accompany and train our professionals in the new skills necessary for them to help our customers along this path, which was further developed in 2022 with specific training^[12] for certain areas (e.g. Internal Audit).

¹² For more information, see chapter 6.4 of this report.

Supervisory expectations of the European Central Bank: Climate and Environmental Hazards Guide

In November 2020 the European Central Bank (ECB) published its “ **Guidance on climate-related and environmental risks**”, which contains 13 supervisory expectations developed in 4 blocks on the management and communication of these risks. The aim of this document is **to raise the financial sector's awareness and preparedness** so that **these risks are considered in governance frameworks, corporate strategy and transparent communication**, thereby improving its climate and environmental reporting.

The four blocks identified are:



In 2022, Ibercaja informed the ECB **of the steps** taken to integrate climate risks, as well as the new **action plan** defined to respond to supervisory expectations regarding the management and communication of climate and environmental risks for 2023. This plan was approved by the Board of Directors, the Management Committee and the Reputation and Sustainability Committee of Ibercaja. Throughout the year, the Bank has held regular meetings with the supervisor to communicate the degree of progress and level of compliance with the ECB's expectations according to the plans identified in the 2022 Thematic Review. In defining these plans, Ibercaja has taken into account the reports on results and best practices published by the ECB^[13], focusing the 2023 financial year on the implementation of the defined and approved processes, within the deadlines defined by the supervisor.

¹³ Results of the 2022 thematic review on climate-related and environmental risk (BCE, November 2022) and Good practices for climate-related and environmental risk management (BCE, November 2022).

The availability of ESG data is relevant for the integration of climate factors in the business and in decision making, so the Bank is working with external data providers to collect non-financial information from its customers and incorporate it into its systems, as well as assessing its availability, transparency, quality and the external verifications to which it is subjected ^[14].

We must act now to overcome the challenges of climate change. We are confident that together we will build a better future.

Ibercaja's commitments to sustainability

UNEP-FI

The Bank forms part of the UNEP-FI **United Nations Environment Programme Finance Initiative**, which seeks to mobilise private sector financing for sustainable development by fostering a financial sector that generates positive impacts for people and the planet.

Net Zero Banking Alliance (NZBA)

In April 2021 Ibercaja signed, as a **founding member**, the **Net Zero Banking Alliance (NZBA)**, an initiative promoted by the United Nations that promotes the commitment of the banking sector worldwide to achieve CO₂ neutrality of its own and its portfolio by 2050.

In order to achieve zero emissions on its portfolio in 2050, Ibercaja is aware that the calculation of the carbon footprint, specifically, of the scope 3 category 15 emissions (according to the PCAF methodology) and the respective intensity metrics, are an essential input for setting its decarbonisation targets, which are based on the selected decarbonisation pathways^[15] (Net Zero 2050 scenario of the IEA at global level and “Net Zero 2050” scenarios of the IEA at global level and “Global Decarbonisation Pathway 1.5°C” of CRREM for Spain). Therefore, in the 2022 financial year, the Bank has calculated its funded carbon footprint and defined interim decarbonisation targets for the year 2030 in three carbon-intensive sectors.

¹⁴ For more information, see chapter 6.12 of this report.

¹⁵ For more information, see Principle 2.2 of the Principles for Responsible Banking detailed in chapter 6.11 of this report.

Also during 2021, Ibercaja Gestión and Ibercaja Pensión have subscribed to the initiative **Net Zero Asset Managers**, with a commitment to achieve CO₂ neutrality of their own and their portfolios by 2050 at the latest.

Scope 1 and 2 emissions that could not be avoided in the previous year were offset in 2022 through the Procuencia forestry project as part of the ECODES ZeroCO₂ offsetting model. Ibercaja has been carbon neutral (**scope 1 and 2**) since 2020.^[16]

Principles of Responsible Banking

Ibercaja has been a signatory since 2019 of the **United Nations Principles for Responsible Banking (PRBs)**, as a framework for action for a financial system that acts as a lever for sustainable development. For this reason, the implementation of the PRBs is part of the sustainability project and is one of its main lines of action.

The principles to which we are committed are:

- 1. Alignment** of our business strategy with the SDGs, the Paris Agreement and other national and regional frameworks.
- 2. Impact:** increase our positive impacts and reduce negative impacts; manage ESG risks resulting from our activities, products and services.
- 3. Customers:** act responsibly and promote sustainable practices and activities for current and future generations.
- 4. Stakeholders:** active listening, participation and collaboration with stakeholders to achieve societal goals.
- 5. Governance and Culture:** effective corporate governance and responsible banking culture; ambitious targets for our impacts.
- 6. Transparency and Accountability:** review our implementation of the Principles and be transparent in reporting on our positive and negative impacts and our contribution to society.

¹⁶ For more information, see Principle 2.2 of the Principles for Responsible Banking detailed in chapter 6.11 of this report.

TCFD

In 2019 Ibercaja adhered to the recommendations of the **Task Force on Climate Related Financial Disclosures** (TCFD), as a guide for the development of climate-related disclosures, so that the climate-related financial information published is consistent, reliable, comparable and clear and allows investors to take into account climate-related risks and help adaptation to climate change. Thus, Ibercaja includes detailed information on these matters in chapter 6.12. of this Directors' Report.



PCAF

In 2022, the Bank joined the **Partnership for Carbon Accounting in the Financial Industry** (PCAF) to work towards its commitment to achieve emission neutrality of its loan books and investment portfolios by 2050 or earlier. PCAF is the international benchmark to facilitate the financial industry's alignment with the Paris Agreement and to convey transparency in the calculation of greenhouse gas (GHG) emissions. This methodology has been consistently applied in the measurement of financed emissions and other indicators related to emissions intensity.



UNPRI

As a sign of the Group's commitment to sustainable investment, from 2021 **Ibercaja Gestión subscribes to the United Nations Principles for Socially Responsible Investment (UNPRI)**, to which **Ibercaja Pensión had already adhered in 2011**, with a Socially Responsible Investment Policy published [on its website](#).



CDP

Ibercaja Gestión and Ibercaja Pensión join the engagement platform **Carbon Disclosure Project**, an engagement platform and non-profit organisation that administers a system for companies to disclose environmental information so that investors can better manage their environmental impacts. The fund managers have continued to collaborate during 2022 with other engagement platforms such as Climate Action 100+ or Access to Medicine Foundation.



Other sustainability commitments

Ibercaja is part of, among others, the following initiatives that reflect its commitment to sustainability:

- Since 2005, Ibercaja has prepared its Annual Report following the GRI standards of the **Global Reporting Initiative**, providing true information on financial and non-financial aspects.
- Ibercaja Banco has been a signatory of the **United Nations Global Compact** since 2006, confirming that the activity carried out is performed in accordance with the principles established by this initiative, with the Bank reporting annually on its involvement.
- It works in alignment with the **Sustainable Development Goals** of the 2030 Agenda, also supporting their internal and external distribution.
- **Collective Commitment to Climate Action:** In December 2019, Ibercaja signed the Spanish financial sector's climate commitment within the framework of COP25, promoted by the AEB, CECA and ICO. The agreement specifies the collective commitment of the main Spanish banks to measure the carbon footprint of their balance sheets and reduce the climate impact of their financial activity.
- The **Environmental Management System** (EMS) has been in place at the Bank since 2007, and it is externally certified by AENOR, which verifies compliance by the head office building with the requirements of the ISO 14001:2015 standard.
- Ibercaja is a signatory of the **Alliance #CEOPorLaDiversidad**, led by Fundación Adecco and Fundación CEOE, whose mission is to unite companies around a common and innovative vision of diversity, which accelerates the development of strategies that contribute to business excellence, the competitiveness of talent and the reduction of inequality and exclusion in Spanish society.
- It participates in the **Sectoral Sustainable Finance Group and in the Sustainability Observatory**, coordinated by CECABank, in which legislative progress and supervisory expectations in the area of sustainability are analysed to identify the applicable requirements and to provide a response through action plans.

- Ibercaja holds the **RSA and RSA+ seals** awarded by the Government of Aragon since its creation in 2017, revalidated each year, which recognise those entities in the Autonomous Community committed to corporate social responsibility and sustainability.
- Since 2017, Ibercaja has held the **Solidar Certificate**, awarded by the Solidarity Business Association of Aragon, for its management to promote the integration of people with disabilities into the labour market, which was renewed in 2022.
- In 2022, the Bank obtained **EFR recertification** as a **Family-Responsible Company**, awarded by Fundación Más Familia, obtained in 2019. This certification recognises companies committed to the well-being of their employees and which promote active management of work-life balance and equality.
- In line with its commitment to care for and protect the environment, in 2022 Ibercaja obtained the **Aragón Circular Seal**, “Companies” category, awarded by the Government of Aragon, which recognises the work carried out in favour of the circular economy, with the development of good practices and actions to improve circularity, within the framework of excellent, innovative and sustainable management.
- Dialogue and voting activities are carried out in line with our Engagement Policy. Dialogue is an integral part of the circular process of integrating ESG risks into investment analysis and management with a focus on medium to long-term engagement. In 2022, 65 shareholder meetings of both domestic and international companies were attended with the support of a proxy advisor with ESG criteria.

6.2 Our contribution to Sustainable Development Goals

2-28

Ibercaja promotes the objectives of sustainable development, based on the conviction of achieving the greatest possible contribution to sustainable development for people and the planet.

In 2015, all United Nations Member States adopted the **Agenda 2030 for Sustainable Development**. It represents the international commitment to address the social, economic and environmental challenges we face, putting people, planet, prosperity and peace at the centre, under the motto of “leaving no one behind”. To this end, the **17 Sustainable Development Goals (SDGs)** were established.



In order to achieve these objectives, the involvement of everyone is necessary: society and the public and private sectors. Business has a very important role to play in achieving this **new development model**.

Business strategy of companies

The business strategy of companies must take into account **social, environmental and good governance aspects**, to achieve “**sustainable development for all that meets the needs of the present, without compromising the requirements of future generations**”

In this line, **financial institutions** have to play a very important role, among other areas, in the mobilisation of the capital flows needed to finance sustainable development

At Ibercaja, the SDGs serve as a guide for progress in sustainability and for the development of specific actions, focusing especially on those where our contribution can be greater. In order to achieve maximum effectiveness, efforts are aligned with those Objectives more directly linked to financial activity and the activities of the Shareholder Foundations.



In 2018, a **SDG materiality analysis** was carried out to identify the SDGs that Ibercaja has the greatest capacity to influence, to broaden their impact and to launch new projects. Establishing the purpose of each ODS for the Bank, we identified the actions already underway at the Bank, and assessed their trajectory and scope. The result was a graph that shows the importance of the Goals and makes visible those SDGs that are most relevant to Ibercaja, in which we can make the greatest contribution.

Ibercaja prioritises the following goals



Among the main projects carried out in Ibercaja throughout 2022 that have contributed the most to achieving these SDGs are the following:



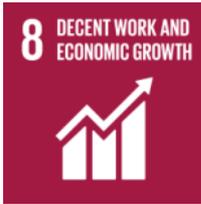
- **EFR recertification** as a family-responsible company.
- More than **90 measures for work-life balance and social benefits** for the people who make up the Bank.
- Promotion and awareness of **healthy living habits**, both internally and externally.
- Sports sponsorship and the organisation of popular and specialised sporting trials, which promote the **most** extensive participation possible.
- Strengthening the participation of employees therein, reinforcing the values of effort and teamwork, along with the benefits for **health**.
- Creation of the new **SOMOS Portal**, an internal communication channel to promote healthy habits and information in this area.
- **Your Money with Heart** initiative, which promotes sustainable and supportive investment through donations to social and environmental projects, dedicating part of the management fee for these products.



- **In-house training** for the largest number of professionals in both financial and sustainability matters, actively contributing to the development of internal talent. This training offer includes a **specific course on the SDGs and the 2030 Agenda**, in partnership with the Global Compact.
- Organisation of talks, conferences and seminars and **educational activities** for companies and society in general.
- “**Sustainable Tuesdays**”, a series of on-line talks aimed at employees to raise awareness and promote sustainable behaviour towards people and the planet.
- **Good Habitz Platform**, a training proposal with multiple possibilities and online resources to enhance the talent and well-being of employees.
- “**Educa Initiative**”, developed by the Ibercaja Foundation, focused on parents and educators, placing at their disposal proposals that contribute to completing the education of youngsters and actively promoting their development.
- “**Basic Finance Programme**”, aimed at people of all ages, to promote financial education.



- Linking the **principle of equality** to all people management policies
- **Promotion of the continuous development** of skills and abilities, managing talent, which does not understand gender.
- **Plan Leader**, a programme that promotes female leadership at the Bank, eliminating barriers to achieving gender equality.
- **Work-life balance** measures that allow all employees to achieve a balance between their personal, family and work life.



- **Ibercaja's Sustainability Policy.**
- Promoting the inspiring **leadership model**, which encourages communication and participation, creating an appealing environment to attract and retain talent.
- Partnership agreements with Special Employment Centres and entities that promote **the inclusion on the labour market** of people with disabilities or at risk of exclusion.
- Boosting growth in their territories of action, participating in the main projects and developing programmes to promote **entrepreneurs**.
- **Ecosystem + Companies:** meeting point and inspiration for entrepreneurs and companies, in which to learn and share the latest trends.
- **Quality training** for companies on essential aspects for managing and integrating sustainability into business.



- **Technological transformation**, the main lever for change in business models.
- Project **Digital Challenge**, which provides all Ibercaja employees with mobile work equipment, improving their working conditions and the quality of service to customers.
- **Ibercaja Mobile Banking**, the main digital pledge in the area of individual customers.
- **Ibercaja Pay**: mobile payment. Ibercaja customers can now register their cards with the main payment platforms.
- Adaptations at ATMs and websites to improve **universal accessibility** to financial services.
- **Correos Cash** Service, to improve the accessibility of cash for our customers in rural areas.
- Servicio **Cash Back** Service to enable our customers to withdraw cash in shops.
- **Mobility City** project on new mobility in cities and the transformation of companies and services in the sector



- **Ibercaja's environmental policy** implemented at the organisation to minimise the negative impacts of our activity on the environment.
- **Environmental Management System** implemented and certified pursuant to ISO Standard 14001-2015.
- **Internal and external environmental awareness-raising** campaigns.
- **2nd Planet Week**, Ibercaja's awareness-raising and positioning initiative to accompany its employees, customers and society on the path towards a more sustainable economy.
- Internal **environmental suggestions mailbox** to channel the concerns of our people.
- Development of **investment and financing products** with ESG criteria.
- **Impulso Solidario** Initiative, which encourages employees of Ibercaja Banco, Financial Group and Foundation to participate in projects of non-profit organisations that improve the environment and the lives of the most disadvantaged groups.
- **Decarbonisation targets** for three relevant sectors of the credit portfolio due to Ibercaja's participation in the **Net Zero Banking Alliance** initiative.



- Active collaboration through agreements with the main economic and social players of the territories in which it operates.
- Alliances that favour significant progress in **sustainability** and socially responsible investment.
- The **main initiatives** of which Ibercaja forms part are:

“Let's move towards sustainability together”

In line with our corporate purpose and with the aim of contributing to the necessary transition towards a more sustainable economy and positioning ourselves as drivers of change, **Ibercaja Banco and Fundación Ibercaja** intend to accompany **other companies in integrating sustainability into their strategy**, by making different resources available to them.

To this end, we have designed a support plan aimed at our **corporate customers, who are sensitive to sustainability and social and environmental issues**, creating a **range of sustainable financial products** adapted to their financing and investment needs, as well as offering them **advice on how to access the Next Gen Funds**. And the Ibercaja Foundation has launched the “**Let's move towards sustainability together**” initiative.

It is a **free, nationwide project that will enable companies to contribute to the achievement of the SDGs through awareness-raising, training and the opportunity to collaborate in different Fundación Ibercaja projects**, thus joining forces and multiplying the scope and impact of these actions.

6.3 Commitment to customers

2-6, 2-16, 2-24, 2-26, 2-29, 3-3, 201-2

Customers are the heart of the Bank's strategy, with service quality and advice being its hallmarks.

Hence, Ibercaja's Sustainability Policy includes the following commitments assumed by the Bank **with its customers**:

Work on **getting to know each customer in depth**, to always offer them the **products, services** and information they need, **adapted to their expectations and requirements**.

Align business strategy with the United Nations **United Nations Principles of Responsible Banking**:

- **Identifying impacts and needs** derived from sustainable development.
- **Adapting the offer** to respond to these new needs, which promote sustainable business models and practices.
- **Sensitising** our customers in the necessary transition towards a decarbonised economy, also **identifying** their **sustainability preferences**.

Helping our customers to optimise the management of their finances, in a simple way, with the best **advice, tools and information**, thereby promoting their financial education.

Paying special attention to **transparency in the communication and marketing of products**, providing the necessary information for the customer to be able to make informed advised decisions, avoiding information manipulation and protecting their integrity and honour.

Always protecting the **confidentiality** of customer data, maintaining the highest security standards.

Establishing efficient **dialogue channels** that allow us to listen to our customers, as a basis for long-term mutual commitment, offering the **highest quality of service**.

Providing maximum diligence to **prevent and avoid the financing of illegal practices**, complying with the Regulations for the Prevention of Money Laundering and Terrorist Financing.

Climate impact analysis:

In response to the commitment to align business strategy with the Principles for Responsible Banking and to meet the ECB's climate and environmental risk management expectations, the Bank has updated in 2022 the **analysis of the impacts of climatic factors**.

Focusing this analysis on its main areas of activity and on those economic sectors in which it has a greater presence. This analysis focused on two main segments of the Ibercaja portfolio: retail segment (mortgage portfolio) and productive activities segment (corporate portfolio) of the credit portfolio.^[17]

¹⁷ For more information on the impact analysis, see chapter 6.12.5 of this report.

Commercial offer

To facilitate the improvement of the **energy efficiency of buildings**, this year we have begun to offer all our customers a service to assess the energy rating of their homes, propose solutions to improve efficiency, manage public subsidies and carry out the construction project, in collaboration with Acierta Asistencia, a CASER Group company.

This building energy efficiency assessment service, which can be completed up to a “turnkey” service so that the customer can access the most appropriate solutions for their property with the help of specialised professionals, began to be offered on a trial basis to homeowners' associations in the city of Madrid and was extended to homeowners' associations and individuals throughout Spain in 2022.

In keeping with our commitment to promote sustainability among our customers, we have continued with our communication plan by sending out new publications by means of **Newsletters focused on energy efficiency in housing**. This year, communication has focused on homeowners' associations, informing them of the services offered for the energy rating of the building, the management of public subsidies and the execution of the works required by the energy efficiency improvement project.

The supply of **specific products for financing** this type of project has remained stable, with no new needs to be covered, making up a complete offer for **sustainable mobility, accessibility and energy efficiency in housing and sustainable investment in productive activities**.

- Vamos Coche (Let's Go Car)
- Vivienda +Sostenible (More Sustainable Housing)
- Edificio + Sostenible (More Sustainable Building)
- Inversión +Sostenible (More Sustainable Investment)
- Photovoltaic Energy Leasing
- Sustainable Crops Leasing

In line with sustainable consumption, Ibercaja Renting has continued to maintain throughout the year the **Sustainable Renting section** that was inaugurated in 2021, offering customers different ECO and Zero Emission vehicle alternatives.

These products complement the offer of others with a social purpose aimed at supporting young people for their first major expenses and in particular to support their investment in education.

- a. University Tuition Loan
- b. Erasmus grant advance loan
- c. Youth Loan 2000

To support young people who want to take the step towards their first home, Ibercaja has signed up to the **Community of Madrid's My First Home programme**.

Ibercaja Banco was selected as one of the three financial institutions in the programme to promote the purchase of a first home for habitual residence by people under 35 years of age and resident in any municipality in the Autonomous Community of Madrid. This provides support to the person acquiring a property in such a way that the financing that can be obtained can be more than 80% and up to 95% of the value of the property.

This programme is aligned with the strategy deployed by Ibercaja Banco to finance housing for the young segment.

At Ibercaja, young people deserve a specific commercial strategy, but the **elderly also have a separate commercial strategy; we offer them new services and special commitments**.

Ibercaja has always been characterised by excellence in service globally and especially for the elderly. Thus, according to the BMKS Fin report (Benchmarking of Customer Satisfaction in the Financial Sector) by the independent consultancy Stiga, Ibercaja ranks between first and second place with respect to its peers both in the overall satisfaction indicator for people over 65 years of age, and in the levels of satisfaction received from personal managers, branches and ATMs.

In response to the current social demand for financial inclusion of the elderly and within the framework of the agreement recently signed by the AEB, CECA and UNACC, Ibercaja has defined a **decatalogue of measures for the personalised care of senior customers** through a variety of channels.

The Decalogue includes the following measures:

- 1. Individual support:** Customers over 65 years of age have a specialised personal manager on hand to help them with anything they need. Currently, 4 out of 5 customers over the age of 65 have a personal manager assigned to them.
- 2. Face-to-face service:** Ibercaja's branches have an exclusive action protocol for the elderly. This protocol establishes priority attention for the over 65s, by means of a prior appointment request, to receive preferential attention, without waiting and on the day and time that is most convenient for the customer. The “Xplora in your branch” project will soon be reactivated with the capacity to carry out more than 1,000 individual training sessions per month, a pioneering initiative when it was launched in 2020, which offered educational support in digital services for the elderly and which had to be interrupted due to the pandemic.
- 3. In-branch cash service:** elderly customers are guaranteed a cash service at all Ibercaja branches during all opening hours, either at the counter during opening hours or at ATMs.
- 4. ATM service:** if a senior or disabled customer needs to carry out a cash transaction at the ATM, any branch employee or manager can accompany them to carry out the transaction together, in a very didactic way and with language adapted to each customer. This accompaniment is carried out as often as necessary, until the customer feels confident enough to carry out this type of operation independently. More than 95% of Ibercaja ATMs include passbook support, a service in great demand by older customers. In addition, the ATMs have a high contrast mode to improve the display for the visually impaired.
- 5. Telephone banking:** For customers over the age of 65, Ibercaja has opened an exclusive free telephone line on 900 65 00 00 00, staffed by specialised managers belonging to Ibercaja Connect, a company wholly owned by the Bank.
- 6. Digital banking:** Ibercaja's mobile app has a simplified version called “Initiation Mode”, a pioneer in accessibility for the elderly since 2020. Its definition had the collaboration of the Bank's employees and, especially, of the Aragonese Council of Elderly People (COAPEMA), in order to adapt the application to the requirements and needs of senior users. The Bank continues to gather the contributions and suggestions of this group for any possible update to the application.

7. **Cash solutions in post office branches:** the Correos Cash service allows Ibercaja customers to operate in 2,400 Correos branches in Spain as if they were in their own bank branch, being able to request cash to be sent to their home under very advantageous conditions.
8. **Cash-Back Cash Solutions:** Ibercaja incorporates alternative cash withdrawal services in towns that do not have a bank branch, through the associated shops where they can withdraw money at the same time as they make their purchases.
9. **Pension advance:** On the 25th of each month, Ibercaja allows customers who have their pensions paid by direct debit to bring forward their pension payments in order to facilitate their financial planning.
10. **Training services:** Ibercaja and the Ibercaja Foundation have recently signed a collaboration agreement for the training of senior citizens in digitalisation. Within the framework of this agreement, together with the Bank's Retirees' Association, the "Connect with your banking" programme was launched, through which retired employees give training sessions on the use of digital online banking channels. This new programme joins the existing agreement from 2019 with COAPEMA (Aragon Council of Elderly People), through which a cycle of itinerant classrooms is facilitated in different locations to bring financial and technological education closer to the senior public.

This new decalogue responds to the corporate purpose of "helping people build their life story" and is part of Ibercaja's commitment to sustainability, demonstrating its sensitivity to the social demands of the territory where it operates and promoting financial education to promote inclusion and accessibility to financial services for those groups that may have greater difficulties.

In this vein, in the 2022 financial year, Ibercaja reached a **Pensium** collaboration agreement to provide our customers with access to a new solution that allows them to pay the expenses derived from the care of the elderly in residences or relatives' homes.

In order to obtain the extra income needed to meet these payments, it provides the resources in exchange for future rentals of the property. In this way, the homeowner does not need to sell his house or disinvest his savings. Pensium provides the necessary liquidity to pay for the residence or a carer, keeping the property in family ownership and making it possible to obtain a monthly income that is up to double the usual rent that could be obtained in the housing market.

Another of the services that Ibercaja offers with the elderly in mind is the A mayores service, which is actually a cover included in the Ibercaja Hogar insurance and which offers the following benefits:

- **Comprehensive and free telephone counselling and advice service.**

Comprehensive information service for the whole family to provide advice and guidance on medical, legal, psychological, social and dietary-nutritional issues, completely anonymously and with no limit to the number of calls.

- **Home help service.**

Three hours a year of free service provision anywhere in Spain where the insured need it (both at home and in hospital). Services included:

- Physical and personal care. This specific service includes aspects such as personal hygiene, preparation and eating of meals, getting up, putting to bed, housework, control and monitoring of food and medication.
- Accompaniment. This includes aspects such as: purchases, arrangements, our professionals, trained in psychological care, provide advice and support, as well as accompaniment.
- Night-time assistance and supervision. Assistance, personal care and physical care during the night. Companionship and security during sleeping hours.

- **Alerts service with electronic device.**

The service is designed for the policyholder to install a door-opening sensor on the fridge door of the elderly relative of their choice, which detects if the fridge is not opened in any of the two 12-hour intervals of the day (from midnight to noon or from noon to midnight) and sends a text message alert to the established contact telephone number, thus informing the policyholder of the lack of activity of the device.

The door opening sensor includes an SOS button which, when pressed, generates an immediate SMS to the established contact phone number.

This service can detect possible serious problems of the elderly person living alone. In other words, the elderly person can live at home and not with the policyholder's child or relative and enjoy this service in the same way as he/she can benefit from the three hours of home help.

This service and others especially dedicated to our older customers are part of our **senior commercial offer** in a specific section of our website: Enjoy, it's your time [Ibercaja](#).

For the Bank, attending to the needs of its customers is its priority, which is why, at all times, of its own free will, it seeks the best solutions to help them in difficult situations, such as a reduction in their ability to pay their mortgage debts, as a result of the increase in interest rates.

As a result, Ibercaja has adhered to the new Code of Good Practices for urgent measures for mortgage debtors at risk of vulnerability, proposed by the Spanish Government.

Ibercaja will also continue to adhere to the Code of Good Practices on urgent measures for the protection of mortgage debtors without resources, approved by RDL 6/2012, of 9 March, with the new modifications introduced by RDL 19/2022, of 22 November, which improve the set of actions provided for in the original Code for the restructuring of debts secured by mortgages on primary residences, aimed at protecting families who as a whole receive, in general, an income of less than three times the IPREM (25,200 euros) and who are in a particularly vulnerable situation.

The Bank firmly believes in the effectiveness of public-private partnerships, as demonstrated throughout the pandemic, and also, throughout its history, in its participation in numerous projects and initiatives that have contributed to the economic and social development of the territories where it has developed its financial activity.

In this line of collaboration with public administrations and other private institutions, the **collaboration agreement was maintained with the Community of Extremadura to promote energy efficiency in buildings** and collaboration with **IDAE to disseminate its programmes among customers and offer special financing operations** in the efficiency programmes promoted by this institute. New collaboration agreements were also signed with the **Agencia d'Habitatge de la Generalitat de Catalunya** and the **Consejería de Fomento de la Junta de Castilla-La Mancha**.

Regulatory framework for sustainable finance

Looking at sustainable finance from the investor's point of view, it is worth noting that on 2 August 2022 the **amendments to the MiFID Regulation in relation to the integration of sustainability factors, risks and preferences in advice and delegated portfolio management**.

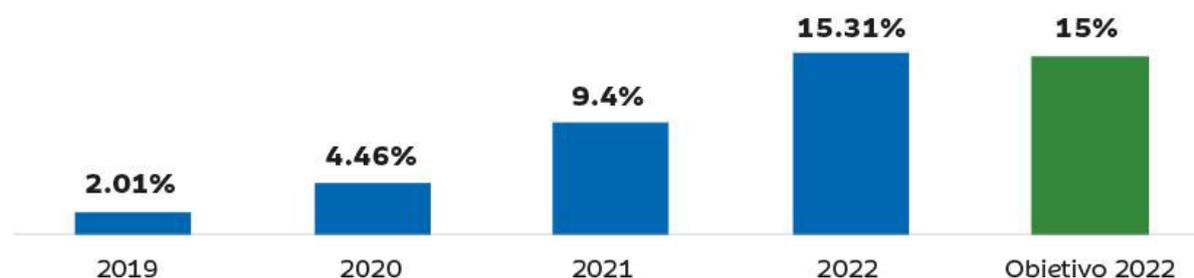
The MiFID Regulation maintains as its main objective the protection of investor interests in the advisory, marketing and delegated management processes. **The incorporation of the customer's sustainability preferences has given rise to the so-called Green MiFID**, which reiterates its commitment to consumer protection, adding the promotion of sustainable financial products **to encourage the channelling of private savings resources towards companies committed to protecting the environment from the three pillars of sustainability: environmental, social and good governance (ESG).**

To make it easier for customers to understand the impact their investments may have on the environment and society, and in response to the new regulations amending the MiFID Regulation on sustainable investment, a new questions module was introduced in the suitability test to identify the customer's preferences and provide an appropriate advice or delegated management proposal.

With the aim of achieving a suitable investment proposition for each customer, whatever their investment profile, five new ESG investment funds and a new sustainable pension plan were added to the product range in 2022.

These developments have resulted in investment in ESG products exceeding 2,836 million euros, increasing the sustainable investment ratio from 9.40% in 2021 to 15.53% at the end of the third quarter of 2022, thus achieving the target for the year.

Ratio of sustainable investment/Total intermediation



Universal Accessibility

At the end of 2019, the Service for Deaf People was launched to support accessibility to financial products for people with hearing disabilities. It is available to all the Bank's customers and is provided in person at the Main Office in Zaragoza.

In 2020, considering those with visual impairment, new ATMs included a high contrast screen to enable information to be more easily viewed.

In addition, a new mobile banking functionality, VoiceOver, was implemented, allowing people with visual impairments, to “hear” the fields and data presented on the screen and the interaction they are performing.

Also in 2020 Ibercaja launched the mobile banking app initiation mode: it is a service that enables those customers that have never used online banking to familiarise themselves with the app in an easy manner. Users of this new tool will benefit from the professional advisory services of experts, which will help them to resolve any queries. Moreover, since 2020, the My Manager functionality is also available in the new digital banking.

In 2021, with the aim of reinforcing the possibilities that can be offered to customers in rural areas or small towns who are being most disadvantaged by the closures of bank branches of all financial institutions, increasing the existing options in the provision of the cash service for our customers, the Correos-Cash initiative was deployed, which makes it possible to “withdraw and deposit money” at a Correos branch, including having the money sent to the customer's home address. It will be carried out through Ibercaja's app and the cash can be sent at a Correos branch or at an Ibercaja branch.

In 2022, Ibercaja continues to strive to offer the best service to its customers, reinforcing the initiatives launched in previous years and working to develop others that facilitate access to the Bank's financial services.

Customer service

The main new feature is that the CCS reports directly to the Bank's Control Department. This complies with the regulator's specific recommendation that the Customer Service Department should form part of the Bank's Second Line of Defence. It no longer depends on the General Secretary.

Ibercaja has established the **Customer Care Service** (CCS) so that customers and users of its services can submit their complaints, claims, suggestions and proposals for improvement. A total of 17,315^[18] applications were submitted in 2022. Details of the figure and the variation with respect to 2020 and 2021 are included below:

No. Files Ibercaja Banco	2022	2021	Change%
Complaints	4,498	4,667	(4%)
Claim	11,677	18,329	(36%)
Mortgage expenses	3,705	11,561	(68%)
Interest Rate Floor Clauses	670	944	(29%)
Suggestions	46	55	(16%)
Total (*)	16,891	23,995	(30)%

*The table has been modified under the requirements of Bank of Spain Circular 4/2021 of 25 November.

This year has seen stability in the number of claims requesting the nullity of clauses and compensation for mortgage loan arrangement costs, having overcome the large influx in 2020 and 2021, which was due to the confirmation of the jurisprudential criterion by the Court of Justice of the European Union (16 July 2020) and the Supreme Court 457/2020 (24 July 2020) of the division of notarial costs in half between the customer and the institution and the full attribution to the lender of appraisal, registration and agency costs.

¹⁸ Although GDPR Rights are not instructed or resolved in this service, we include the data as they are registered in our application and we report them every month.

The Court of Justice of the European Union has yet to decide on the “dies a quo”, which is the date on which the five-year limitation period for claims begins to run. However, with the criteria established by the Legal Department in 2020, a new procedure was drawn up for the payment of mortgage constitution expenses in those consumer claims that Ibercaja considers not time-barred in order to prevent these claims from becoming lawsuits, whether the claim was filed through a lawyer or directly by the customer, in order to achieve savings in legal costs for the Bank in those cases in which it is unequivocally known that if the matter goes to court the decision will be unfavourable to the Bank. This procedure has been refined since 2021 and throughout 2022 by incorporating the payment of these costs also in novations and subrogations.

[Adaptation to the new guide on customer services and the new Bank of Spain circular.](#)

As for the so-called “interest rate floor clauses”, the progress reflects the work done by the Bank in recent years in resolving this type of claim, with the continuity this year of the return of the floor in novated loans from the activation of the clause to the date of the novation. Provided there was a previous claim within the last five years. As for non-novated loans, there are fewer and fewer left, and the customer's request continues to be met, eliminating the clause and paying from the beginning or the last five years if there is no previous claim.

The [average time taken to resolve complaints and claims](#) has improved considerably compared to the previous year, rising from **27 days** to around **13.6 days this year**, and the time taken to admit a complaint, a new concept this year, which should not exceed 10 days, is 1.9 days. We have therefore achieved intake and resolution averages well below the limit required by the Regulator.

This year there are important new developments in procedures, which include a profound change in the way the CCS works, achieving from July onwards the complete adaptation of Ibercaja Banco's CCS to the new Guide on the criteria for the organisation and operation of customer services published by the Bank of Spain last July and the preparatory work for the implementation of the new model confidential statements on the register of complaints contained in Bank of Spain Circular 4/2021 of 25 November, to supervised institutions, on models of confidential statements on market conduct, transparency and customer protection, and on the register of complaints, which will require the first confidential statements to be sent in March 2023, reporting data for the second half of 2022.

The production tool was adapted to the new reasons and the new families of classification of complaints and claims that appear in the Circular, and the way the CCS itself works was modified to implement new concepts and deadlines such as Admission/Inadmission before 10 days.

At the request of the Management of the Control Area, a scorecard was implemented that includes all the department's activity in terms of Discharges and Resolutions, as well as the possible repercussions that complainants may have on the Regulator.

One of the functions that has increased the most is the constant review of the criteria applied by the Regulator with respect to the CCS resolutions and the permanent interdepartmental communication should any criteria need to be changed.

The different characteristics maintained by the different Autonomous Regions in terms of deadlines and consumer complaint forms were reviewed in order to keep our entire network of branches aligned with the requirements of the territory where they are located. Promoting the publication of a quarterly reminder to all Bank staff on this particular subject.

The wording of the text on the website was modified in response to the recommendations made during the visit by the Director of the Control Area and the Head of the CCS to the Bank of Spain.

The Customer Service Department keeps a constant watch on new complaints or claims that may arise in order to alert the organisation as soon as possible and to be able to change, if necessary, any criteria on a product or procedure, as has occurred throughout the year, for example, with the elimination of commissions on cash deposits to third parties.

6.4 Commitment to our people

2-6, 2-7, 2-19, 2-20, 2-29, 3-3, 401-3, 405-1, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 404-1, 404-2

The dedication and professionalism of the people who work at the bank and their involvement and commitment to the project make them the best hallmark of the Ibercaja brand.

The Ibercaja Group has a **staff** of **4,794 people**, of whom 4,465 work at the Bank, the parent company. **96%** of the Ibercaja Banco workforce have **permanent contracts**, the average length of service stands at 21 years and the average age is 47 years. The employees of Ibercaja Banco are fully covered by the collective agreement.

IBERCAJA BANCO HAS A TEAM OF **4,465 PROFESSIONALS** (DATA AS AT DECEMBER 2022), 95.83% OF WHICH HAVE AN INDEFINITE CONTRACT.

Of these, 756 perform their work in central services, which means that 83% of the total workforce works in the branch network.

4,465  **PEOPLE**
IBERCAJA BANCO TEAM

96%
PERMANENT
WORKFORCE

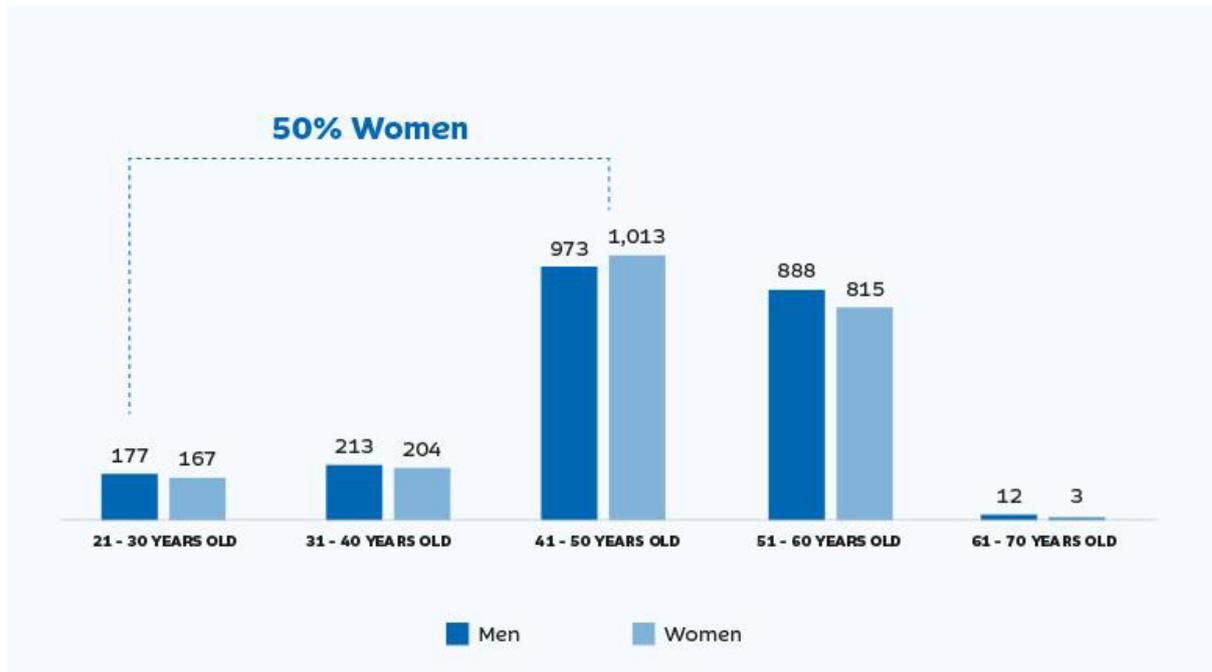
83%
EMPLOYEES
IN BRANCH
NETWORK

Women currently account for **49%** of the workforce, having increased significantly in recent years (37% in 2005, 44% in 2014, 45% in 2015, 46% in 2016) and remaining stable in the last three years (48% in 2018 and 2019, 49% since 2020). In the under-50 age bracket, **50%** of employees were female; this means that the percentage of women in the Bank's average age bracket is now at equal numbers.

51%
MEN

49%
WOMEN

	Men	Women	Total
People	2,263	2,202	4,465
Average age	47 years	46 years	47 years
Average length of service	20 years	21 years	21 years



December 2022

We are Ibercaja...

We are what we say, feel and do

The People Department faces the challenge of **becoming an attractive organisation for Talent**: reinforcing the behaviours that define our culture; developing a differential value proposal so that the people in the organisation live and feel the best experience and are the main promoters of the Ibercaja brand, in short, making our corporate purpose a reality, now more than ever:

Our purpose:

“Help people build their life story because it will be our story”.

After positioning ourselves with a differential and recognised model in Customer Experience, we intend to go one step further by developing an **Internal Relationship Model**, based on the axes of our corporate culture, that achieves a real impact on the Employee Experience (EX), with direct implication on the Customer Experience (CX), and, therefore, on the Business Results.



Following the identification of the key elements of our culture, the second phase of the **Internal Culture Activation and Corporate Purpose** project begins in 2022.

This second phase of activating our culture began with a **consultation on the experience** of people working in the Bank at **key moments of the defined Journey**, obtaining a **response rate of 75%**, one of the highest participation rates in internal surveys.



Following the analysis of the findings obtained in the previous diagnostic phase, in 2022 work began on defining the pillars, implications and behaviours of the **Internal Relationship Model**, the central axis of the system for activating our corporate culture and purpose.

These behaviours are defined around **5 axes** that form the mnemonic of the internal brand **SOMOS**, where each letter represents a trait that identifies us.



Based on these axes, we define a language and behaviour common to the entire organisation to ensure that our culture takes root.

2022. AT THE MIDPOINT OF THE STRATEGIC CYCLE

Our goal for 2023:

“To become an attractive organisation for talent”.

Within the framework of the new Challenge 2023 Strategic Plan, and in Ibercaja's conviction that people are the key to success through their talent, professionalism and commitment, the People Department continued with the strategic roadmap initiated in 2021.

STRATEGIC MILESTONES IN 2022

- 1** **New Valuation Model**
- 2** **Upskilling and Reskilling Scheme for branch employees and Corporate Banking**
- 3** **Management by objectives and implementation of new objective measurement tool in Central Services**
- 4** **Systems Plan**
- 5** **Launch of Ibercaja SOMOS Internal Portal**
- 6** **Cross-skilling training**
- 7** **Cross-cutting training other initiatives of the Challenge 2023 Plan**
- 8** **Integration into Scorecard Management**

1. New valuation model

After a process of strategic reflection in 2021, in which we were able to understand the starting point and how we needed to evolve the people management model in order to achieve the strategic objective of making Ibercaja an attractive organisation for talent.

In 2022, the first step was the design of the **Map of positions**:

- Once we have identified the **type of positions**, we evaluate them under an **objective methodology** based on 7 factors (knowledge, communication, budget, complexity, decisions, impact and leadership).
- In the next step, and with the aim of facilitating talent management, we classify typical positions into **areas or groupings** with a similar nature of function and activity. In each of them we have a sheet that lists duties, job types, and the skills and abilities that the positions require to carry out their work.

The next tool of the model is the **Performance and Potential Assessment**, a process that started in September with the sessions for evaluators, continued with the communication plan and the launch of the questionnaires.

The assessment process has the following objectives:

- To contribute to the improvement of the professional skills of all the people in the Bank.
- To promote communication between line managers and their team members, jointly identifying strengths and detecting areas for improvement through the Development Conversation and the establishment of action plans.
- To facilitate the efficient planning of actions aimed at the development of its professionals.

The performance and potential assessment model evaluates/determines the professional competencies that respond to the Bank's corporate values and make it possible to achieve the strategy and the specific skills and abilities necessary for the performance of the function that help to understand the capabilities of Ibercaja's people and to focus on the development of internal talent. In addition to including mobility and motivation questions in the self-assessments, and other complementary questions such as: Is he the best in your team? Issues that will allow us to segment the workforce in some way and to be able to apply more personalised talent policies.

STRATEGIC DEVELOPMENT OF THE PEOPLE FUNCTION

This performance and potential assessment model will help us to improve our people decision-making at Ibercaja and to become an attractive organisation for talent

PERFORMANCE AND POTENTIAL ASSESSMENT MODEL

PERFORMANCE

COMPETENCIES

The definition of performance identifies the **desired competencies of employees** to make it possible to **achieve the strategy** and to **encourage their development, all in line with the new relationship model we are pursuing at Ibercaja.**

SKILLS AND ABILITIES

The skills assessment gives us **visibility to focus** on developing internal talent. It helps to recognise the skills of Ibercaja's professionals, development needs and to create specific action plans to continue to evolve.

QUANTITATIVE INFORMATION

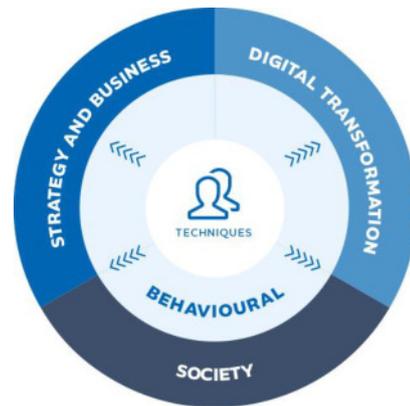
Aimed at discovering **the capacity and willingness** of our professionals to **grow and develop** at Ibercaja and, from there, to build a value proposition that helps them to achieve this.

Once the questionnaires were closed, in November, we began the analysis of coherence with the results, with the aim of achieving data dispersion. And thus build a first version of the **Talent Matrix**.

2. Definition of an upskilling and reskilling plan for branch and corporate banking employees.

We have defined at a high level different types of training actions linked to skills, or what we have called skills and abilities, and which are associated with the position we hold.

Firstly, we have begun to design a **possible itinerary with actions** to provide training in those skills that a branch employee would need to perform a position with a higher value contribution. Secondly, we have analysed the Corporate Banking segment, assessed its current level of skills and abilities, and identified the GAP with the highest level of skills and abilities.



3. Management by objectives and objective measurement tool in central services

Management by objectives in central services is integrated into management through an IT tool for **measuring objectives**, the development of which was completed in 2022, and will be made available to employees working by objectives in 2023.

The management by objectives model in central services is applied in all new appointments and salary reviews. By 2022, 30% of central services will be working to targets.

The tool allows us to carry out the process of **defining, communicating and monitoring objectives**. It was developed in Iberweb and allows us to digitalise the process, inform all those involved of the objectives, measure the overall result, minimise operational risk, among other benefits.

4. Systems plan

In 2022 we have **a report**, in which we try to identify the **main functional and technical requirements** that would support the processes and management model defined in the strategic people initiative, and which **allows us to make decisions on systems**.

The technical report states:

- A report with the AS IS of all current processes in the people area.
- A report on processes and tools:
 - Evaluation of AS IS processes
 - Main standard TO BE processes for a market tool
 - Estimated implementation timeframe
 - Estimated resources needed for implementation

5. Launch of SOMOS internal portal

After a pilot with more than 250 colleagues (transmitters of talent) in 2022 we will launch a **new internal communication and management tool**, the new internal portal SOMOS Ibercaja.

The new Portal has been and is managed using agile methodologies, which allows us to iterate it continuously and incorporate improvements. It has also allowed us to design tools with our own resources, as we have seen with the new performance assessment, without having to rely on third party tools: making resources efficient, designing everything with our own resources, centralising all the information in our database, thus facilitating decision-making and improving/facilitating the employee's relationship with the Bank.

The **objective of the portal launch** was to be more than just an employee portal, as it allows:

- To evolve the current People management, through the digitalisation of certain operational, communication and management processes, favouring the **UTILITY** of the environment.

- **To improve the Employee Experience in the workplace**, trying to transfer to the new environment the same attention paid to the customer experience, integrating this ideology in the key moments of their relationship.
- To make a positive impact through emotion and empathy generating an **Environment of Wellbeing**.
- The use of **SharePoint/office 365 technology** allows us to foster collaboration and participation through teams and other collaborative tools.
- To keep employees **connected to the company**, its culture and strategic objectives.
- Through the new Portal we must be **allies of the Business**, helping to improve results through efficiency and productivity.
- And through it, we are **activating a corporate culture** consistent with our purpose and values, which has a positive impact on the perception of the Value Proposition that Ibercaja offers its employees.

6. Cross-skilling training

Framed within the cross-skilling plan defined within the strategic people initiative with the aim of training employees who in one way or another collaborate in the strategic initiatives. In 2022, four new promotions of central service employees, around 100 employees, were trained in the “**Specialised course in project management**” taught by ESIC.

The objectives of the course are:

- To acquire the necessary knowledge of project management processes, the project life cycle and the areas of knowledge, avoiding the most frequent errors.
- To master the techniques, tools, methodologies and terminology of the nine knowledge areas based on the Project Management Institute standards.
- To ensure that projects for which it has responsibility are properly managed.
- To lay the foundations for the development of true project management in the organisation, and to establish a common language and a proven project management methodology.

7. Cross-cutting training other strategic initiatives of the Challenge 2023 plan

In 2022 the people area initiative as an enabling initiative within the Challenge 2023 Plan, we actively collaborated in the **specific training for the other strategic initiatives**.

Training has been carried out in all strategic initiatives, the most prominent ones:

1. Purpose and sustainability:

- Online sustainability programme at Paraninfo (all staff).
- Incorporation of sustainable finance in MiFID update training.
- Code of Ethics Pill.
- Training itinerary for the audit area.

2. Knowledge of the customer

- Digital skills training in NETWORK (1500 employees trained) in commercial skills by increasing the use of internal digital tools - My Manager - Telephone or Video Calling - Deferred Signature.

In order for this training to be useful, we work through use cases with insurance products, mortgages, funds, etc. and provide tools that can be used in the workplace in the sales process.

3. Business Banking:

- Deployment of Risk-adjusted business intelligence training (ICAR: tool).
- Training actions in digital banking for companies.

4. Risk insurance:

- Training for Territorial Insurance Business Managers, with the aim of making them benchmarks in their areas.

5. Pricing:

- Training and cultural change, phase 1 was implemented in 2022: design of the roadmap with contents, collectives, etc. plus a pilot with management figures who already use the calculator (companies and managers, business sales people).

6. IRB Model:

- Training provided in preparation for the new IRB models with the aim of explaining the why and what for of the new IRB models and their application through the RAROC methodology to align risk management with the bank's business and capital plan.

Participants: approx. 600 participants: branch directors with portfolio, corporate banking managers, business managers and commercial managers of business and staff companies and branch network.

8. Integration into scorecard management

There is a specialised team integrated in the People Area, whose mission is to provide the area with a **methodology and an integrated process of data analysis**, which has an impact on improving the quality of **decision-making** on people. This function is crucial to be able to carry out personalised segmented proposals, based on the needs and expectations of people.

Various internal and external data sources are being integrated and analysed on a recurring basis in order to answer business questions related to human capital, so that they can be acted upon.

In 2022, as mentioned above, a job map and a new performance and potential assessment were created and developed, which will provide us with more information and more value for the aforementioned objectives.

In addition, it has been further integrated into the management of the area, with new indicators and/or reports at all levels. The new reports and visualisers for the correct management of the target templates and, above all, the integration of the family-responsible company model in our data models, which is a very important source of information that helps us to achieve the aforementioned objectives, stand out.

A new family-responsible company Quarterly Indicator Report has been completed, which has been integrated into the Area's management of the data and is independent of those previously produced. All of this is aligned with our commitment to continuous improvement, quality of service and information. This will enable them to make better decisions based on data.

Ibercaja's express desire to improve the quality of life and well-being of its employees is also reflected in the **strategic orientation** that the Bank's People Management Model gives to the element of **work-life balance**, providing a response, in the form of specific actions, to the commitments acquired.

Thus, in 2018, Ibercaja Banco decided to initiate the **EFR certification process, awarded by the Másfamilia Foundation** as a sign of **its commitment, responsibility and strategic nature of work-life balance**, which, firstly, accredits the efforts made to date, and secondly, guarantees its continuous development through a standardised management model.

The EFR initiative responds to a **business culture** based on **flexibility, respect and mutual commitment** towards which Ibercaja also wants and is evolving.

As a result, in 2019 Ibercaja obtains the EFR (Family-Responsible Company) certification for the employees of the Financial Institution, thus reinforcing our commitment to the people who form part of the organisation, in accordance with our corporate culture and purpose.



What does Ibercaja Conciliar mean to Ibercaja?



During this first certification cycle, which ended in 2022, the family-responsible company model in its standard 1000-1, has constituted a reference framework in the management of our human capital, as it fits perfectly with the SOMOS Relationship Model that we are currently developing.

In order to continue promoting initiatives that respond to the needs of our professionals, **Ibercaja Banco's management** has decided to initiate the **EFR recertification** process for the management of work-life balance in 2022.

Our organisational purpose, mission and values provide us with the sensitivity and vision necessary to continue moving forward in the consolidation of this people management model.

Our ultimate goal is to consolidate a **working methodology**, a dynamic management process and continuous improvement, which will allow us to continue advancing in the **systematic development of family-friendly policies and practices** in such a way that our organisation will be able to carry forward cultural change, based on the life project of each person.

Thus, in September 2022 **we renewed our certification as a family-responsible company, upgrading to the C+ scale**, highlighting as strong points the LiderA Plan, whose objective is to improve the position of women in management positions, which currently stands at 34%, also underlining the good working environment among colleagues and Ibercaja's commitment to sustainability.

In the last three years since we achieved our first family-responsible company certification, the workforce has enjoyed multiple benefits. Among them, 351 professionals have taken leave for childcare and 81 people on leave of absence have continued to enjoy the social benefits of the Bank, such as study grants, access to training or economic improvements linked to financing.

Between 2019 and 2021 (first certification cycle), 409 workers have obtained financial aid for university degree studies and other studies or languages to complement their training. In addition, study grants for children, which improve on the provisions of the Collective Bargaining Agreement, reached 10,440 beneficiaries. In terms of equality, 105 female employees were promoted to managerial positions during the same period.

During the last certification cycle, 8 new family-responsible company measures were incorporated in the field of equality, quality in employment, family support and flexible working hours and space, highlighting the negotiation of these measures with the Legal Representation of Workers.

It is worth noting the **support and active involvement of our CEO and the entire Management Committee** in this project from the outset, a sign of the leadership implemented in our Bank, with a clear focus on people.



In parallel, in 2022 we updated our **Equality Plan** to guarantee equal treatment and opportunities, through 25 specific objectives and 77 measures to which Ibercaja is committed in this area.

These measures are distributed in the following areas, with specific objectives for each of the following subjects:

1. Selection and Recruitment
2. Professional Classification
3. Training
4. Professional Promotion
5. Working Conditions
6. Co-responsible exercise
7. Under-representation of women and Remuneration
8. Preventing Sexual and Gender-based Harassment
9. Other: Occupational health, gender violence, non-sexist language...

EFR team

Given the importance of the EFR Model for Ibercaja's Management, it was considered necessary from the outset to have an EFR Team to assume responsibility for managing the model.

The team is made up of 9 people from different areas of the organisation, all of whom have received training accredited by the Másfamilia Foundation in Work-Life Balance Management according to the EFR Model.

EFR measures

We have a catalogue, updated in 2022, of **91 EFR measures**, which improve on existing legislation and the sectoral agreement.

Among these measures, the most valued are those related to flexible working hours, study grants and the FlexiPlan flexible remuneration scheme.

The Bank's employees are eligible for work-life balance measures such as flexible working hours, leave, reduced working hours and leave of absence. In 2022, 429 different people took advantage of these measures (309 for flexible working hours, 167 for reduced working hours, 22 for childcare leave and 7 for leave to care for family members).

In 2022, 65 people were entitled to parental leave (36 men and 29 women), all of whom took parental leave. All 65 returned to work after the end of parental leave.

EFR INDICATORS

Data as at 31 December 2022

1.1-NUMBER OF EFR MEASURES IN FORCE	
1. Quality in employment	41
2. Space and Time Flexibility	41
3. Family support	41
4. Professional and personal development	41
5. Equal opportunities	41
TOTAL EFR MEASURES	41

1.2-NUMBER OF NEW MEDIA REQUESTS	
RECEIVED	ACCEPTED
4	4

9-INVESTMENT IN EFR CONCILIATION IN 2022	
AMOUNT (quantified accounting)	11,593,310
% (EFR) INVESTMENT FIXED VS FIXED WAGE	5.69%

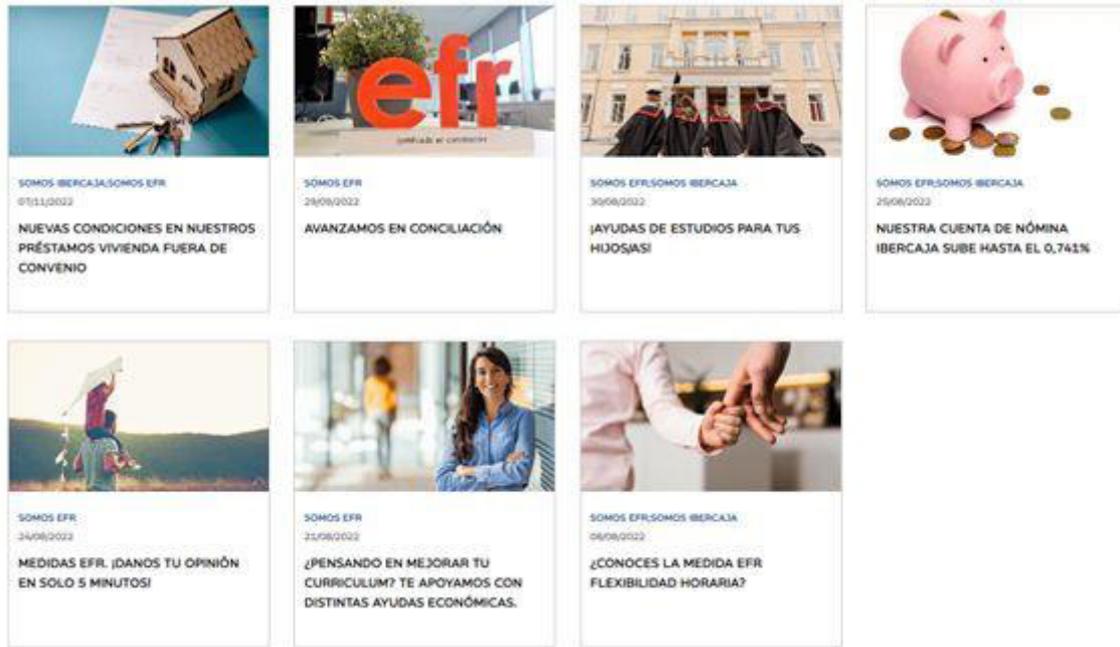
EFR INDICATORS		2021	dic/2022	
2.1 EMPLOYMENT STABILITY. % of permanent contracts as a percentage of total contracts		96.27%	95.83%	
3.1 TEMPORARY FLEXIBILITY % of companies that can take advantage of a flexibility measure. Temporary (this is independent of the position, having children under 14 years of age or family care network).		-	100.00%	
3.1 TEMPORARY FLEXIBILITY % of employers with children under 14 years of age		44.32%	42.77%	
3.2 TEMPORARY FLEXIBILITY % of companies using flex. Temporary on the number of Persons eligible for this flexibility		-	16.31%	
4.1 SPATIAL FLEXIBILITY (PILOT) % of employers in telework-optional positions		-	3.09%	
4.2 SPATIAL FLEXIBILITY (PILOT) % of employers using telework among those in telework-eligible positions		-	26.09%	
4.2 SPACE FLEXIBILITY (PILOT) % of employers using telework among those in telework-eligible positions. By job grouping	MANAGER	-	3.00%	
	MIDDLE MANAGERS	-	17.00%	
	TECHNICIANS	-	69.00%	
	CLERICAL STAFF	-	11.00%	
4.3 SPACE FLEXIBILITY (PILOT) Average % of the annual working day that is carried out in teleworking mode		-	60.00%	
4.3 SPACE FLEXIBILITY (PILOT) Average % of the annual working day that is carried out in telework modalities. By job grouping (Everyone, regardless of the position, has the		-	60.00%	
5. CON, UTI, SATIS, VAL AND APPLIC. OF MEASURES No. of Respondents and % of Respondents vs total		-	967 - 21.78%	SHEET 2
6. MATERNITY % mothers with children under 12 years of age in managerial positions out of total number of women in managerial positions		37.74%	35.24%	
7. EQUAL OPPORTUNITY BETWEEN WOMEN AND MEN % of women out of the total workforce		48.77%	49.32%	SHEET 3
8. EQUAL OPPORTUNITIES. OTHER FORMS OF DIVERSITY % of people with disabilities		1.07%	1.05%	SHEET 4

2022 EFR STRATEGIC OBJECTIVES



These measures are available to all Ibercaja Banco professionals through the main internal communication channels: [Regulations and Somos Ibercaja Internal Portal](#).

In parallel, we regularly carry out internal marketing campaigns to promote and raise awareness of the most representative EFR measures.



(Examples of dissemination of EFR measures in SOMOS Internal Portal)

In addition, the **external dissemination** of the EFR initiatives we implement is another of the tools used to achieve a positive impact on society, strengthen our image as an employer brand and involve our stakeholders in this project.



Improvement Objectives

In line with our culture and strategy, in 2022 the EFR team defined a new three-year Action Plan, approved by our Management Committee, to make further progress in improving work-life balance at Ibercaja.

The Plan was conceived through 5 priority lines of action with the objective of strengthening the EFR principles during the second certification cycle (2022-2025).

2022-2025 LINES OF ACTION

L1. Leader Essentials	Framework for people recognised as leaders to exert a homogeneous, coherent and aligned influence on their teams in line with our SOMOS Relationship Model.
L2. Improvement Information	Promote the mechanisation of the information derived from the monitoring of the EFR model and integration with people analytics for a better exploitation of the data.
L3. Employee Value Proposition	Advance in the implementation of new measures and work schemes that facilitate balance and well-being in people's lives.
L4. Training	Definition of the EFR training plan aimed both at people directly linked to the EFR model and at the rest of the staff.
L5. Communication and Awareness-raising	Define new internal and external communication strategies to raise awareness of EFR measures, promote their use and extend the EFR culture to other stakeholders.

Each of these five main lines is associated with an action plan for its achievement, which includes intermediate objectives, deadlines for implementation, responsible persons, etc.

Plan LiderA - 3rd enFemenino WEEK

Ibercaja actively promotes **equal opportunities**, rejecting any form of discrimination, and it is committed to the work-life balance of its professionals that work at the Bank.

In recent years, a great deal of progress has been made in the incorporation and promotion of female talent at Ibercaja.

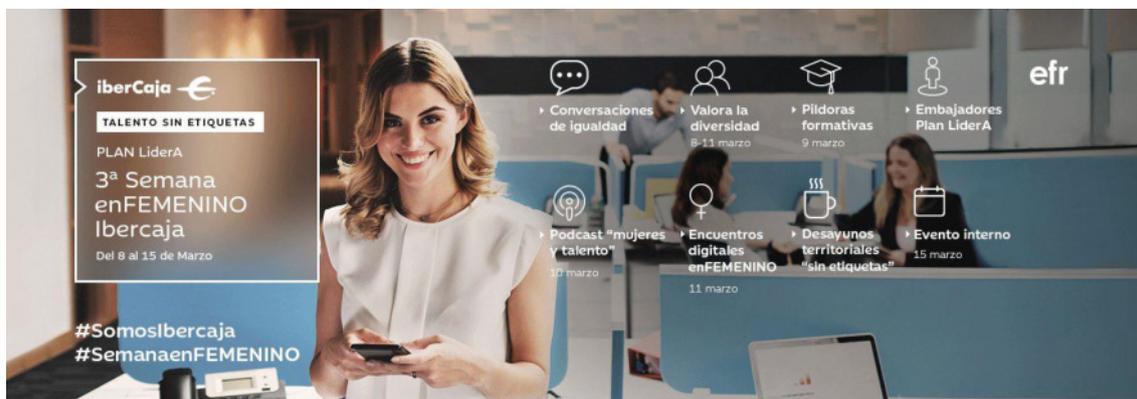
This is not an isolated event, but is part of the **EFR Action Plan**, which involves an increase in the presence of women in all areas of the organisation, including those with the greatest responsibility.

Women currently represent 49.3% of the workforce (50.4% in age brackets below 50 years) and the share of women in management positions is 34.4%.

In 2022, the number of vacancies awarded to women rose to 47%, while 46% were requested. Concessions were around 40% of the branch manager positions, 61% of the deputy manager positions and 55% of the personal banking manager positions. Women obtained 53.4% of promotions in 2022.

The LeaderA Plan forms part of our EFR Action Plan and seeks to further advance our Inspirational Leadership Model by focusing on women's access to leadership positions, through raising aspirations, flexibility, ambassadorial support, measurement and objectification to ensure progress.

To achieve this, it is necessary to promote initiatives that raise awareness among women and men of the importance of diversity in all areas of the organisation, breaking down barriers and overcoming stereotypes



Under the slogan “**Talent without labels**”, from 8 to 15 March we celebrated the “3rd enFemenino Week” at Ibercaja. An EFR initiative framed within the LiderA Plan with a double objective:

- **Encourage** people with growth potential to take a further step in their professional career.
- **Raise awareness** among those who have to make the decision to appoint new management positions so that, on an equal footing, they continue to support Female Talent.

Throughout the week, inspiring voices, ambassadors of Plan LiderA, reminded us of some of the skills that women bring to our leadership model: *focus on people, the search for cooperation, the generation of empathy and their predisposition and adaptation to change.*



(SUMMARY VIDEO THIS WAS WHAT ENFEMENINO WEEK WAS LIKE)

Time and Space Flexibility

The **new ways of working** involve a transformational approach to the traditional work system. For this reason, in this first certification cycle we included this line of action in our **EFR Plan** with the aim of implementing measures linked to flexible working hours and spatial flexibility at Ibercaja.

Given their impact, in 2022 we reached an **agreement with the entire RLT to implement actions in the areas of flexible working hours, remote work, digital disconnection and good practices in the management of working time**, thus reflecting the commitment of both parties to the reconciliation of work, family and personal life of the workforce.

Throughout 2022, **flexible working hours was the measure most highly valued** by the Bank's employees, according to the study analysing the effectiveness of EFR measures and employee interviews. **Its implementation has improved the working conditions of more than 280 people**, who have gone from requesting a reduction in working hours (with an impact on their pay) to enjoying flexible working hours.

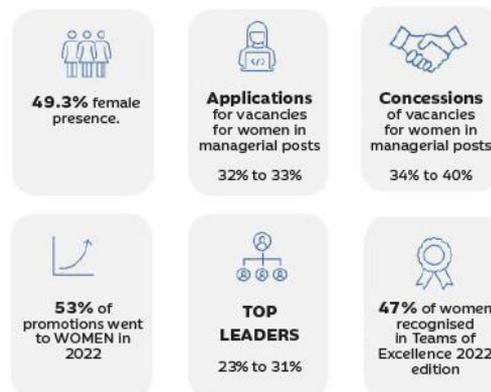
With regard to **digital disconnection and time management measures**, the agreement includes a series of **"good practices" as set out in the Collective Bargaining Agreement**, which regulate compliance and **guarantee the digital rights of Ibercaja's staff**.

2023 OBJECTIVE

To achieve that **40% of managers are women.**



What have we achieved since the start of the Plan?



EFR space

We have a specific site where we collect all the information related to the **EFR project**, **Plan LiderA** and the activities developed during the third “**enFemenino Week**”: Interviews with LiderA ambassadors, videos of workers and their particular cases, conversations, Suggestions box, articles, Presentations, etc.

We have created a “Family-Responsible Company” email address (efr@ibercaja.es), where people in the Bank can send us their queries, suggestions or complaints regarding work-life balance, joint responsibility, equality, diversity, flexibility, etc. We also carry out a materiality analysis with each Strategic Plan in which our stakeholders are consulted on the relevance of these issues. The methodology and the material aspects for the Bank are detailed in **chapter 3** of this document.

In relation to the **integration of people with disabilities**, Ibercaja, in addition to complying with the General Disability Law, promotes the participation of disabled people through agreements with social entities and awareness-raising through training and volunteer actions. Currently, 47 people with disabilities work in the Bank, and increasing their number is one of the main objectives of our EFR management model.

The Bank has protocols in place for dealing with any type of discrimination, including cases of sexual harassment and harassment for reasons of gender.

Our goal is to continue advancing towards talent without labels, for a future where you decide where you want to go and at Ibercaja we will accompany you.

Application of Redundancy Proceedings 2022

On 20 December 2020, an Agreement was reached to Apply Redundancy Proceedings at Ibercaja.

With this process, Ibercaja satisfactorily fulfils the negotiation objectives:

- **Voluntariness**, as a priority criterion for involvement.
- **Optimisation of the structure**, adapting it to the current market.
- Improved levels of **efficiency**, competitiveness, productivity and profitability.



The implementation of the aforementioned redundancy programme ended on 30 June 2022, with the dismissal of 750 employees.

MAIN REDUNDANCY PROCEEDINGS INDICATORS

Total voluntary accessions	811	
Separations 2021	525	70%
Separations 2022	225	30%

REDUNDANCIES BY AGE RANGE

AGE RANGES	MEN	WOMEN	TOTAL
31 - 40 YEARS OLD	0	0	0
41 - 50 YEARS OLD	1	3	4
51 - 60 YEARS OLD	134	84	218
61 - 70 YEARS OLD	3		3
TOTAL	138	87	225

REDUNDANCIES BY PROFESSIONAL CATEGORY

CATEGORIES	MEN	WOMEN	TOTAL
EXECUTIVES	25	6	31
MIDDLE MANAGERS	18	14	32
TECHNICIANS	30	26	56
CLERICAL STAFF	65	41	106
TOTAL	138	87	225

REDUNDANCIES BY AREA

AREAS	MEN	WOMEN	TOTAL
TERR. DIV. OF ARAGON	39	23	62
TERR. DIV. OF MEDITERRANEAN COAST	15	7	22
TERR. DIV. EXTREMADURA AND SOUTHERN SPAIN	12	4	16
TERR. DIV. MADRID AND NORTH-WEST SPAIN	18	12	30
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	20	14	34
MANGT. CORPORATE BANKING AREA	5		5
BRANCH NETWORK AREA MANAGEMENT		2	2
CENTRAL SERVICES	29	25	54
TOTAL	138	87	225

Other lines of action

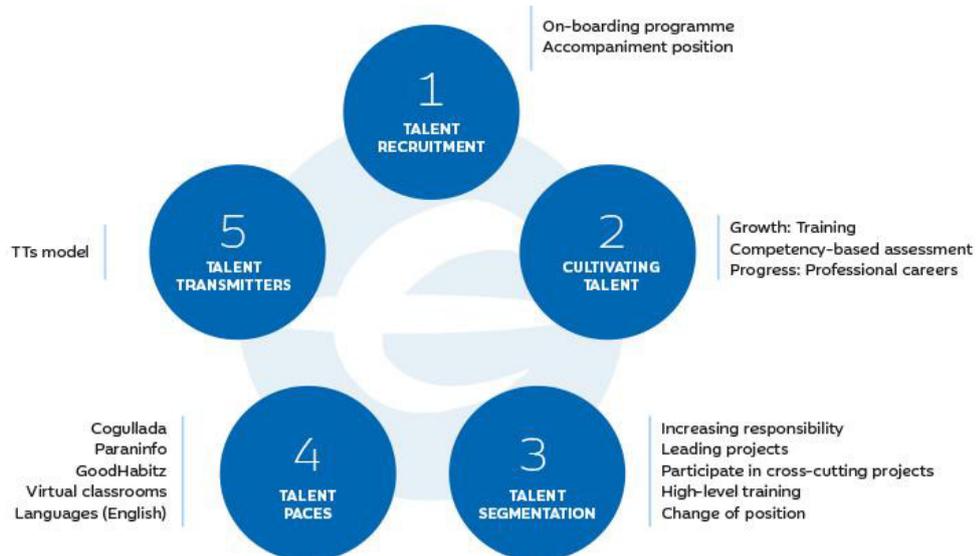
Cultivating talent

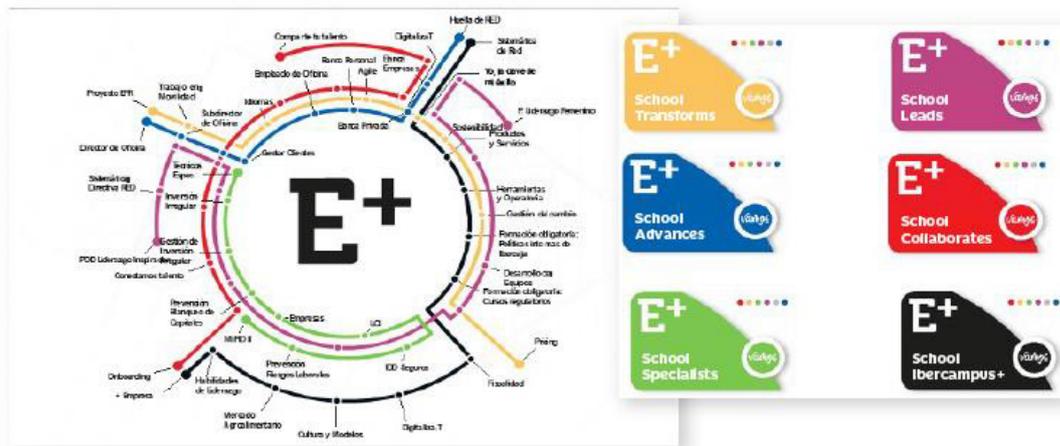
Ibercaja considers the **professional and personal development** of employees as a **strategic objective** within the framework of People Management.

This involves obtaining the maximum return on the talent existing at Ibercaja, providing a personalised management that favours professional growth to obtain better results and a greater commitment to the Company, in response to the dynamism required to carry on the Bank's activities in line with the expectations and requirements of the surroundings

Also, through the **Career Development Plan**, we promote the continuous development of the abilities and skills of our employees, identifying and responding to the current and future training needs of the Bank's different Groups. We align the training programmes and needs with the Bank's strategy, actively participating in the transmission of our culture, values, knowledge and experience.

Talent cycle





IBERCAJA TALENT SPACES



OXFORD LANGUAGES



PARANINFO TV



COGOLLADA CAMPUS



GOODHABITZ: PERSONAL SKILLS



TEAMS

The Bank encourages **talent development** through training programs and internal promotion for the highest number of employees possible. In **2022, 782 people** received professional promotions through the application of the criteria defined in each of the professional career plans, length of service, unrestricted designations and office classifications. There are professional career plans for all central service departments and for the strategic company and personal and private banking segments. There are a total of **1,209 professionals** pertaining to these promotion plans.

The aim of the training programmes is to **promote professional development**, meeting the needs that arise in an environment as dynamic environment as banking. Among the main training programs undertaken are those related to tools and operations, products and services, standards/regulation, taxation, development of attitude and personal motivation, digital environment and new trends.

In addition to **transversal training**, with the promotion of training webinars, it has been possible to reach all the bank's profiles with various topics (taxation, products, economic situation...) so that all the staff can choose what to train in and when, thus promoting self-development.

We continue to make progress in 2022 on the **Talent Transmitter Model**. New tools to facilitate the work of the TT and boost recognition by managers by providing them with information on the work of their TTs.

In addition, in 2022, the TT team continued to be trained so that they have the necessary pedagogical and digital tools to transfer the Bank's internal talent.

Lastly, the **first edition of the Master's Degree in Financial and Wealth Advice and Digital Banking**, aimed at STEM profiles, was completed in 2022. Its objective is to train this group in the knowledge of the banking business, thus improving their integration/immersion in our company/comprehension or understanding of their day-to-day life in relation to our business. In this first edition, 19 colleagues have participated and they will defend their final Master's degree project in January 2023 before the heads of the Area Managements involved in their work, Marketing and Digital Strategy and Brand, Reputation and Sustainability.

The number of training hours in 2022 amounted to **383,057**, of which **114,001** were classroom-based training and **269,056** were distance learning, broken down by professional category as follows:

JOB CATEGORY	TRAINING HOURS 2022	TRAINING HOURS 2021	TRAINING HOURS 2020
EXECUTIVES	76,375	54,732	77,194
MIDDLE MANAGERS	69,278	70,579	97,264
TECHNICIANS	122,244	99,880	124,164
CLERICAL STAFF	115,160	69,915	98,099
TOTAL	383,057	295,106	396,720

The average number of training hours per employee in 2022 was 86 hours (33% more than in 2021).

Employee Communication and Experience

The Bank has **open and transparent communication** with people, providing information on actions led from the People area, disclosing general interest topics among the workforce, providing and **promoting channels** and **means** of guaranteeing adequate notification to employees and encouraging their participation.

THE MAIN INTERNAL COMMUNICATION RESOURCES INCLUDE:

SOMOS IBERCAJA INTERNAL PORTAL	One of the main channels for transmitting culture and values to the workforce, encouraging participation and the flow of information upwards, downwards and across the board.
REGULATORY-DAILY INFORMATION	Main downstream communication channels that provide information at all times on the regulations in force in the different areas of the organisation.
EMPLOYEE EXPERIENCE SURVEYS	Upward communication channel that allows us to find out how employees experience and feel about their relationship with Ibercaja at key moments in their personal and professional lives.
EFR INTERNAL CHANNEL	The email address efr@ibercaja.es has been created so that the Bank's employees can send in their proposals or suggestions for improvement and/or send in their complaints or claims related to EFR.
EFR EXTERNAL CHANNEL	As a Family-Responsible Company, Ibercaja's employees have a confidential communication channel with Fundación Másfamilia regarding the EFR model. www.masfamilia.org
IBERCAJA ACTIVA	A cultural and recreational group that promotes activities that encourage participation and social relations through sport.
IMPULSO PLATFORM	Participation channel based on a system of challenges that aims to involve staff in the search for ideas and solutions to the challenges that are proposed periodically. There are two types of challenges: Solidarity and Innovation.
MECHANISMS AND PROCEDURES THAT THE COMPANY HAS IN PLACE TO PROMOTE EMPLOYEE INVOLVEMENT	<p>We have mechanisms and procedures in place to promote the involvement of workers in the management of the organisation, in terms of information, consultation and participation, such as:</p> <ul style="list-style-type: none"> • EFR email address; For suggestions, doubts and complaints regarding work-life balance and equality. • Impulso Ibercaja project, has two lines of action, which are <ul style="list-style-type: none"> ◦ Impulso solidario (Solidarity drive), linked to CSR ◦ Impulso innovador (Innovative drive), linked to actions of a strategic nature • Ideamos Juntos channel, for improvement ideas related to the Bank's processes and tools. • Somos Portal, where our people can make suggestions. • Pulse surveys, • EFR effectiveness analysis • Employee Experience Measurement, • Focus group with employees on various topics. • Women's breakfasts

Special plan “At Christmas, we are more Ibercaja than ever”.

Within the plans for participation, internal communication and solidarity and volunteering that we implement within the Bank, the Internal Communication campaign that Ibercaja carried out during the Christmas period stands out.

Under the slogan “At Christmas we ARE more Ibercaja than ever”, we have shared, as a team or with our families, different Christmas initiatives that have made us feel and live with pride the values represented by the Ibercaja culture, making our corporate purpose a reality:

“Help people build their life story because it will be our story”

We have teamed up and smiled with the TikTok competition; we have lovingly cooked Christmas recipes with our families and friends; with the Drawing Competition we have learned through the eyes of our children how we are at Ibercaja and what makes us different; and of course we have contributed to making Christmas a better time for other people with actions such as We are capable of anything, I invite you to dinner, the Unicef Blue Gift, The Real Three Wise Men or A Smile for Christmas.

And that is the true essence of our Christmas at Ibercaja.



From 25 November 2022 to 8 January 2023, a total of 15 participation initiatives were carried out so that Ibercaja's professionals could join, together with their families, in the different initiatives proposed:

- **Great Food Collection:** 56 volunteers participating in 6 different cities.
- **Circlassica Zaragoza:** The circus as a family, with 982 attendees.
- **Draw Ibercaja in Your Christmas,** with 294 drawings and more than 1,900 votes cast, which represents 294 Unicef Blue Gift kits and the **Christmas Gala** at which the details of the winning drawings were handed out to more than 150 people.
- **I Invite You To Dinner Initiative:** 20 Ibercaja volunteers in Madrid, helping to serve more than 1,000 menus to people without resources.
- **A Smile for Christmas:** 440 gifts collected in cities such as Badajoz, Barcelona, Burgos, Guadalajara, Logroño, Madrid, Mérida, Sevilla, Valencia, Zafra, Zaragoza and online gifts.
- **The Real Three Wise Men:** Participation of colleagues who acted as royal pages for 160 boys and girls.
- **Christmas TikTok competition** with more than 200 entries and 38 greetings received, **a Christmas quiz** with more than 400 visits, the **concert by Los Infanticos del Pilar** with more than 220 attendees (in person and online) and two hybrid cooking workshops, with Christmas biscuits and king cake, which had 103 attendees in person and more than 300 online views.
- **We can do anything initiative, milk collection campaign** by the staff for the soup kitchens of Banco de Alimentos de España and border areas of Ukraine, **with a donation of more than 5,000 litres.**

People management

Since 2017, Ibercaja has had a network of People Management Managers covering all the Territorial Divisions and Central Services.

We seek to ensure that the **employee feels listened to and accompanied** in key moments of their professional life: the inclusion in the post, an appointment, a transfer, the evaluation of skills or the resolution of a personal problem.

To this end, these people managers rely on a number of tools to help deploy this project: management protocols for support at key moments; employee records to support management and a new method for assessing their professional skills and expectations.

Our **relationship model with the employee** replicates the **Commercial Management Model with customers**.



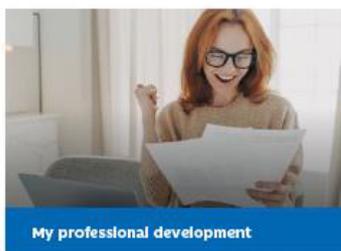
Remuneration policy

Staff **salaries** comprise fixed remuneration provided for in the Collective Bargaining Agreement for each Professional Level and for the variable remuneration received by the staff assigned to the Branch Network associated with the attainment of objectives. In addition, other amounts are paid as supplements for certain groups with specific functions and responsibilities.

The **fringe benefits** provided by Ibercaja to its employees supplement legally stipulated coverage, beyond the limits and benefits established in collective bargaining agreements. They include, among others, study grants, pension plans, grants for nurseries and children's education.

Through the Somos Ibercaja Internal Portal, employees have access to a digital and interactive environment that, with a modern, friendly and familiar image, shows the advantages and benefits that they can enjoy at different times in their personal and professional lives, as a result of belonging to the Ibercaja family.

With you in your professional life



With you in your personal life



All benefits apply to all employees regardless of their type of contract, with the exception of the special financing conditions, which are conditional on being permanent and having passed the probationary period.

In line with the rest of Ibercaja's Human Resources policies, the Remuneration Policy is based on the principle of equality between men and women, with no type of wage differentiation between genders.

The following are details of the **average remuneration received** by the employees of Ibercaja at 31 December **2022**. These remunerations are made up of fixed remuneration, salary complements and variable remuneration received in 2022.

AVERAGE TOTAL REMUNERATION BY GENDER (IN EUROS):

GENDER	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
M	52,713	-0.24%	52,840
F	46,860	0.85%	46,463
Total	49,826	0.19%	49,730

AVERAGE TOTAL REMUNERATION BY GENDER (IN EUROS):

GENDER	FIXED SAL + BONUS 2021	INCR. RESP. 2020	FIXED SAL + BONUS 2020
M	52,840	-1.18%	53,468
F	46,463	0.65%	46,767
Total	49,730	-1.13%	50,300

AVERAGE TOTAL REMUNERATION BY AGE RANGE (IN EUROS):

AGE RANGES	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
21 - 30 YEARS OLD	24,385	2.52%	23,787
31 - 40 YEARS OLD	42,963	0.20%	42,877
41 - 50 YEARS OLD	49,413	0.15%	49,340
51 - 60 YEARS OLD	56,832	1.47%	56,011
61 - 70 YEARS OLD	83,511	-8.08%	90,852
TOTAL	49,826	0.19%	49,730

AVERAGE TOTAL REMUNERATION BY AGE RANGE (IN EUROS):

AGE RANGES	FIXED SAL + BONUS 2021	INCR. RESP. 2020	FIXED SAL + BONUS 2020
21 - 30 YEARS OLD	23,787	-5.33%	25,127
31 - 40 YEARS OLD	42,877	0.43%	42,694
41 - 50 YEARS OLD	49,340	-0.42%	49,548
51 - 60 YEARS OLD	56,011	-0.42%	56,250
61 - 70 YEARS OLD	90,852	-4.19%	94,829
Total	49,730	-1.13%	50,300

AVERAGE TOTAL REMUNERATION BY JOB CATEGORY (IN EUROS):

JOB GROUPING	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
1-EXECUTIVES	61,868	-5.28%	65,317
2 - MIDDLE MANAGERS	55,892	4.64%	53,415
3-TECHNICIANS	46,750	-0.69%	46,430
4 - CLERICAL STAFF	39,268	-3.00%	40,483
Total	49,826	0.19%	49,730

AVERAGE TOTAL REMUNERATION BY JOB CATEGORY (IN EUROS):

JOB GROUPING	FIXED SAL + BONUS 2021	INCR. RESP. 2020	FIXED SAL + BONUS 2020
1-EXECUTIVES	65,317	0.63%	64,908
2 - MIDDLE MANAGERS	53,415	0.14%	53,340
3-TECHNICIANS	46,430	-1.12%	46,957
4 - CLERICAL STAFF	40,483	-5.01%	42,619
Total	49,730	-1.13%	50,300

AVERAGE TOTAL REMUNERATION OF EXECUTIVES BY GENDER (IN EUROS):

GENDER	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
M	64,179	-4.84%	67,441
F	57,450	-5.28%	60,653
Total	61,868	-5.28%	65,317

AVERAGE TOTAL REMUNERATION OF EXECUTIVES BY GENDER (IN EUROS):

GENDER	FIXED SAL + BONUS 2021	INCR. RESP. 2020	FIXED SAL + BONUS 2020
M	67,441	0.80%	66,904
F	60,653	0.62%	60,280
Total	65,317	0.63%	64,908

In relation to the **salary gap**, if the base salary of the collective agreement is taken as a reference and the additional remuneration for length of service, social benefits or other benefits is excepted, the male/female wage ratio in Ibercaja is 1.

The range of the relationships between the standard initial salary and the minimum local salary in places in which significant transactions are performed is 114% both for men and women.

Analysing this information weighted by job grouping (executives, middle management, technical and clerical), a salary gap of 6.86% was determined in 2022.

The wage difference shown by the results is in line with the sector, mainly generated by the historical gender composition of the company, which translates into a higher average length of service of men compared to women. The evidence for this is the **reduction of the gap with respect to 2021 by 8.00%, from 12.1% to 11.1%**.

This calculation takes into account fixed remuneration, wage complements and variable remuneration received in 2022.

This trend is partly due to the measures implemented to reduce it:

- **Increase in the representation of women in** management positions.
- **53%** of promotions in 2022 corresponded to **women**.

Aspects relating to the remuneration of directors

The position of member of the Board of Directors is remunerated, in accordance with article 34 of the Articles of Association. Only the Chief Executive Officer and the Chairman receive a salary for the performance of their duties, as well as allowances for attending meetings of governing bodies, in accordance with the provisions of the Articles of Association. The remuneration of the other directors, in their capacity as such, consists of (a) allowances for attending meetings of the Board of Directors and its committees, and (b) an annual allocation to be determined by the Board for directors with special dedication and duties (chair of the internal committees of the Board of Directors).

Information on directors' remuneration is disclosed on the Bank's **corporate website** (www.ibercaja.com), in the Corporate governance and remuneration policy section and in the Annual Corporate Governance Report.



Aspects relating to the remuneration of senior management

The members of the Bank's Management Committee, made up of 11 people (8 men and 3 women) at 31 December 2022, are considered senior management. Information on senior management remuneration includes both fixed and variable remuneration, long-term pension systems and any other payments. The average remuneration is 213 thousand euros (average remuneration of executives of 216 thousand euros and 206 thousand euros in the case of executives, which is mainly affected by the length of service of the officials in the Bank).

Health and industrial relations

100% of Ibercaja Banco employees are covered by Collective Bargaining Agreements and are represented on formal committees. Ibercaja's activity is carried out entirely in Spain and its workforce is made up of people of different nationalities. All of them have full-time contracts.

89% of employees have an intensive **timetable** (except Thursdays in winter). The Collective Agreement for the years 2019-2023 establishes an annual working time of 1,680 hours of effective work. Respecting said working day, and without prejudice to the irregular distribution thereof, in accordance with the provisions of current legislation and applicable industry regulations, the **working hours** are as follows:

- From 1 May to 30 September, the schedule is from Monday to Friday: 08.00 to 15.00.
- From 1 October to 30 April, the schedule is, on Monday, Tuesday, Wednesday and Friday: 08.00 to 15.00 and Thursdays: 08.00 to 14.00 and 16.00 to 19.00.

In Ibercaja there are 479 employees subject to tailored schedules, requested on a voluntary basis. Of these, 85% requested three afternoons, 3% two afternoons and 13% one afternoon.

Also, the new Agreement, for the first time, enacts the right to digital disconnection in the workplace. This regulation contributes to the health of workers by reducing, among others, technological fatigue or stress, thereby improving their working environment and work quality.

Labour relations are based on **open and transparent dialogue with employee representatives**. The Bank's union representation comprises 228 employees linked to five union sections.

These relationships attempt to foster mutual commitment, in order to advance in the improvement of the employment conditions for the professionals that work at Ibercaja.

Agreements reached in 2022:

- Ibercaja Equality Plan
- Agreement on flexitime, remote work in work-life balance, digital disconnection and time management
- Agreement on the conduct of the trade union election process 2023

Occupational health and prevention

Ibercaja is committed to the **safety and protection of its employees** to ensure their **well-being and occupational health**, by minimising risks and assigning the resources that are necessary to implement preventive actions.

Also, Ibercaja's strategic objectives include the promotion of healthy lifestyles, promoting different initiatives in this regard:

- Performance of medical check-ups.
- Promotion of sports activities through the Cultural Group, active participation in races and marathons throughout Spain in a group manner and the organisation of workshops that promote well-being (Healthy Space and Show Cooking at CoffeeWork).

- Specific section in the Internal Portal Somos Ibercaja (We are Healthy) where recommendations for health care are included, such as how to prevent colds, good heart-healthy habits or information on the importance of a healthy diet.

The Bank has its **own prevention service**, as it is a company with more than 500 workers. The company's own Prevention Service is a specific organisational unit that covers two of the four preventive disciplines ("Health Surveillance" and "Ergonomics and applied psychosociology") provided for in Chapter III of Royal Decree 39/1997, of 17 January, approving the Regulations on prevention services. The preventive specialties of "Occupational Safety" and "Industrial Hygiene" are contracted with an external prevention service: MORE PREVENTION.

The Bank has implemented an **occupational risk prevention plan**, with the aim of integrating preventive activity into management.

The Bank has a **Health and Safety Committee** made up of 10 members: Five of them are the Prevention Delegates and the other five are representatives of Ibercaja. Ibercaja's Health and Safety Committee has its own internal regulations that govern its functioning.

Given the activity carried out, no specific risk or illness for employees is identified.

In 2022, there were **25 accidents at work** (10 men and 15 women), **22% less than in the previous year** (and 20% less if we take into account days not worked due to accidents at work).

The total number of absence hours is 314,708 (359,410 in 2021). As is the case every year, the hours of absenteeism include common illness, occupational accidents and maternity and paternity leave. This year, as in the previous year, COVID hours were also included, amounting to 40,348 hours. Absenteeism has decreased in all 5 items compared to the previous year.

2022	TOTAL	MEN	WOMEN
FREQUENCY INDEX	1.1733	1.1529	1.1944
SEVERITY INDEX	0.1277	0.1169	0.1388

2021	TOTAL	MEN	WOMEN
FREQUENCY INDEX	1.1764	0.8228	1.5593
SEVERITY INDEX	0.1454	0.0961	0.1989

(**) IdF= Number of accidents with time off work *10⁶
Total number of hours actually worked

(**) IdG= Number of days not worked due to an accident at work, with leave *10³
Total number of hours actually worked

6.5 Commitment to the environment

2-12, 2-13, 2-23, 2-29, 3-3, 201-2, 301-1, 301-2, 302-1, 302-4, 305-5

Ibercaja is firmly committed to protecting the environment and combating climate change, taking into account its environmental impact and promoting, through its activities, the transformation towards a more sustainable economy.

6.5.1 Through the banking and financial activity

Ibercaja uses the objectives of the Paris Agreement on Climate Change as a reference, and moves forward in the implementation of the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD)^[19].

The Sustainability Policy, approved by Ibercaja's Board of Directors in December 2020, includes **Ibercaja's environmental commitments**:

Through its financial activity, Ibercaja undertakes to:

- **Analyse the impact of climate change**, detecting **needs** that the transition to a decarbonised economy may present, in order to **respond with business solutions** that support environmental sustainability.
- **Analyse climatic and environmental risks**, their impact on customers and their financial activity, for their gradual integration in compliance with the regulatory requirements.
- **Transparently communicate** the advances in environmental sustainability, **raising awareness internally and externally** to promote a sense of environmental responsibility.
- Assume and endorse the primary **national and international commitments** that help to protect the environment and fight against climate change, working on their implementation.

¹⁹ For more information, see chapter 6.12 of this report.

6.5.2 Through internal environmental management

Our commitment to the environment is also materialised in the management of the direct impacts of our activity, and is developed through the following axes:

In its environmental management, Ibercaja applies the principle of precaution, in order to guide its actions to prevent or avoid damage to the environment.

<p>Environmental policy</p>	<p><i>This policy is based on the observance of regulations of a general nature preventing pollution and contamination in its own processes, ensuring appropriate waste management, raising employee awareness of the responsible use of natural resources and disseminating good practices among customers and suppliers to raise their awareness. This policy was updated in 2021 to bring it in line with the principles of action that govern the Sustainability Policy and extend its scope to include the Bank's financial activity.</i></p>
<p>Environment Committee</p>	<p><i>At executive level, this body is tasked with ensuring its compliance, supervising the efficiency and effectiveness of the Bank's environmental management system and promoting awareness initiatives and environmental protection. It is the body that reviews and approves updates to the Environmental Policy.</i></p>
<p>Environmental Management System</p>	<p><i>Supervised by the Environmental Committee, it has a Coordinator and a specific budget for its correct performance, enabling the implementation of environmental initiatives proposed by the Environmental Team, formed by volunteers from different units, which propose, foster and promote initiatives in the environmental protection area.</i></p>

To do so, Ibercaja assumes the following commitments:

- Measure and publish its carbon footprint, establishing a reduction plan to achieve **emission neutrality**.
- Comply with the **applicable legal environmental requirements** and those other rules **voluntarily assumed**, adopting the necessary measures to do so.
- Apply the **principle of pollution prevention** to minimise and/or offset for possible negative impacts on the environment.
- **Encourage the responsible control and consumption of resources, and the proper management of waste** by minimising its generation to the fullest extent possible and promoting the circular economy all along the value chain.
- Ensure the integration of **continuous improvement** in the system and in environmental performance by establishing **environmental objectives**.
- **Raise awareness among the people** who make up Ibercaja, fostering a sense of environmental responsibility in their actions, the dissemination of good practices and involvement and participation.
- **Disseminate its Environmental Policy** and all information considered relevant on the actions and initiatives carried out in environmental matters among stakeholders.

The Environmental Management System (EMS) has been in place at the Bank since 2007, and it is externally certified by AENOR, which verifies compliance by the head office building with the requirements of the ISO 14001:2015 standard. As a requirement of this Standard, the risks and opportunities arising from the system are identified, as well as the actions to be taken for each risk. The risks include the impact of climate change on financial activity. Opportunities include those arising from the transition to a more sustainable economy: SRI drive, green finance, environmental solidarity initiatives, etc.

In 2022 AENOR conducted the **Certification Renewal Audit** on the Bank's Environmental Management System, in which it verified the implementation of the System with respect to the specific requirements in the UNE-EN ISO 14001:2015 reference standard. The strong points are **highlighted as follows**:

- State of **order and clean** facilities.
- **Horizontal, vertical ascending and descending** communication channels.
- **Thorough analysis** of the determination of the context of the organisation, and of the interested parties and their requirements.
- The **availability, aptitude and technical preparation of all the personnel involved** in the system, implication and knowledge regarding the Bank's environmental efficiency theme and culture.
- **Internal and external environmental initiatives**, and the participation of the Bank through **inclusion** and awareness-raising through symposiums for the interested parties.
- Integration of the Environmental Management System (EMS) in the **business units** and the inclusion of environmental criteria in the design of the organisation's financial products.
- **Reduction of carbon footprint and offsetting of emissions, achieving carbon neutrality (scopes 1 and 2).**
- **Evaluation of EMS suppliers** with a high degree of environmental criteria.
- **Environmental actions** implemented: **100% recycled plastic** in the use of bottles, increased **percentage of sustainable products** in the consumption of office equipment and **improved recycling** in branches.
- **Coordinated management with the company in charge of the maintenance of the facilities.**

Main lines of action in 2022:

Resource management:

Optimisation

The Bank has implemented initiatives aimed at **optimising the consumption of resources**

TOTAL CONSUMPTION	2020	2021	2022
Water consumption (m3)	37,028	38,934	39,004,91
Energy consumption (Gj)**	129,780,7	128,138,24	122,231,55
Paper consumption in Tm *	367,05	347,3***	283,18

* 98% of DIN A4 paper is recycled. In 2021, the envelope consumption for 2019 and 2020 was revised and updated with the actual amount in tonnes.

**The electricity consumption of Red de Oficinas for 2020 was calculated from the electricity invoices of the different companies for the period between 1 December of the previous year and 30 November of the current year. This is because real calendar year data are not available until March of the following year. The study of electricity consumption of branches in 2021 and 2022 was carried out in the period between October 2021 and September 2022, due to Endesa's irregular billing in both years.

***In 2021, the envelope consumption for 2019 and 2020 was revised and updated with the actual amount in tonnes.

In 2022, as in previous years, in all the reforms, works and maintenance actions carried out at branches, when the facility allows it and it is necessary, the criterion of **replacing the existing lighting with LED systems** and of improving air conditioning systems with more efficient equipment, was maintained. All our measures or procedures take into account the Bank's **environmental management principles**.

In this vein, we continue to promote initiatives to raise awareness of environmental protection. Focusing on the continuous improvement of energy saving and efficiency policies, every year the branches are sent information on electricity consumption and expenditure data and reminded of important aspects to consider in order to make the branches more sustainable from an environmental point of view.

In the case of paper, Ibercaja promotes actions aimed at improving the management of paper use, managing to maintain a trend of reducing its consumption. Thus, in 2022, an 18% reduction in A4 paper consumption was achieved compared to 2021 and a 23% reduction in paper used for customer communications (envelopes and documents sent).

Circular economy and waste management



Through its internal management, Ibercaja makes a substantial contribution to the circular economy, in particular to the prevention, reuse and recycling of waste.

In 2022 the **Aragon Circular Seal** was obtained. This Seal, awarded for the first time by the Government of Aragon, is a recognition to companies, self-employed and local entities for their commitment to the circular economy model.

In order to obtain this Seal, the incorporation of **sustainable criteria** in the design of the branches has been taken into account, prioritising the **choice of raw materials** from more sustainable sources, **high energy efficiency criteria** in air conditioning equipment and installations, **waste management**, life cycle analysis, contribution throughout the **value chain, good practices, personnel** of the Bank involved, **training and awareness**, reduction of **energy consumption**, etc.

The correct segregation of waste and its selective collection is a constant commitment of the Bank, ensuring the correct destination of each one of them in order to reduce their environmental impact and maintaining a correct monitoring and documentary control management, with the help of a waste management coordinator.

In this line, the focus is on **extending good** environmental practices to the branch network. Thus, all new branches systematically incorporate specific bins for recycling (paper/cardboard, plastics and waste), accompanied by informative posters to raise awareness.

Awareness-raising campaigns and training help to promote the best environmental practices and to gain awareness to minimise waste generation. In this respect, in 2022, efforts were focused on the **continuous improvement of waste management** highlighting the internal and external environmental awareness and information actions, aligned with important global events related to recycling and environmental education, as well as specific training in the Principles and tools of the Circular Economy-Zero Waste, for all the members of the Environment Committee and Environmental Teams.

Moreover, as part of its firm commitment to the circular economy and environmental protection, Ibercaja has set itself the objective of gradually implementing the issuance of sustainable cards made from recycled plastic. Thus, by 2022, 70% of all cards issued will be made from recycled PVC.

Issues

Ibercaja began calculating its carbon footprint in 2016, including Scope 1, 2 and partially Scope 3 emissions, specifically those produced by employees travelling by car for work purposes and those associated with sending documentation by courier.

The Bank has registered its carbon footprint in the Registry of Carbon Footprint, compensation and absorption projects of the MITERD's Climate Change Office and for three consecutive years has obtained the “Calculo-Reduzco” seal, which accredits its work in calculating its carbon footprint and the efforts made to reduce it.



The Carbon Footprint Report, which is published on the Bank's corporate website, includes the monitoring of the actions set out in the **Emission reduction plan** and its development since 2016.

The key indicator when monitoring the Plan is the percentage of CO₂ emissions reduction achieved, in%. Thus, a reduction of almost 90% compared to 2016 was achieved in 2022. This reduction is mainly due to the fact that all of the electricity consumed by the Bank is 100% green energy, with a guarantee of origin.

Furthermore, all the Bank's vehicles are being replaced by more sustainable vehicles, with ZERO and ECO labels, achieving a reduction in the emission factors of the vehicle fleet (gCO₂/km).

The CO₂ emissions that could not be avoided in the previous year were offset in 2022 through the Procuenca forestry project as part of the ECODES ZeroCO₂ offsetting model.

Committed

The Bank's commitment to the environment is embodied in its **Carbon Neutral Objective**

Having achieved this objective, as reflected in the Sustainability Policy, Ibercaja must move towards a low-carbon economy. Our commitment to the Net Zero Banking Alliance entails working towards the goal of achieving emissions neutrality in the financed emissions (lending portfolio) by 2050.

In response to this commitment, Ibercaja has defined decarbonisation targets in three carbon-intensive sectors, relevant to the Bank's business model: Residential Real Estate, Power Generation and Iron and Steel Production^[20].

During 2022, the carbon footprint of the Bank's portfolio of productive activities was calculated for the scope 3 carbon footprint of financed emissions. For this purpose, the PCAF methodology was followed^[21] and resulted in 1.53 MtCO₂eq.

²⁰See further details in chapter 6.12 of this report.

²¹Partnership for Carbon Accounting Financials

Awareness-raising and communication

To achieve our environmental objective and commitment, awareness-raising and communication with our employees, customers and society are **key aspects**, thus enabling us to generate a greater impact.

Annually, **environmental actions and content are planned throughout the year**, aligned also with global awareness initiatives and special days of the year devoted to environmental preservation and the fight against climate change. Dissemination is carried out through a range of Bank channels, both internal and external (Daily Information, SOMOS Internal Portal, social media, etc.).

Highlights during the year included the staging of the **2nd Planet Week**, initiative held around 24 October, coinciding with the celebration of the International Day for Combating Climate Change. The aim was to accompany customers, employees and society on the road to sustainability. This project embodies the commitment of the entire Ibercaja Group: Bank, Foundation and Financial Group. In this second edition, with a focus on social aspects, various business conferences, round tables, volunteering actions, sustainability blog publications, competitions, eco-advice, etc. were organised with a national scope, achieving wide dissemination and repercussion in the media.



Various **Environmental Volunteering** actions were also carried out during 2022, open not only to Ibercaja employees, but also to customers and society in general.



This year, a new **Guide to Good Housekeeping Practices** was drawn up as a tool to promote actions that encourage the implementation of the principles of circular economy

In November, **Sustainable Tuesdays** were held, an initiative aimed at Ibercaja Group employees and their families, in which talks were held with experts on topics such as the circular economy and the Sustainable Development Goals.

For yet another year, Ibercaja joined the Earth Hour initiative at the Zaragoza central building, the Reyes Católicos building in Burgos and the Badajoz Siglo XXI building in Badajoz.

Also, the **corporate website** includes Ibercaja's sustainability and environmental commitment in a specific section. Meanwhile, the **commercial website** now features a blog devoted to sustainability, with the aim of supporting and accompanying our customers on the necessary path towards decarbonisation.

The Ibercaja Foundation has continued its support for the **Zaragozan Forest**, an initiative of Zaragoza City Council, with the collaboration of almost forty entities, whose objective is to plant 700,000 trees and bushes in Zaragoza and its surroundings over the next few years. The **Ibercaja Forest** was also launched, a reforestation project that will plant more than 38,000 trees in Zaragoza.

Environment Team

The Environmental Management System has an **Environment Team** comprising volunteers from various departments and areas of the Bank, all tasked with proposing, championing and taking action in the realm of environmental protection.

Committed

The **Environment Team** proposes, champions and implements **environmental protection** actions.

With the aim of reducing and optimising the use of plastic at Ibercaja, the **PLASTIC-FREE TEAM** was set up in 2019 to promote, on a voluntary basis, initiatives that encourage the use of recycled and recyclable plastic materials (card sleeves, etc.). The water bottles at the Bank's headquarters were also replaced with rPet bottles (100% recycled and recyclable), thereby transferring our environmental commitments along the value chain. These good practices, based on circularity principles, are part of Ibercaja's environmental objectives to reduce its environmental impact and champion the circular economy by promoting actions to give plastic a second life.

Training

Training is a key element at Ibercaja as we seek to convey our commitment to the environment to everyone at the Bank and give them the necessary tools to carry out their work and make ESG concerns part of their professional decision-making.

In 2022, as part of the sustainability line of the **Professional Development Plan**, various **training activities** related to sustainability and the environment were carried out:

- **Sustainable finance**: several training sessions were held in different areas (risks, ESG-Green MiFID advice, internal audit, etc.).
- Course on sustainability focused on **environmental protection**, available to all Bank employees through an internal platform.

Also during the year, several training sessions on sustainability were held for the people in the areas most directly involved in the management of ESG aspects, and training was provided for the entire workforce on the most relevant aspects of the integration of sustainability into Ibercaja's strategy and business.

A course on the Global Compact was also made available to all Ibercaja employees through the Bank's platform on the SDGs and the 2030 Agenda.

In addition, specific training was provided for waste managers, including refresher training to enable them to perform their work properly.

Environmental alliances

Ibercaja, within the framework of the promotion of SDG 17 (alliances), promotes cooperation between entities and its participation in environmental initiatives and the fight against climate change.

Cooperation

Ibercaja promotes **cooperation among entities** and its participation in environmental initiatives

Ibercaja is a **founding member of the Net Zero Banking Alliance (NZBA)**, an initiative of the United Nations that promotes the commitment of the banking sector worldwide to achieve carbon neutrality in respect of CO₂ emissions by 2050. Meanwhile, Ibercaja Gestión and Ibercaja Pensión signed up to the **Net Zero Asset Managers**, with the commitment to achieve neutrality of their own and their portfolios' CO₂ emissions by 2050 at the latest.

Ibercaja is also involved in the **Sustainable Finance Sector Working Group** to analyse and adapt to legislative proposals promoted by the European Commission in its Action Plan on Financing Sustainable Growth.

Ibercaja is part of the **#ComunidadPorElClima** initiative, to raise awareness and disseminate good environmental practices to make the planet a more sustainable place to live.

As part of the COP25, in 2019, the Bank signed the “**Collective Commitment to Climate Action**” of the Spanish financial sector, promoted by the United Nations Environment Programme Finance Initiative, and joined the commitment to measure and reduce the carbon footprint.

Smart Green. In 2020, the Ibercaja Foundation joined the Smart Green Movement, an initiative led by LG España in collaboration with CO₂ Revolution, whose objective is to plant millions of trees throughout the country. Hence the Ibercaja Foundation joined the movement that brings together mayor firms, citizens and institutions to combat climate change, absorbing the CO₂ surplus into the atmosphere through the reforestation of trees.

6.6. Commitment to shareholders and investors

2-29

The Bank continues to pledge for transparency

In our relationship with current and potential shareholders and investors, it is crucial to carry out meaningful action and provide adequate information for the assessment of such action.

Commitments to shareholders and investors

- **EQUALITY:** Guarantee equality between shareholders and investors regarding access to significant information on the Bank, avoiding asymmetry and ensuring maximum transparency so that they can obtain complete, clear and true information at all times.
- **ADEQUATE DIALOGUE:** Establish adequate dialogue channels that allow them to be attended to with agility and quality in a personalised manner.
- **CONFIDENTIALITY:** Protect, in the terms envisaged, the confidentiality of the data that may be contributed by shareholders and investors

IPO process and provisioning of the reserve fund

On 20 January 2022, Ibercaja announced, through a mandatory disclosure delivered to the Spanish National Securities Market Commission (CNMV), its intention to be listed on the Spanish stock exchanges by means of a secondary share offering by the Bank's majority shareholder, the Ibercaja Banking Foundation. However, because the prevailing geopolitical tensions at that time were causing high levels of volatility within the international capital markets, on 31 January 2022 the Board of Directors decided that it would be best to wait for the markets to return to relative normality before continuing with the transaction. It therefore continued to prepare for the IPO by drawing up the financial statements for the year ended 31 December 2021.

On 24 June 2022, Fundación Bancaria Ibercaja, the main shareholder of Ibercaja Banco, S.A. received approval from the Bank of Spain for its 2022 Financial Plan, which included the provisioning of a Reserve Fund equivalent to 1.75% of the Bank's risk-weighted assets, which must be met by the end of 2025 at the latest. As at December 2022, the amount endowed to the Reserve Fund was 155.5 million euros. Thus, Fundación Bancaria Ibercaja is no longer subject to the previous deadline, 31 December 2022, to comply with the reduction of its stake in the Bank to below 50% of the capital (it currently holds 88.04%) provided for in the Law on Savings Banks and Banking Foundations.

Fundación Bancaria Ibercaja and Ibercaja Banco, S.A. are committed to listing the Bank on the Stock Exchange, once market conditions are more favourable.

The most significant milestones for investors during 2022 were:

A clear improvement in the income statement thanks to the increase in recurrent revenues due to the good performance of the interest margin, driven by the progressive repricing of the loan portfolio which more than offset a less favourable increase in fees; as well as a decrease in recurrent expenses due to the reduction in staff costs in the year as a result of the redundancy programme and a fall in the cost of risk because of the good performance of non-performing loans. Ibercaja thus achieves a ROTE of 7.6% in 2022.

Strong improvement in asset quality ratios, well above the average for the Spanish financial sector. Ibercaja had one of the lowest NPL ratios among its peers at the end of 2022, while at the same time having one of the highest coverage ratios.

In 2022, Ibercaja continued to maintain throughout 2022 one of the highest capital ratios of the total system and one of the highest levels of surplus capital versus ECB requirements. In addition, on 9 June 2022, Ibercaja successfully executed a senior preferred bond issue for a nominal amount of 500 million euros, which was deemed eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities) requirements.

This improvement in the Bank's fundamentals has translated into an upgrade of the Bank's credit ratings to investment grade by the three credit rating agencies.

As a result of the continuous improvement in asset quality ratios, the improvement in profitability and the high solvency ratios, the Bank maintains its commitment within the framework of the "Challenge 2023" Strategic Plan to distribute 60% of the net profit in 2022 in the form of a dividend to its shareholders.

Finally, both shareholders and investors have the guarantee that Ibercaja is seeking the most sustainable solution in accordance with the Principles of Responsible Investment, and that the Institution is a clear promoter of sustainable development, considering in its strategic decisions the impact of its operations on the environment, on the social and economic situation of society, as well as on the governance model of companies and institutions.

6.7 Commitment to suppliers

2-6, 2-29, 3-3

Ibercaja has a Supplier Code of Conduct, in which it conveys its principles of responsible management, where interaction and dialogue are key aspects in ensuring a stable and enriching relationship with suppliers, based on ethics, transparency and compliance with the commitments agreed upon.

In its **relationship with suppliers**, Ibercaja demands a **level of commitment** in line with the socially responsible practices that comply with the **Bank's Code of Ethics**.

Ibercaja has embraced the following commitments with its suppliers:

- Guaranteeing **transparency when dealing with suppliers** and impartiality and objectivity of the Bank's employees who take part in the supplier selection processes.
- Oversee economic relationships which, **respecting the interests of both parties**, make it possible to obtain the maximum level of quality and commitment in the products served and in the services provided.
- Encourage its suppliers to follow sustainable practices and guarantee the application of the principles of the Global Compact, complying with Ibercaja's **Code of Conduct for Suppliers**, which includes the responsible commitments that they should assume: maximum degree of ethics in their actions, respect for human rights and labour standards, protection of the environment, fight against corruption and confidentiality and security of information.

Hence, in order to guarantee compliance with these socially responsible practices and favour the application of the principles of the Global Compact, Ibercaja has a **Code of Conduct of Suppliers**, which was updated in 2020.

In Ibercaja's commercial contracts with its suppliers, the latter are obliged to assume the principles of the United Nations Global Compact on Human Rights, Labour Rights, Environmental Protection and Anti-Corruption, committing themselves to Ibercaja's organisation to adopt the measures that are conducive to compliance with these principles, and to encourage third parties with whom they enter into contract to comply with them.

Likewise, suppliers are obliged to comply with and enforce, within their sphere of influence, the regulations in force at any given time regarding environmental protection, in particular waste management, establishing and maintaining a **business policy of sustainable development**, making their best efforts to make progress in improving their environmental practices.



In November 2019, a **new supplier management tool** was launched with a more evolved and complete website, thus enabling the **improvement and systematisation of supplier risk approval and management processes**, facilitating the Bank's relations and active listening with suppliers. The portal includes, within the documentation requirements, standards related to sustainability, both social and environmental (ISO14001, ISO 45001, ISO 26001, ISO 50001, EMAS), as well as aspects related to corporate social responsibility.

As to the transparency of non-financial information, suppliers are consulted as to whether they make an annual publication in this area, whether it follows any international reporting standards (e.g. GRI) and whether such information is verified by an independent external expert.

In 2022, **the supplier risk assessment** underwent further improvements to reinforce and enhance the existing approval process. **The most relevant suppliers were assessed, numbering 227** (188 in 2021 and 168 in 2020) and accounting for **89% of the total volume** (87% in 2021 and 85% in 2020) of total procurement processes. Of these, **158** (135 in 2021 and 123 in 2020) were renewed and **64** (52 in 2021 and 41 in 2020) were approved for the first time.

Almost all positively evaluated suppliers are Spanish and their contracts are signed pursuant to Spanish legislation. Both the evaluation of suppliers and the management of contracts are part of the purchasing procedures, comply with standardised criteria and objectives and include control mechanisms to ensure compliance with the principles set out above and the commitments made.

Administrative management of these processes is conducted electronically, expediting the arrangements for payment of invoices and reducing paper consumption.

In addition, during 2022, the implementation of new functionalities of the Supplier Portal has continued, such as: the development of supplier risk management (in accordance with regulatory requirements), the adaptation of the request for information from suppliers with respect to the Group's Sustainability Policy and the incorporation of supplier risk into the assessment of the most relevant risks.

The Suppliers Portal improves relations and ensures active listening between the Bank and its suppliers

Furthermore, within the framework of the Bank's Environmental Management System, the supervision of suppliers assigned to it is also carried out from an environmental point of view, which is carried out in the corresponding external audits (AENOR) for the monitoring and/or renewal of ISO 14001, which the Organisation has had since 2007.

Average supplier payment period

The average payment period for suppliers in 2022 was 26 days, well within the legal maximum of 60 days established by Law 15/2010, of 5 July, which establishes measures to combat against late payments in commercial transactions.

6.8 Contribution to society

2-29, 3-3

Our bank has always displayed a clear commitment to society. The challenge we now embrace is for our business objectives to drive sustainable development as we seek to preserve natural resources and promote a fairer and more inclusive society.

The Sustainability Policy makes our commitments to society explicit:

- Contributing to the **sustainable development of the territory**.
- Being sensitive to **social and environmental demands** through our financial activities.
- Promoting **financial literacy**.
- Assuming commitments in the realm of **sustainable development**.
- Raising awareness and disseminating good practices that help in the transition towards a **sustainable economy**.
- Promoting **corporate volunteering**.
- Ensuring the utmost **tax responsibility**.

This commitment to society is present in all of the Ibercaja Group's actions and is put into practice through its **financial activity** and with the involvement of its **shareholder foundations** who, through their activity, work continuously to improve the lives of the people who need it most, to care for and protect the environment and to promote quality education and culture.

In 2022, our main lines of social action were as follows:

6.8.1 Social action

Social projects:

Programmes that improve the employability of people, that generate real opportunities for social and labour insertion or that cover the basic needs of groups in a situation or at risk of exclusion, are the beneficiaries of the **Ibercaja Call for Social Projects** of the Ibercaja Foundation, which in its seventeenth edition, 397 projects were presented and 308 initiatives from all over Spain were selected, which will benefit **246,428 people**.

In addition to providing direct aid to social projects, Fundación Ibercaja collaborates with third sector entities in programmes and activities that provide a specific response to the needs of certain groups such as families with limited resources, the elderly, young people outside the education system or people with disabilities.

Here are some of the main social programmes with which Fundación Ibercaja maintained its commitment in 2022: TOPI School of Hotel Management of Fundación Picarral, Sumando Empleo of Cáritas Autonómica de Aragón, Prevention Plan of Fundación Centro Solidaridad-Proyecto Hombre, Placement Agency of Fundación DFA, Good Citizen Practices Award with Ebrópolis, Comunicación Capaz with CADIS Huesca, the 10th ASPACE Huesca Walk or the 7th Aragonese Congress of people with cancer and their families.

Call for international cooperation

In 2022, Fundación Ibercaja launched a new call for grants for international cooperation projects aimed at NGOs working in the fields of education, employability, health and access to drinking water and sanitation; basic pillars of action targeting individuals and communities in the most underprivileged areas of the world.

Ukraine solidarity campaign

In order to respond to the needs of the Ukrainian people after the outbreak of war in their country, the Ibercaja Foundation launched an initiative in collaboration with Zaragoza City Council to provide humanitarian aid and collect refugees in the city. The aid was channelled through Aldeas Infantiles, an organisation that has been on the ground for 20 years supporting the delivery of aid in the conflict zone and border areas.

Furthermore, all the Ibercaja Foundation centres joined forces with different NGOs such as the Red Cross, Accem, Apip Acam, Coopera, the Ukraine-Rioja collective, Cáritas Diocesana and the Rey Ardid Foundation, to facilitate the arrival of the refugees, as well as organising language and literacy workshops, providing computer classrooms to enable contact with their families and collecting basic necessities.

Monte de Piedad de Fundación Ibercaja also participated in the charity auction “Art for Peace in Ukraine” promoted by the Spanish Pawnbrokers Association, donating works by different Aragonese artists.

Seur Foundation Tapones Para Una Nueva Vida (Plugs for a New Life) project

Since 2016, Ibercaja has been collaborating with this initiative promoted by Fundación Seur “**Caps for a new life**”, with which we have contributed to improving the health of children, as well as caring for the environment and mitigating climate change.

Currently, in addition to the headquarters, there are more than 20 branches spread throughout all the territories in which Ibercaja is present that collaborate with the Seur Foundation. During 2022 we have collected more than half a million caps and avoided the emission of more than 1,500 kg of CO₂ into the atmosphere, the main deceased cause of climate change.

@JuntosHacemosMás Platform

The [#JuntosHacemosMás](#) digital platform, which was created with the aim of developing Corporate Social Responsibility and promoting sustainable values for the progress of society, has turned 2022 to the emerging aid to Ukraine, with the aim of meeting the needs of the displaced population. It also offers companies and individuals the possibility to collaborate with fourteen other projects aligned with the 2030 Agenda and the Sustainable Development Goals: nine for social action and six for education, environment and culture.

ImPULSO Solidario

Impulso Solidario is an initiative that allows one to experience first hand [the social commitment of Ibercaja and its Foundation](#). This project aims to promote active and participatory social responsibility in which the workers themselves propose and select with their votes the social projects to support, and then become their best ambassadors. This is an open call to all the people who are part of Ibercaja: employees of the bank, financial group and foundation with solidarity concerns, who can present social projects with which they are particularly sensitive or involved, explaining what they consist of and why they consider it important to support them.

Cycle of conferences on Social Action

Throughout this year, the Ibercaja Foundation has organised cycles of conferences in collaboration with associations that support and help groups that fight for their social and labour integration. The main objective of this programme is to raise the visibility of all these people and the endemic problems that society carries with it.

Cancer research, neuromuscular diseases, dystonia, Parkinson's and gait disorders, neurological complications of Covid-19, stress, autism, Alzheimer's disease, eating disorders and child poverty are some of the topics that have been addressed.

Special attention should be given to the series of conferences on "Child and adolescent mental health" organised in collaboration with the Aragonese Association for Mental Health (ASAPME), which presented the latest research, evidence and ways of proceeding for mental health and education professionals in the face of the main challenges of upbringing in the 21st century. Ten face-to-face and online lectures, given by recognised experts in this field and the ASAPME team of specialists.

Labour market entry and diversity:

Ibercaja supports the labour integration of people with disabilities to **achieve a more equal and inclusive society**. The Bank has 47 employees with some form of recognised disability. In 2022, it allocated more than 800,000 euros to hiring people with disabilities from Special Employment Centres, either for the supply of material or services, such as the CEE Fundación Juan XXIII. Donations were also made during the year to foundations that seek to **integrate people with disabilities into the labour market**.

6.8.2 Partnerships

In 2022, Ibercaja continued its intense activity of transmitting and disseminating economic, business and financial knowledge for families and companies throughout the country, with special emphasis on its traditional areas of action, with a focus on proximity and adaptation to the needs of each territory and group.. Ibercaja relied on alliances with public bodies (regional governments, provincial councils, town halls, etc.), private entities (business and trade union organisations, Chambers of Commerce and Industry, clusters, etc.) and private companies.

In addition, with the **aim of improving accessibility to information, training and solutions offered** through these initiatives, the Bank strengthened its digital assets in this area, providing them with more content, as is the case, for example, with the **Ecosystem+ Enterprise** platform.

Alignment of Fundación Ibercaja with the UN SDGs

Since joining the Global Compact in 2018, Fundación Ibercaja has geared its model to respond to the challenges facing society. The Foundation has incorporated the 2030 Agenda into its strategy, thus acquiring a double commitment. Also, at internal level, **the Bank has aligned all its activities and programmes with the SDGs** and their corresponding objectives. And externally it has become an **agent for implementing the 2030 Agenda within society** by disseminating the SDGs and carrying out action to put them into practice.

Fundación Ibercaja has promoted activities and programmes that directly affect 15 of the 17 Sustainable Development Goals, prioritising those in which it can contribute greater value and which are aligned with its mission over the past 145 years: creating opportunities for the whole of society. Notably: SDG 3: Health and well-being; SDG 4: Quality education; SDG 8: Decent work and economic growth; SDG 10: Equal opportunities; and SDG 17: Partnerships for the goals.

6.8.3 Recognitions

RSA + SEAL



In 2022, Ibercaja obtained, for the fifth year running, the **RSA + Seal in Aragón**, awarded by the Aragon Social Responsibility Board and coordinated by the Aragon Government, through the Aragon Institute for Development (IAF), in recognition of its social commitment.

To obtain this Seal, Ibercaja succeeded in the four areas defined, hence receiving the recognition of the Aragon Government:

- **Reconciliation of personal, family and working life**, in line with the guidelines promoted by the General Equality and Family Division
- **Boosting equality** in all manner of organisations, granting precedence to equal opportunities and the principle of non-discrimination
- **Volunteer work and social action**, promoting cooperation between businesses and not-for-profit organisations, to ensure a stable relationship between both and encourage the use of the Cooperation Window
- Involvement of the organisations in the **promotion of culture** in Aragón by improving their relationships with the community

All the commitments derived from our responsible management of the Bank are translated into specific actions aimed at our stakeholders in order to meet their needs and expectations, while favouring active listening.

SOLIDARITY CERTIFICATE

Since 2017, Ibercaja has held the Solidar Certificate, awarded by the Solidarity Business Association of Aragón, for its management to promote the integration of people with disabilities into the labour market.

In 2022, the Bank renewed its commitment to the employment of people with



6.8.4 Sponsorships

Ibercaja promotes, through its sponsorships, wellbeing and healthy habits. We focus on sport, activities for young people and companies, leisure and culture as a vehicle for transmitting our values. In 2022, it continued to strengthen the social side of these sponsorships, endeavouring to raise awareness among the population and demonstrating that we are committed to sustainability and healthy living.

We pursue our sponsorship strategy both internally and externally:

Internal action

Internal activation promotes sports practice, camaraderie, a sense of belonging and the importance of maintaining healthy habits among employees: more and more staff members are joining this lifestyle. Among other actions, it is worth highlighting its participation in Cross Internacional de Atapuerca, where more than 100 employees ran in a special “Ibercaja Interprovincial Championship” category, living the experience of running in the “best cross country race in the world”.



IberCaja team photo in the International Atapuerca Cross Country Race

After several editions marked by the cancellation and the pandemic, in 2022, we recovered the internal activation in one of our main sponsorships, the IberCaja Quebrantahuesos by Total Energies cycling race. Fifty employees from all over Spain participated with the IberCaja team in one of the two distances proposed by the event, and we also shared moments before and after the race in the IberCaja Premium Zone installed in the EXPO QH Zone.



Once again this year we took part in the Carrera de las Empresas by ESIC (Zaragoza and Seville editions) with a high level of participation that made us repeat as one of the most participative companies in the case of the Aragonese edition.



IberCaja team photo at the Carrera de las Empresas by ESIC (Zaragoza)

In the cultural sphere, employees from the entire network were able to enjoy the premieres at the Espacio IberCaja Delicias (Madrid) as well as an exclusive session for the staff of “Circlassica 2, el sueño de Miliki” (Zaragoza) and vouchers for the MUWI Festival (Logroño).



IberCaja colleagues at MUWI Festival

External action

External activation seeks to accompany people at important moments in their lives beyond the financial environment. We accompany them in different environments:

SPORT

We maintain responsible activation by using sustainable elements and eliminating disposable plastic from our materials in race assemblies.

Key sporting events:

- **10K Valencia Ibercaja:** After the pandemic, what is considered to be the best 10K road race of all time, regained its splendour with a high level of participation. On this occasion, the proceeds from the charity bib were donated to AMES (Asociación Miastenia de España).



Representatives of the organisation and sponsors present the cheque to AMES officials.

- **Ibercaja City of Zaragoza trophies:** we renewed the sponsorship agreement for a programme, managed by Zaragoza Deporte Municipal, involving different sports disciplines. With this programme, we grant visibility to all kinds of sports, including those that are more marginal or have fewer opportunities to attract funds for their activities.

- **Madrid marathon, half marathon and 10K:** the Madrid event returned to its April date with a great response from the public that brought participation back to pre-pandemic levels. In this edition, the Solidarity cheque for 10,000 euros was given to the NIPACE Foundation dedicated to the inclusion of children with psychomotor problems and cerebral palsy. The aim was to buy an exoskeleton that will help the children to walk. The cheque was handed over by the Provincial Director of Ibercaja in Madrid to the president of the Foundation.
- **Quebrantahuesos:** The heat wave in June meant that the march had to be postponed to September. This meant that participation was much lower than in the pre-pandemic editions, but the non-suspension also meant that the participants were rewarded for their training. This year's honoree was Juan Carlos Unzúe, who served as an example of self-improvement and courage in the face of adversity thanks to the values that sport brings. Once again this year, one of the most applauded actions by the public was the Ibercaja runner's bag, made of fabric, sustainable and reusable. In addition, in order for participants to take home a souvenir of their stay, we offered their QH photo printed and in digital version free of charge.



Runner's bag

- **Sponsorships of sporting entities:** Ibercaja, aware of the difficulties that many sports organisations and entities are enduring as a result of Covid-19, has made a clear commitment to stand by their side and help them overcome the situation by strengthening mutual trust. Therefore, we renewed our commitments with numerous sports federations, clubs and associations and continued to focus on grassroots sport, lower categories and schools. Hence, we help to continue promoting sports among youngsters, ensuring that they acquire healthy habits from a very young age.

- **Sponsorship of Sports Games for Schoolchildren (Aragón Government):** we remain firmly committed to school sport through our agreement with the Directorate General for Sport, which we renewed until 2023.

YOUNG PEOPLE

We continue our commitment in 2022 to the **European Youth Card in Aragon and the School of Leadership of the Regional Government of Extremadura.**

CULTURE AND LEISURE

Ibercaja collaborates in the dissemination of culture through involvement in events and its ticketing service, consolidating itself as the leading company in ticket sales in Aragón. The main lines of action were:



Sponsorship of Espacio Ibercaja Delicias: venue in Madrid that brings together various proposals for family entertainment and has democratised access to culture by offering high quality shows at more affordable prices than in traditional theatres. Thanks to this agreement, Ibercaja has made itself a reference in the leisure industry and has obtained special promotions and discounts for customers and employees for the events held at the venue.



MUWI (Music and Wine Festival of La Rioja): by sponsoring this festival (which takes place in August in Logroño), Ibercaja promotes the event and the dissemination of the culture of Rioja wine and gastronomy through music. In addition to the paid festival held in the Franco Españolas wineries, “Escenario Ibercaja” was set up in the street so that anyone who wanted to could enjoy free concerts the afternoon before the start of the festival.

6.8.5 Volunteering

The Ibercaja Group promotes **corporate volunteering** among its active and retired employees, through **participation in solidarity activities** that contribute to the development of people while helping to protect the environment. It is a programme that seeks to motivate employees to contribute to equal opportunities in society, to improve the quality of life of people, preserve the natural environment or promote social cohesion and development, through its own initiatives or in collaboration with other institutions and entities.



This year Ibercaja has participated, among other actions, in:

- The Companies Solidarity Day, in different locations throughout the country.
- The Great Food Collection Campaign, with the Federation of Food Banks.
- Conecta tu banca (bring your banking online) programme, offering financial training and new digital tools to the over 65s.
- “I’ll buy you dinner for Christmas” for people in vulnerable situations.
- Environmental volunteering actions.
- Solidarity Vermouth with Nipace, Guadalajara.

6.8.6 Financial literacy and other educational programmes

Financial literacy

The **Financial Literacy** Programme entered its ninth edition in 2022, having become an ideal complement to augment the financial culture of the public, with basic finance workshops and days for schoolchildren and activities for the general public. Managed by the Ibercaja Foundation, the programme has, since 2013, fulfilled the Ibercaja Banco's commitment to the National Financial Education Plan, led by the Bank of Spain and the Spanish National Securities Market Commission (CNMV). Its objective is to promote basic financial literacy for all citizens.

Objective

The aim is **to promote basic financial literacy** for all citizens.

Ibercaja's Financial Literacy Programme aims to bring financial culture closer to the whole of society by adapting content and format to each target audience.

Every year, the first week of October is **Financial Literacy Week**, which focused on **secure finance** in 2022. With the aim of bringing the concepts of finance and secure investment closer to different groups, the Foundation scheduled various activities at its centres to raise awareness of the importance of finance in daily life.

Other highlight educational programmes in the year included:

EDUCATE FOR THE FUTURE

“Educate for the future” is Fundación Ibercaja's programme for educational innovation. Aimed at the entire educational community, especially **teachers and families**, it seeks to respond to changing needs in the world of education through the work of nationally and internationally recognised professionals.

“Educate for the Future” celebrated its eleventh anniversary this year. “Well-being and happiness: socio-emotional competences in a digital world” was the theme for 2022, in which 6 conferences, 3 online workshops and a round table were held. This edition took a look back at the issues and challenges addressed over the past ten years, as well as assessing the programme and setting out its new direction.

SCHOOLS 2030. RESCUERS OF THE PLANET

In 2022 Ibercaja Foundation launched the second edition of: “Schools 2030: Rescuers of the Planet”, in collaboration with Santillana **and as part of its commitment to implementing the Sustainable Development Goals**. The initiative is aimed at secondary school students so that they can work on the SDGs and the 2030 Agenda in a cross-cutting manner and in different areas. The chosen methodology is service-learning, in which students acquire knowledge through experiences linked to work carried out for the community. Fifteen schools participated in the first edition.

LEARNING TO BE AN ENTREPRENEUR

In 2022, the Learning to be an Entrepreneur programme has completed 11 editions. This programme, aimed at 5th and 6th grade primary schoolchildren, aims to help them understand how the entrepreneurial world works from school, encouraging their entrepreneurial spirit, autonomy and personal initiative.

A total of 48 schools have participated in the 2021-2022 school year in Aragon and La Rioja: public, subsidised, private and special education.

EDUCATIONAL PROGRAMMES

This initiative aims to complement the curricular content in an entertaining way and represents a resource for teachers. Of particular note are the programmes carried out at our Cultural Centres, at Ibercaja Patio de la Infanta and at the Goya Museum, which were attended by more than 13,000 schoolchildren.

REPORTERS ON THE WEB

In 2022, the Reporters competition reached its 23rd edition. A benchmark initiative in its field, it is aimed at students of ESO, Bachillerato and Vocational Training and aims to promote the learning of the following competences: science and technology, mobility, and financial literacy. Last year, around 450 schoolchildren from 66 schools from all over Spain took part.

6.8.7 Sustainable mobility: Mobility City

Mobility City is a strategic initiative of the Ibercaja Foundation, backed by the Aragón Regional Government, which aims to place Zaragoza and Aragón at the forefront of the debate on new mobility and the transformation of associated sectors and industries, with the collaboration of institutions and companies that are a benchmark for our economy.

Objective

We aspire to **place Zaragoza and Aragón at the forefront of new mobility and the transformation of the industries and associated sectors.**

2022 was a key year as the Ibercaja Foundation received the adapted bridge from the Government of Aragón in September, following the completion of works that allowed the structure to be enclosed and its conservation to be improved.

The **Mobility City** Chair, created at the end of 2018 by the Ibercaja Foundation and the University of Zaragoza, focused its activity this year on the promotion of R&D&I and the application of ICT technologies in the analysis of behavioural patterns and their application to the intelligent management of services, infrastructures and improvements in the security of services and processes.

The Ibercaja Foundation has also continued its collaboration with the “**Mobility Experience**” chair in collaboration with the University of San Jorge with the aim of carrying out activities related to research and prototyping of technological solutions in computer applications and video games in the exhibition facilities of the Bridge Pavilion. This year the book “Mobility Experience. Research, Innovation and Dissemination in Mobility”, in which the main results achieved during the last three years in the Chair are presented.

Mobility City has established the trajectory of actively participating in different forums, conferences and initiatives related to the field of mobility. Highlights include the European Mobility Week, the 9th Congress of the Walking Cities Network, the GR-Ex Global Robot Expo and the European Light Congress, among others. It has also continued to organise an intensive programme of conferences on road safety education and smart cities.

The Ibercaja Foundation's Mobility City organised together with Faconauto, Sernauto and Anfac the **Mobility and Automotive Night** the second edition of the first “**Impulso Awards for Innovation in Sustainable Mobility**” to Umiles Next, Consejo Insular de Energía de Gran Canaria, Universidad Politécnica de Madrid (UPM) and Zelestium. The event was presided over by His Majesty the King of Spain and attended by the Minister of Transport, Mobility and the Urban Agenda, Raquel Sánchez.

The **3rd Sustainable Mobility Observatory** brought together leading figures from the automotive sector in 2022 to analyse the impact of the SDGs in the field of sustainable mobility, its technological and environmental development and the consequent adaptation to the transformation of large cities.

6.8.8 Development of territories and digitalisation

Network of centres

Fundación Ibercaja is open to the public through its different cultural centres, which are a sounding board for their proposals and a visible face for the people who make the work of the social work possible everywhere the Bank is present. In addition to integrating the territory, these spaces are a boost for the cultural activity of cities and regions.

The Ibercaja Foundation centres constitute an open window to public participation where coexistence is encouraged, new social relations are woven and **art, science and culture are made available to all**. At the same time, local entities and any person with concerns find in them perfectly equipped facilities in which to develop their own activities, such as cycles, courses, workshops or exhibitions, with the help and collaboration of an expert team of professionals.

Special mention should be made of the Ibercaja Youth Space, which opened its doors in March 2022 after a complete renovation, both of its structure and its image and contents offered, articulated under three pillars: arts and culture, health and well-being, and professional competences and life skills. All of them, in line with two transversal lines that were present in each of the initiatives that were developed in the centre: sustainability and digitalisation.

Digital services

Ibercaja Orienta

Ibercaja Orienta is a digital service of academic and professional guidance aimed at young people and educators, where they can find the necessary information for the correct choice of training and professional itineraries. In 2022, the “Choose your future” cycle of conferences was held, covering topics such as the world of work, university and vocational education and training options and artistic education.

Ibercaja Aula en Red (Online Classroom)

The Ibercaja Aula en Red platform offers didactic resources and applications aimed at making the most of classroom work. In 2022, new learning content related to Chance and Statistics, Active Mobility, Shared Intelligent Mobility, Air Quality and Mobility was published. Access is also provided to all the conferences related to the Educate for the Future Programme and the “Choose your Future” academic guidance cycle, as well as to all the winning entries of the nationwide Reporters on the Net competition. It also provides information on the Ibercaja Foundation's programmes and activities aimed at the educational community.

Ibercaja Digital Challenge

The Ibercaja Digital Challenge Programme commenced at the end of 2017 with the firm purpose of **reducing the digital gap between generations** and extending technological literacy to all layers of society. The programme includes courses and workshops that meet the training needs of different age groups and other social actors in subjects as diverse as the use of the computer and new digital tools, the creation of video games and applications, the use of social media to improve business results or technology as an educational tool.

6.8.9 Employment and companies

The **Ibercaja Campus**, located in the Cogullada Monastery, is a place for meeting, networking, talent and adding value for the businesses and professionals located along the Ebro Valley, who are the end beneficiaries of the very best programmes in lifelong learning and development. Its main objective is **to promote the economic and social development of our territory**, being the engine of cultural change towards a more sustainable company throughout its value chain, aligning its training offer with the SDGs of the 2030 Agenda. All its work is carried out through collaborative management through alliances with institutions, entities, companies and professionals to offer training programmes and services that translate into improved economic and social results.

Employability

There are several programmes that promote employability, such as Come2Industry, a project in collaboration with the Aragon Automotive Cluster (CAAR) that brings companies and the education system closer together; or Soy Futuro (I am the Future), which aims to inspire young people and raise the profile of female managers and professionals. It is designed for schools, contributing to effective equality between men and women in society from the moment in which decision-making marks the professional future of young people, in collaboration with the Association of Women Managers.

Entrepreneurship

The Ibercaja Foundation supports entrepreneurs on the road to making their business project a reality and, among others, the following projects were undertaken throughout 2022:

Salta (Leap): in collaboration with Zaragoza City Council and the Zaragoza City of Knowledge Foundation, aims to help entrepreneurial projects to launch themselves onto the market in one of the following verticals: mobility, trade/market and smartcity solutions.

Rural Entrepreneurship Awards: A new feature in 2022 is that the Ibercaja Foundation launched, in collaboration with UNIZAR, an initiative that aims to reward business ideas to be applied in rural areas in order to contribute to their economic development. This proposal is framed in line with the **2030 Agenda and the Sustainable Development Goals** to address challenges such as the demographic challenge. The programme consists of 4 parts: the “Ideathon” and the “Hackathon”, where solutions to existing problems will be identified and a prototype of an innovative business model will be generated, the “Bootcamp” which includes training for several weeks, the “Pitchday” where the finalists will present their proposals, and, finally, the “mentoring” of the 3 selected projects for a year.

In addition, the Ibercaja Foundation participates in the Entrepreneurship Week, in collaboration with the Government of Aragon and Fundación Emprende, which brings together different organisations and activities, with regard to the attention to entrepreneurs and the dynamisation and promotion of the entrepreneurial spirit in Aragon.

Digital training

TicVolución is a programme together with Fundación Híberus whose objective is to awaken the interest of young people in technology and to reduce the digital divide between children, adults and the elderly. At the same time, it aims to train teachers to facilitate the integration of new technologies in the classroom and promote the digital transformation of professionals. In short, to educate, train and entertain by promoting ICT knowledge in a practical, agile and effective way, facilitating access to work in technology companies for students and professionals.

6.8.10 Culture

The objective of Ibercaja and Fundación Ibercaja is to promote culture across all territories.

Final touch to the year of Goya

To round off the year of Goya, which commemorated the 275th anniversary of the birth of the Aragonese painter, the Ibercaja Foundation presented a bust of Francisco de Goya, by the sculptor Iñaki Rodríguez, in the courtyard of its headquarters. Since March, the fibreglass sculpture, measuring 3.5 metres in height, has been on permanent display on one of its sides, forming part of the museum's heritage collection.

Goya Museum - Permanent Collection

The Ibercaja Foundation's Goya Museum is a place of reference for lovers of art and the work of Francisco de Goya. The first-class temporary exhibitions on the great masters of universal art merge with the 25 original pieces by the Aragonese painter and all the series of his engravings from 1779 to 1828, as well as the works of earlier, contemporary and later artists related to the genius of painting.

In addition, this space hosted various temporary exhibitions:

- El Greco. The steps of a genius.
- Infinite reality. Antonio López
- Fernando Botero. Sensuality and melancholy.

Friends of the Museum Network

The Friends of the Museum programme continues to add members to this select club of people committed to the culture and art of Aragon, through the region's leading museum, the Goya Museum. Members enjoy benefits, discounts and advantages and take pride in contributing to the preservation and dissemination of the museum and its collection.

Transfer/incorporation of works

In 2022, the Museum added seven new works including a previously unpublished portrait by the Aragonese artist of the *Young Duke of Alba* and *11th Marquis of Villafranca* and the portrait of *Miguel de Múzquiz, Count of Gausa; Odalisca and Penitente*, by Francisco Pradilla; the *portrait of the Marquise of Luján*, by Pedro Kuntz y Valentini; *Fiesta de Disfraces* by Emilio Sala; *Sol y luna* by Mariano Alonso Pérez y Villagrosa, and *El paso de Roncesvalles*, by Mariano Barbasán.

Ibercaja Patio de la Infanta

The Ibercaja Foundation's exhibition and congress centre, Ibercaja Patio de la Infanta, is a space open to citizens, organisations and companies interested in the fields of culture and knowledge. Inside is the courtyard that gives its name to the space, a jewel of the Zaragoza Renaissance recovered by Ibercaja for Zaragoza in 1980. Throughout this year, the exhibition hall held various painting and photography exhibitions such as "Urban symphony. José Miguel Palacio" and "Zaragoza in the centenary gaze of Thomas".

Permanent exhibition titled "Tapestries for the Patio de la Infanta"

The exhibition, which opened on 10 December 2020, displays a carefully curated selection of mythological and religious tapestries from the Ibercaja Foundation's collection. The quality and colour of the cloths on display, and the variety of themes, immerse visitors into the splendour of centuries past.

Cycles of conferences

“Book Tuesday”

“Book Tuesday” has continued this year with its activity in person and online, with the aim of reviewing the latest literary novelties and the trajectory of the authors, thus encouraging reading, reflection and a critical spirit based on the most prestigious writers on the national scene. More than 4,600 people have attended these meetings, in face-to-face (more than 1,200) and digital (more than 3,300) format, with the participation of Ayanta Barilli, Julia Navarro, Agustín Sánchez Vidal, Reyes Calderón, Inés Martín, Boticaria García and Gema Herrerías, Máximo Huerta, Juan Eslava and Víctor Amela.

“Aragonese in history”

In collaboration with the Royal Academy of History, this programme presented six key Aragonese figures for their contribution to Spanish and world history. All of them travelled through different periods and different fields of activity such as ecclesiastical, scientific, military, artistic and intellectual. In the different talks, and with the voices of renowned historians, the figures of Pope Luna, Miguel Servet, Francisco de Goya, José de Palafox, Joaquín Costa and Luis Buñuel were discussed.

“An Aragon of novels”

For the second consecutive year, the Ibercaja Foundation has promoted this series of conferences that combine history and literature to bring the public closer to Aragon's past through historical novels. In the five conferences and with the voices of relevant experts and novelists, characters and events that have been a source of inspiration for researching and writing about the past of our community were discussed.

“Dialogue with El Greco”

Running parallel to the exhibition, this cycle consisted of three lectures given in the Patio de la Infanta by experts on the painter, such as the curators of the exhibition, Palma Martínez-Burgos and Juan Antonio García de Castro, as well as the director of the Royal Collections of National Heritage, Leticia Ruiz, and the professor of Art History, Carmen Morte. Guided tours, workshops and dramatised visits for families, as well as educational programmes for schoolchildren, have also been organised in parallel to the exhibition.

6.8.11 Tax information

3-3, 201-4, 207-2, 207-4

The Group reported a **pre-tax profit of** 283,220 thousand euros in the period (214,773 thousand euros in 2021 and 53,470 thousand euros in 2020). Corporation tax amounted to 81,100 euros thousand (63,788 thousand euros in 2021 and 29,868 thousand euros in 2020).

Within the framework of the spin-off process, and in accordance with applicable legislation, in 2011 Ibercaja Banco and la Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (now Fundación Bancaria Ibercaja) decided to form a **Corporate Income Tax Consolidated Group** (No. 579/11). Since 2012, the other Group companies that could join the tax group have been included and therefore Corporate Income Tax is assessed on a consolidated basis.

As a result of the securities exchange in July 2013 in which Ibercaja Banco acquired control over Banco Grupo Cajatres, as from the tax period starting 1 January 2014, Banco Grupo Cajatres and its investees that met the relevant requirements were included in the consolidated tax group.

Fundación Bancaria Ibercaja is also the parent entity of the VAT group (No. 78/11) which includes all qualifying group companies which have voluntarily agreed to join.

The Group and its companies are subject to inspection by the tax authorities for Corporate Income Tax for 2018 and subsequent years; in terms of other taxes, they are subject to inspection for periods from December 2018 onwards.

Due to possible different interpretations of the applicable tax regulations, there may be certain tax contingencies which cannot be objectively quantified. However, in the opinion of the Group's Board of Directors and Management, should these contingencies result in actual liabilities they will not have a significant effect on the financial position and the results obtained by the Group.

In 2021, the Bank's Board of Directors approved, at a meeting held on 29 April 2021, the Ibercaja Group's Corporate **Tax Policy**, which sets out the fundamental principles and guidelines that will govern Ibercaja's tax strategy, in accordance with applicable regulations and best tax practices. The policy clearly states that the promotion of a suitable compliance culture is one of the Bank's core values and that, consequently, all tax-related actions must comply fully with applicable law and regulations.

When it comes to tax governance, it states that the **Audit and Compliance Committee** is responsible for ensuring due compliance with the policy, reporting to the Board of Directors, and that the Regulatory Compliance Department will be responsible for periodically monitoring compliance with all applicable procedures in this regard.

Under the terms of the Tax Policy, the Bank's tax compliance risk profile is low.

Thus, the **Annual Operating Plan of the Regulatory Compliance Department** states that the department's remit includes the definition and supervision of the internal control framework in the realm of tax compliance, as well as the review of the existence of procedures and the identification of control milestones for compliance with applicable tax legislation, in collaboration with Tax Advisory. It likewise establishes that the conclusions of the reviews carried out, as well as any proposals for improvement that may be issued, shall be included in the periodic reports that the Regulatory Compliance Department submits to the Global Risk Committee and to the Audit and Compliance Committee.

In fulfilling these duties, the Regulatory Compliance Department, in collaboration with Tax Advisory, has drawn up a **risk map** of potential non-compliances with tax obligations, taking into account the nature and activities of the Bank. This map has been the basis for establishing a tax risk matrix, while at the same time prescribing the priority areas for supervision and control.

In addition, in 2022 we **continued to promote knowledge of new developments and tax culture** with a multitude of talks and webinars, in collaboration with professional firms, professional associations and business organisations such as the Círculo de Actualidad Empresarial de Burgos and various Chambers of Commerce, on various subjects such as employment plans, family businesses, end-of-year tax recommendations and tax planning for seniors, which were published on social media along with other articles on taxation. In 2022, Ibercaja Banco was the organiser of the CECA Tax Commission in Zaragoza, a forum for the exchange of knowledge and experiences of the tax departments of the former savings banks.

In 2022, Ibercaja again joined the “Empresa Solidaria” initiative, thus allocating 0.7% of its Corporate Income Tax to social pursuits. These funds help finance government programmes to move towards a more egalitarian, inclusive and just society, and support the achievement of the **Sustainable Development Goals of the United Nations 2030 Agenda**.

During the year Ibercaja Banco and the Group companies did not receive any public subsidies or aid.

6.9 Human rights

2-23, 2-27, 3-3, 406-1, 407-1, 408-1, 409-1

Ibercaja is firmly committed to respecting human rights and its sustainability policy expressly states this. This principle extends to the entire Ibercaja Group and its team.

For Ibercaja, doing business responsibly while respecting and promoting human rights is an essential aspect of its business and principles. Our activities are carried out at all times in strict accordance with prevailing legislation and in compliance with international standards. The Bank is always mindful of the UN Universal Declaration of Human Rights and has **adhered to the United Nations Global Compact** since 2006, so that its activity is carried out in accordance with the principles established in this initiative, which promote and defend respect for human rights by companies, and this is reflected in the Global Compact Progress Report (Chapter 6.13), from this initiative, which the Bank completes on an annual basis.

One of the guiding principles of the **Ibercaja Sustainability Policy** approved in 2020 by the Board of Directors is the defence of human rights; a principle that covers the entire Ibercaja Group and all of its members. This is reflected also in the Bank's **Code of Ethics**, as a key element that reinforces the corporate culture and ethical approach when managing the Bank and its subsidiaries.

The Bank has set up a **reporting channel (ethics channel)** for reporting any breach of this Code. The corporate website www.ibercaja.com also includes an **email address** (rsc@ibercaja.es) available to anyone who wishes to contact the Bank.



In 2019 Ibercaja signed up to the [Principles for Responsible Banking](#). Under the auspices of the United Nations, these principles aim to provide a framework for sustainable finance and to support the financial sector in demonstrating its contribution to society. The implementation guides expressly mention the desirability of making the [Guiding Principles on Business and Human Rights](#) part of the Principles of Responsible Banking.

Ibercaja also promotes respect for human rights, [in line with the SDGs of the 2030 Agenda](#), conveying this commitment to the people, companies and institutions with which it relates, incorporating the defence of these rights in investment and project financing decisions, and in its relations with customers and suppliers. In the specific case of suppliers, the Bank has a [Supplier Code of Conduct](#) that sets out the values that are encouraged for responsible procurement, many of which are related to human rights. This Supplier Code of Conduct must be ratified by any supplier looking to work with the Bank, thus embracing the commitments that the Bank upholds.

During 2022, the Institution was not subject to any sanctions or involved in any criminal proceedings or similar incidents that could infringe on human rights.

6.10 Fight against corruption and bribery

2-23, 2-27, 3-3

6.10.1 Measures to combat corruption and bribery

Ibercaja promotes a culture based on the principle of “Zero Tolerance” of illegal acts, encouraging ethical and responsible behaviour among everyone from within the organisation.

During the year, there were no communications nor were any conducts detected that could constitute the crime of corruption or bribery.

The Bank has a **criminal risk prevention system** in place, which seeks to minimise the risk of any member of the organisation engaging in potentially unlawful activities. The system has express policies and procedures in place to avoid corruption and bribery within the businesses, which are understood to be the offer, promise, request or acceptance of an unjustified benefit or advantage of any nature as compensation for unduly favouring others in commercial relationships.

To establish the crime prevention system within the Bank:

- i. All activities carried out by the Bank that carry a criminal risk (including corruption and bribery) have been identified;
- ii. The Bank's most relevant **policies, manuals and controls** have been reviewed and identified;
- iii. Appropriate adjustments have been made to manuals, procedures and controls to promote the effective prevention of criminal risks, as well as the proper custody of the evidence supporting the controls;
- iv. A **specific committee** (“Control Body”) has been set up and tasked with the implementation, monitoring and updating of the Bank's criminal risk prevention model. The Audit and Compliance Committee of the Board of Directors is also regularly informed of the functioning of the system.
- v. The criminal risk prevention model is reviewed in **internal audit processes**;
- vi. A training and awareness-raising plan for employees on criminal risks, including corruption and bribery, has been put in place;

- vii. A **process has been established for notification** of possible breaches or violations of conduct, which allows the Bank to be aware of and react to any illegal situations (whistleblowing channel)
- viii. The Bank has a **disciplinary procedure** in the event of non-compliance with the obligations required of employees, with the HR and People Department responsible for pursuing disciplinary proceedings based on the findings of any investigations carried out by Internal Audit.

The criminal risk prevention system is set out in a manual that consists of two parts:

General Part:

This part defines the structure of the organisational model, supervision, verification, monitoring and general procedures and controls that the Bank has in place to prevent the commission of criminal risks that, being susceptible to generate criminal liability for legal persons under the Criminal Code, may hypothetically occur due to the activities carried out by the Bank.

Special Part:

This part details each of the criminal risks identified through a series of appendices; one for each type or group of offence (e.g. money laundering offences, business corruption, stock exchange offences, tax offences, subsidy fraud, etc.). The list of criminal risks identified in the Special Part does not imply that the materialisation of such risks has been detected, but rather that they are identified as activities carried out by the Bank that are connected with conduct which, if it were to occur, could constitute a criminal offence.

The criminal risk monitoring system is based on the three lines of prevention model in risk management:

- The **first line of prevention** is the business units, which assume “ownership” of the risk and understand and manage the risks they are exposed to in the course of their activities.
- The **second line** is the internal control framework, which aims to ensure adequate risk control, prudent business conduct, reliability of information (financial and non-financial) and compliance with the Bank's internal regulations, policies and procedures. The risk control and compliance functions are found within this second line of defence.
- The **third line** of risk prevention and management is the internal audit function. All of them, within the scope of their respective activities and functions, must ensure adequate risk management in general, and criminal legal risk in particular.

Objective

Promote a culture of preventive compliance based on the principle of zero tolerance of unlawful conduct and wrongdoing

Thus, the system is based on and constitutes a formal statement of the intention of the Board of Directors and senior management of the Bank to establish and uphold, as one of its basic values, that the actions of all members of the organisation shall always comply with the legal system in general and with criminal law, in particular, by fostering a culture of preventive compliance, based on the principle of “**zero tolerance**” with the commission of unlawful acts (including bribery), and promoting ethical and responsible conduct. This commitment is also enshrined in Ibercaja’s **Code of Ethics**, as approved by the Board of Directors.

All of Ibercaja Banco’s current workforce has **received training in criminal risk prevention**, including the offences of corruption and bribery.

6.10.2 Measures to combat money laundering

During the year, 166 files were opened for the analysis of transactions suspected of being related to money laundering or the financing of terrorism. SEPBLAC was informed of 160 cases where specific analysis suggested there was evidence to be further examined.

Ibercaja Banco has the status of “**reporting Bank**” under anti-money laundering and counter-terrorism financing regulation (AML/CTF) and, therefore, it must apply the measures to prevent the Bank from being used for this purpose. To this end, it has adequate internal control and communication procedures and bodies in order to uncover, impede and prevent the carrying out of transactions that may be related to money laundering or the financing of terrorist activities.

The structure and content of these procedures and bodies, which are described in the corresponding manuals, meet the **principles of swiftness, security, efficiency, quality and coordination**, both in the internal transmission of relevant information and in the analysis and reporting to the competent authorities of such information pursuant to applicable law and regulations on the prevention of suspicious transactions.

A basic pillar of the AML/CTF system are the due diligence measures referred to in Law 10/2010 and the provisions of Royal Decree 304/2014 that implement it: identification of the customer and their beneficial owner and information on their economic activities and on the source of the funds that the customer is wishing the Bank to deal with or handle.

Consequently, and in line with the risk prevention and management model based on **three lines of risk defence in place at the Bank**, the first filter of the AML/CTF system is the establishment of the relationship with customers, and this relationship is the responsibility of the Branch Network and business units, which act as the **first line** of defence against the risk of money laundering and the financing of terrorism.

In the **second line** of defence, in addition to the risk control function, there is the regulatory compliance function performed by the Regulatory Compliance Department, which includes the AML/CTF Unit which, as a technical unit specialised in this field, has an essential (although not exclusive) role in the application, supervision and monitoring of the internal procedures established by AML/CTF, with the **Internal Audit Department** assuming the functions of the **third line** of defence.

Such AML/CTF procedures and measures are applied with a risk-based approach, so that in cases in which there is a greater risk that the Bank may be used for money laundering or terrorist financing, these measures are applied with a greater degree of intensity.

6.10.3 Contributions to foundations and not-for-profit entities

To the extent that contributions of economic nature by the Bank to foundations and not-for-profit entities are made through accounts held in Ibercaja, the entities benefiting from these contributions are subject to the same **controls for prevention of money laundering and financing of terrorism** as other customers. In addition, given that due to their very nature, such entities are categorised as medium risk customers, in addition to the application of due diligence measures that are carried out in each customer registration or monitoring of the business relationship (e.g. check against blacklists), the Bank adopts additional control measures for the adequate management of the risk of money laundering or financing of terrorism.

6.11. Implementation of the Principles for Responsible Banking – UNEP-FI



2-1, 2-5, 2-12, 2-23, 3-1, 3-3, 201-2

In November 2019, Ibercaja signed up to the [United Nations Principles for Responsible Banking](#), thus becoming part of a global coalition of banks whose aim is to promote and encourage the sustainable development of the economy, aligning the actions of banks with the achievement of the Sustainable Development Goals and the Paris Agreement on climate change.

By signing these Principles, **we are committed to promoting sustainability in our business**, aligning our strategy with long-term objectives that not only enable economic growth, but also address and help to respond to social and environmental challenges, as we identify our greatest potential contribution.

Among the commitments we have made is to report on the Bank's progress in implementing the Principles. From 2020, the report following the signing of these Principles will be included in the Directors' Report, in accordance with the model established by UNEP-FI. In this Directors' Report 2022, we present the third report in which we transparently discuss the progress made in the third year of their implementation.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Ibercaja Banco, S.A., is a national banking institution belonging to the financial sector and specialising in the business of individuals and companies, whose objective is to generate value for its customers, shareholders and society in general, guided by its corporate purpose: "Help people build their life story because it will be our story." Ibercaja Banco's head office is located in Zaragoza.

Links and references
Chapter 4 of this Directors' Report.

[Ibercaja Corporate Website](#)

It upholds its social and territorial commitment in its genes, seeking to maximise the benefit for its shareholder foundations: Fundación Bancaria Ibercaja (88.04% of share capital), Fundación Caja Inmaculada (4.73%), Fundación Caja Badajoz (3.90%) and Fundación Bancaria Caja Círculo (3.33%).

With around 5,000 employees and more than 2.5 million customers, it undertakes all its business in Spain and its corporate purpose is to carry out all manner of activities, transactions, acts, contracts and services related to the banking business in general. The Bank is the head of a group of subsidiaries, the most important of which are those of the Financial Group, comprising companies specialising in investment funds, savings and pension plans, bancassurance and leasing/renting.

The Ibercaja Group, with a balance of more than 54 thousand euros, is the ninth largest in terms of asset volume in the Spanish banking system. Its universal banking business model focuses on the retail market, above all on individuals and small and medium-sized enterprises. At the national level, the Group has a market share of 2.4% in lending to households and non-financial corporations, 3.5% in the individual house purchases segment, and 2.6% in household and corporate deposits^[1]. The Bank has a leading position in its traditional area of activity (Aragon, La Rioja, Guadalajara, Burgos and Badajoz) and has a significant presence in other areas of great economic importance such as Madrid and the Mediterranean Coast.

The Ibercaja Group's main business is banking intermediation, representing approximately 45% of total revenues, the rest being generated by other Group businesses with a relevant weight in asset management and insurance.

¹1. Source: Bank of Spain

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones: TCFD
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: _____
 None of the above

As shown in its Sustainability Policy, Ibercaja firmly believes that its plans and actions should help ensure well-balanced economic growth, social cohesion and environmental protection, pursuant to its corporate purpose. It is therefore firmly committed to the Sustainable Development Goals of the 2030 Agenda and is a signatory to the United Nations Global Compact and the United Nations Principles for Responsible Banking.

Links and references

Chapters 4.5, 6.1, 6.2, 6.3, 6.4, 6.5, 6.8, 6.9, 6.12, 6.14 and 7 of this Directors' Report.

Ibercaja is aware that financial action serves as a lever for sustainable and inclusive development, reducing the negative impacts of environmental, social and governance factors.

[Ibercaja Website](#) [Corporate Website](#)

In 2018, it carried out a materiality analysis of the SDGs with the aim of detecting those where it has the greatest capacity to expand its impact and to launch new projects. Establishing the purpose of each SDG for the Bank, in 2022 the actions already underway in the Bank were analysed, and their progress and scope were assessed. As a result, we continue to prioritise 7 SDGs to focus on their progress and align our business strategy: 3, 4, 5, 8, 9, 13 and 17.

The Bank is also aligned with the objectives of the Paris Agreements and is a signatory to the Spanish financial sector's Collective Commitment to Climate Action and of the Net Zero Banking Alliance (NZBA). In this regard, it continues to make progress in the analysis to measure the carbon footprint of its portfolio and reduce the climate impact of its financial activity, which is why the Bank joined the Partnership for Carbon Accounting Financials (PCAF) in 2022 to work on its commitment to achieve emission neutrality of its loan books and investment portfolios by 2050 or earlier. Ibercaja also adhered to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the aim of disclosing climate risks in a consistent, clear and comparable manner.

The 2021-2023 Strategic Plan, which includes a transversal enabling initiative IN02 Purpose and Sustainability, is based on the objective of "creating a corporate culture aligned with our Purpose and helping to achieve a better world, integrating sustainability in the business (risks and opportunities) and in the way we do banking".

Ibercaja focuses on climate change, following supervisory expectations, financial inclusion and the promotion of diversity, focusing efforts on gender equality and access to the labour market for people with disabilities.

Thus, as part of its EFR (family-responsible company) Plan, the Bank has launched the LiderA Plan, to help get more women into management positions by improving their aspirations and flexibility aided by the support of mentors and ambassadors, and through accurate measurement and precise targeting to ensure progress. Ibercaja carries out extensive social action through both its own programmes and through its shareholder Foundations. Among them:

- Contribution to programmes that promote the employability of young people, especially women.
- Promoting the integration of people with disabilities into the labour market.
- The promotion of volunteer actions among its employees and the sponsorship of activities that promote well-being and healthy habits.
- The response to the needs of the Ukrainian people after the explosion of the war in their country.
- Collaboration with solidarity initiatives within the “Tu Dinero con Corazón” (Your Money with Heart) project, supported by the Sustainable and Solidarity products (investment fund and pension plan).
- Collaboration with NGOs to promote development in the most disadvantaged areas of the world.

Furthermore, Ibercaja's commitment to caring for the environment is embodied in:

- The development of specific products to facilitate the transition towards a more sustainable economy.
- An internal Environmental Management System that minimises Ibercaja's negative impact on the environment and transfers this commitment to its stakeholders.
- The development of environmental actions that favour the preservation of the environment and the fight against climate change. In 2022, it is worth highlighting the celebration of the 2nd Planet Week, volunteer actions open to employees and society in general, the preparation of a new Guide to Good Environmental Practices, the internal initiative Sustainable Tuesdays or the collaboration in planting trees.
- Signing the Net Zero Banking Alliance to achieve the decarbonisation of our portfolios by 2050 and joining the PCAF initiative, as the international benchmark to facilitate the financial industry's alignment with the Paris Agreement and transmit transparency in the calculation of greenhouse gas (GHG) emissions.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly^[2] and fulfil the following requirements/elements (a-d)^[3]:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

In order to achieve sustainable development for all so as to promote a fairer, more inclusive and environmentally friendly society, it is essential to take into account social, environmental and good governance aspects within the business.

Links and references

Chapters 6.1, 6.3 and 6.12 of this Directors' Report.

Since their approval in 2015, Ibercaja has been closely watching the Sustainable Development Goals. The main contributions that the Bank can make to the goals were therefore identified, taking into account all 169 targets. Ibercaja has set social and environmental objectives that are part of the EFR work-life balance plan, its Environmental Management System, as well as the 2021-2023 Strategic Plan, within the Purpose and Sustainability initiative; objectives that help to boost positive impacts and reduce negative ones.

[Ibercaja Corporate Website](#)

Coinciding with the strategic cycle, in 2021 Ibercaja carried out a materiality study, consulting its main stakeholders (customers, employees, society, suppliers, opinion leaders, etc.) on the most relevant aspects that could influence Ibercaja's capacity to create economic, social and environmental value. During 2022, Ibercaja updated the 2021 financial year, advancing in the requirements of the new "GRI 3 - Material issues 2021", for which it has carried out an analysis and assessment of the importance of the impacts of the Bank.

Based on these questionnaires, Ibercaja was able to classify the material issues according to their importance for stakeholders and for the Institution, differentiating between environmental, social and governance aspects. The "very high priority" topics are in line with the Bank's strategic objectives, and among them, ESG risk management, in particular climate risk management, is identified as a priority topic.

Aware of and sensitive to the environmental impact that all business activity generates in its surroundings, Ibercaja acquires the commitment to protect the environment and fight against climate change, taking into account both the environmental impact of its own facilities and that of its financial activity. Thus, the Bank identifies on a preliminary basis the climatic events that could have a greater impact on its facilities and on the performance of its activity.

The analysis carried out on the predisposition to the risks derived from climate change has been divided between the retail segment (mortgage portfolio) and the productive activities segment (corporate portfolio) of the credit portfolio, given that they account for a significant percentage of the Bank's loan portfolio:

- The retail segment is the most relevant in the bank's financing business with a volume that represents more than 66% of this portfolio and, within this, the mortgage portfolio stands out.
- The financing of productive activity is the second largest segment, accounting for more than 28% of the loan portfolio volume.

[2]. That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

[3]. Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

The retail segment is the most relevant for Ibercaja's business, with a distinction being made between: Mortgages and Consumer Affairs and others. The assessment of the impact of climate risks in this segment focuses on the mortgage portfolio, which, due to the type of financing and average maturity, is considered relevant for the purposes of exposure to climate risks, which manifest themselves more intensely in the medium and long term.

With regard to the business segment, financing for property development is outside the scope of this impact analysis, as financing operations usually have a repayment period of less than three years and the new regulations on the quality of construction and energy efficiency of housing ensure a gradual reduction in the climate and transition risks of these operations. Likewise, financing to public bodies, such as municipalities, states or provincial councils, financial institutions or credit institutions are not included in this analysis.

Considering the above, the transitional risk appetite of the corporate and mortgage portfolios has been assessed, as well as the possibility of both portfolios being impacted by acute and chronic physical risks.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in%) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries^[4] for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in%), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

The analysis of impacts on Ibercaja's credit portfolio in 2022 focuses on the banking business, **Links and references** focusing on the geographical areas and segments that account for the majority of revenues and assets in this business.

Chapters [6.1](#), [6.3](#) and [6.12](#) of this Directors' Report.

The Ibercaja Group's portfolio is national and its classification by purpose is shown in the following table:

[Ibercaja Website](#) [Corporate Website](#)

	31/12/2022
Loans to households	62.32%
Home loans	57.02%
Consumer loans and other	5.30%
Corporate loans	26.66%
Non-real estate productive activities	23.60%
Real estate development	3.06%
Public sector and other	4.29%
Gross loans, ex impairment and reverse repos	93.27%
Reverse repurchase agreements	5.15%
Impaired assets	1.58%
Gross loans and advances to customers	100.00%
Impairment losses and others	-
Loans and advances to customers	-

As regards the retail segment, the geographies with the highest volume of financing with respect to the total portfolio are Madrid (27.21%), Zaragoza (16.83%), Barcelona (6.78%), Valencia (6.00%), Guadalajara (4.19%) and Huesca (3.78%), representing together almost 65% of total financing.

In relation to the business segment, Ibercaja's portfolio of productive activities is distributed among the twenty-one economic sectors of the NACE-2009 national classification. Of these, the Bank's portfolio exposure is mainly in two sectors of activity, which together account for around 53% of the total portfolio risk:

- Group C: Manufacturing industry (27.16%).
- Group G: Wholesale and retail trade; repair of motor vehicles and motorbikes (24.94%).

[4]. Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?^[5] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Ibercaja's activity is carried out entirely in Spain and its portfolio of Ibercaja customers covers approximately 6% of the national population. The dual materiality analysis carried out in 2021 on its main stakeholders (customers, ownership and investors, employees, suppliers, society, competitors and reference entities, Public Administrations, media and opinion leaders) is therefore considered to be representative of the company and the geographical area in which Ibercaja operates.

Links and references

Chapters 3, 6.1, 6.3, 6.4 and 6.12 of this Directors' Report.

In this context, climate risk management is one of the priority issues and is therefore considered a significant aspect of Ibercaja's strategic planning. In 2022, the Bank developed an analysis of climate impacts on the mortgage portfolio and productive activities and analysed its exposure to physical and transition risks, while identifying business opportunities to address climate change.

[Ibercaja Website](#) [Corporate Website](#)

Analysis of the geographical distribution of the mortgage portfolio shows that the vast majority of the Bank's assets are not predisposed to physical risks related to climatic or environmental events. The assessment of the areas where the Bank's real estate collateral is located has verified that they are not at high risk of being damaged by flooding, river or coastal risk, fire, seismic activity, volcanic risk and desertification. The Bank has real estate collateral primarily in urban or wet areas, where physical risks are not associated with a substantial impact.

As a result of this analysis, and of proper management of the possible impacts that may be caused by climate risks, business opportunities have been identified for the Bank that may be related, among other examples, to the possibility of Ibercaja financing flood prevention infrastructures and offering insurance ranges that cover the risk of damage to properties as a result of natural disasters, which, although they do not represent a significant risk for the Bank, could occasionally occur.

In the analysis of the retail segment, it is important to highlight the contribution to the achievement of Sustainable Development Goals that customers can make by directing their savings towards companies that have integrated sustainability into their business strategy. In this respect, investment funds and pension plans are the critical vehicle and in which the Ibercaja Group has a very good competitive position.

Regarding the corporate segment, activities that are linked to a predisposition to climate risks are identified as business opportunities to accompany them in the sustainable transformation of their businesses and supply chains, through investments in CapEx.

[5]. Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

At the sectoral level, considering the volume of exposure they represent with respect to the total portfolio and their potential predisposition to climate risks, the three most relevant sectors are:

- **Agriculture, livestock, forestry and fisheries:** Most of the opportunities related to this sector are concentrated in the agricultural sector, with investments in efficient irrigation systems, the use of waste as biogas and the development of new products to combat drought. Furthermore, livestock companies can identify opportunities in financing facilities such as barns and greenhouses that protect production or offering insurance ranges that minimise farm risk.
- **Manufacturing industry:** The main opportunities identified in this sector arise from the financing of the investment necessary for the improvement of the energy efficiency of machinery and installations; in addition to investments in projects for the installation and transformation of new production plants.
- **Energy supply:** The Bank focuses on supporting the sector's transition to a more decarbonised economy, identifying clear financing opportunities for companies involved in energy production seeking to change their business model to renewable energy generation, with loans for the establishment of photovoltaic or wind power facilities or investment in the development of new clean energy technologies.

Likewise, the provision of quality services has a positive impact and high importance for Ibercaja's stakeholders, who value not only professional skills, but also the promotion of equality, diversity and work-life balance of its employees. Since its origins, Ibercaja has considered the people who work in the organisation to be the key to success, and their talent a differential value and the essential pillar on which the business project is based.

As a Bank aware of the value of people and with the aim of configuring an efficient organisation with the capacity to respond to the challenges ahead, Ibercaja assumed a series of commitments with its people, making them public and explicit through its Sustainability Policy, promoted and approved by the Board of Directors.

The Bank's express desire to improve the quality of life and well-being of its employees is also reflected in the strategic orientation that the Bank's People Management Model gives to the element of work-life balance, providing a response, in the form of specific actions, to the commitments acquired.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)^[6]? Please disclose.

The impact analysis developed taking into account the analysis of dual materiality on Ibercaja's stakeholders shows that climate change is a key impact area for Ibercaja, along with other environmental, social and governance (ESG) risks.

Two of the potential positive impacts are reducing exposure to climate change risks and supporting and accompanying customers to achieve a transition to a low-carbon economy. Ibercaja continues to make progress in identifying these risks (for example, by drawing up a climate risk map based on the three scenarios proposed by the Network for Greening the Financial System (NGFS)) and measuring, managing and monitoring them. Ibercaja also has a wide range of products with ESG characteristics that adapt to the financing and investment needs, as well as to the risk profiles of current and potential customers of the Bank.

The impact analysis carried out in 2021 identifies inefficient management of environmental risks as a potential negative impact. Ibercaja therefore has an ambitious, robust and transversal climate risk management plan and integrates environmental aspects, with a special focus on climate factors, into the Group's strategy. This commitment is endorsed in the Sustainability Policy, approved in 2020.

Consequently, in 2022, the carbon emissions financed were assessed, according to the PCAF methodology, with the aim of using this calculation as a basis for target setting. Ibercaja has identified the mortgage portfolio and the energy sector as two of its priority sectors when establishing decarbonisation paths and targets for 2030 and 2050. Likewise, it identifies the iron and steel production subsector, within the manufacturing industry, as a priority in the establishment of decarbonisation targets for 2030.

In line with the impact analysis carried out in 2021, as a sign of the Bank's commitment to balance the personal, family and work life of its employees, Ibercaja raised aspects such as diversity, equality and work-life balance to a strategic level in order to respond to the material issue of excellence, professionalism and customer support.

Ibercaja established within its Challenge 2023 Strategic Plan, a commitment to strategic planning for people and a corporate culture based on corporate purpose and sustainability, in order to respond to stakeholder expectations. For this reason, in 2019 Ibercaja obtained EFR certification (family-friendly company), thus reinforcing its commitment to the people who form part of the organisation, in accordance with its corporate purpose and values and guaranteeing its continuous development, through a standardised management model.

As a result of the above, the EFR Plan is defined for the first certification cycle (2019/2021) with a clear line of work that actively promotes equal opportunities through the definition of the Plan LiderA project, whose main objective is to increase the number of women in management positions, accompanying women in their professional development and making female talent visible.

Women currently represent 49.3% of the workforce (50.4% in age brackets below 50 years) and the share of women in management positions is 34.4%.

In parallel, in 2022 the Equality Plan was updated to guarantee equal treatment and opportunities, through 25 specific objectives and 77 measures to which Ibercaja is committed

[6]. To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Links and references

Chapters 3, 6.1, 6.3, 6.4 and 6.12 of this Directors' Report.

[Ibercaja Corporate Website](#)

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Appendix.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

CLIMATE CHANGE MITIGATION:

Links and references

In 2021, Ibercaja joined the NZBA in 2021 as one of its founding members, pursuing its goal of increasing its climate ambition and in line with one of the highest priority material issues for its stakeholders. Thus, the Bank committed to achieve its own and its portfolio's emission neutrality by 2050 at the latest.

Chapters 6.1, 6.4 and 6.12 of this Directors' Report.

The NZBA has identified the most carbon-intensive sectors where decarbonisation efforts should be concentrated to facilitate alignment with scenarios that meet the NZBA's objectives. In addition, PACTA has identified those stages of the value chain with the greatest impact on climate change in each of these sectors.

[Ibercaja Corporate Website](#)

In this context, an analysis of Ibercaja's portfolio of productive activities was carried out in 2022 with the aim of identifying those priority sectors for the definition of decarbonisation targets and to comply with the NZBA guidelines.

The PCAF methodology (specifically SBTi's SDA) was used to obtain the most intensive sectors in terms of greenhouse gas emissions in order to establish decarbonisation pathways. Ibercaja has developed, and published in October 2022, its 2030 decarbonisation targets for three of the most emissions-intensive sectors. These sectors were identified following an assessment of the following criteria:

- NZBA's top sectors contributing to global warming by volume of GHG emissions worldwide
- The sectors with the greatest relative weight in the selected perimeter of the Bank's credit portfolio, in order to ensure the relevance of the sectors to be decarbonised at the outset.
- The availability, quality and granularity of data as far as possible on the prioritised sectors.

It should be noted that Ibercaja has been neutral in own issues since 2020.

GENDER EQUALITY:

Furthermore, among the priority areas for achieving the 40% of women in management positions, Ibercaja has identified some internal processes of the organisation that contribute to the impact produced. These processes include the number of applications from women for vacant managerial positions, the number of awards to women by the organisation for managerial positions, monitoring of female representation globally and by age group, monitoring of promotions to women regardless of position, the percentage of female top leaders and recognition of women for achieving objectives or for the achievement of strategic milestones in the organisation.

What have we achieved since the start of the Plan?



[7]. You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁷

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

Mitigación del cambio climático e igualdad de género

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets^[8] have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with^[9] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. You can build upon the context items under 2.1.

CLIMATE CHANGE MITIGATION:

In its strong commitment to sustainability, Ibercaja joined the NZBA initiative as a founding member in 2021, which aims to build a zero net emissions global economy and meet the goals of the Paris Agreement. The Bank also carries out its activities in line with the Sustainable Development Goals of the 2030 Agenda, also supporting their internal and external dissemination and the European Green Pact.

Ibercaja is committed to achieving its own and its portfolio's emissions neutrality. In 2022 it has managed, for the second year in a row, to offset its own emissions from the previous year and, this year, it has started with the calculation of its financed carbon footprint and defined interim decarbonisation targets for 2030 in three of the most carbon intensive sectors, according to the identification published by the NZBA.

In this regard, the Bank joined PCAF in 2022 to work on its commitment to achieve emission neutrality of its loan book and investment portfolios by 2050 or earlier. PCAF is the international benchmark to facilitate the financial industry's alignment with the Paris Agreement and to convey transparency in the calculation of greenhouse gas (GHG) emissions.

Ibercaja works to be one of the leading institutions in helping its customers to succeed in their transition to zero net emissions, collaborating with the most intensive companies to jointly achieve a common goal. In line with the Paris Agreement, this effort contributes to SDG 13: Climate Action.

The 2030 decarbonisation targets have been defined taking into account the portfolio of productive activities and the most GHG-intensive sectors worldwide according to the NZBA, as well as those with the greatest relative weight on the selected perimeter of the Bank's credit portfolio and the availability, quality and granularity of data as far as possible on the prioritised sectors:

- Electricity generation
- Iron and steel production
- Residential Real Estate

GENDER EQUALITY:

In the more social sphere, and specifically gender equality, Ibercaja aligns and links certain actions aimed at employees with the Sustainable Development Goals of the 2030 Agenda, contributing more actively to SDG 3 "Health and Well-being", SDG 5 "Gender Equality" and SDG 8 "Decent work and economic growth".

As part of its commitment to equal opportunities and diversity, in 2020 the Bank joined the CEO's For Diversity initiative, which aims to lead and promote diversity and inclusion strategies from top management.

In this respect, Ibercaja is working to be one of the best positioned companies in the financial sector in terms of female leadership, integrating its EFR objective in the bank's 2021/2023 Strategic Plan. By 2022, the number of women in managerial positions reached almost 35%.

Links and references

Chapters 6.1, 6.4 and 6.12 of this Directors' Report.

[Ibercaja Website](#) [Corporate Website](#)

[8]. Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

[9]. Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	---	

Impact area	Indicator code	Response
Financial health & inclusion	---	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

CLIMATE CHANGE MITIGATION:

Links and references

In compliance with the NZBA alliance agreement, Ibercaja has developed and published in October 2022 its decarbonisation targets for 2030 in three of the most GHG-intensive sectors with weight in the selected perimeter of the Bank's credit portfolio, with the aim of ensuring the relevance of the sectors to be decarbonised in the first phase. To develop the sectoral decarbonisation targets, the Bank opted for SBTi's SDA methodology.

Chapters [6.1](#), [6.4](#) and [6.12](#) of this Directors' Report.

[Ibercaja Corporate Website](#)

The decarbonisation targets have been defined taking into account the sectoral intensity metrics, obtained in the carbon footprint calculation for the December 2021 portfolio, as a starting point. The base year chosen to start the decarbonisation process in the priority sectors is 2021, in line with the calculation of the loan portfolio footprint.

This starting point should be compared with the value of the chosen sectoral reference scenarios for 2021:

- Power generation and iron and steel sectors: Net Zero 2050 scenario of the IEA at global level.
- Residential Real Estate sector: The IEA's "Net Zero 2050" scenarios at global level and CRREM's "Global Decarbonisation Pathway 1.5°C" for Spain.

The decarbonisation pathways for each sector are constructed by drawing a graphical line between the starting point in 2022, the intermediate decarbonisation target in 2030 and the final emission neutrality target in 2050 (2040 for electricity generation).

The 2030 and 2050 targets are drawn considering the alignment with the reference scenario, as well as other factors specific to each sector, such as the presence of decarbonisation opportunities (existence of alternative clean technologies, commitments made by the sector, etc.).

The table describes the sectors and the chosen base year:

Sector	Scenario	Scope emissions ¹	Metric	Base year (2021)
Electricity Generation	NZE 2050 (IEA)	1+2	kg CO ₂ eq/ MWh	164 (2021)
Iron and Steel Production	NZE 2050 (IEA)	1+2	kg CO ₂ eq/ t	576 (2021)
Residential Real Estate	NZE 2050 (IEA) and CRREM 1.5°	1+2	kg CO ₂ / m ²	42 (2021)

¹ Ibercaja has not calculated Scope 3 funded emissions as the availability of information and existing methodologies are limited. The Bank has planned to work on improving climate and environmental reporting during 2023 to improve its analysis for reporting in 2024.

As the interim decarbonisation targets were published in October 2022, reporting on progress and the level of alignment achieved will start in the 2023 Directors' Report.

GENDER EQUALITY:

With the implementation of the strategic plan 2021/2023 Ibercaja published in April 2021 its objective to increase the percentage of women in management positions. This objective has been defined by firstly identifying the positions that the organisation considers to be managerial and secondly by analysing the distribution of the workforce, taking into account elements such as the monitoring of the workforce by territories and areas (target workforce) as well as different hypotheses based on internal rotation, incorporation of new profiles, etc.

The base year taken into account for this process is the headcount data at the close of the corresponding financial year, in this case the base year is 2022, whose percentage of representation of women in management positions on 31 December is 34.4%. However, Ibercaja carries out constant monitoring through Human Resource's BSC. The analysis and monitoring of this objective is done on a monthly basis at the operational level.

c) SMART targets: (incl. key performance indicators (KPIs)^[10]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

CLIMATE CHANGE MITIGATION:

Links and references

The sectors with the highest relevance and priority for implementing the decarbonisation targets within the priority impact area, "Climate change mitigation" are Electricity generation, Iron and steel production and Residential real estate, with the targets defined by the Bank in 2030 for each sector as follows:

Chapters 6.1, 6.4 and 6.12 of this Directors' Report.

[Ibercaja Corporate Website](#)

Sector	Scenario	Scope emissions ¹	Metric	Base year (2021)	2030 Objective
Electricity Generation	NZE 2050 (IEA)	1+2	kg CO2eq./ MWh	164 (2021)	103 (-37%)
Iron and Steel Production	NZE 2050 (IEA)	1+2	kg CO2eq./ t	576 (2021)	518 (-10%)
Residential Real Estate	NZE 2050 (IEA) and CRREM 1.5°	1+2	kg CO2/ m2	42 (2021)	36 (-16%)

¹ Ibercaja has not calculated Scope 3 funded emissions as the availability of information and existing methodologies are limited. The Bank has planned to work on improving climate and environmental reporting during 2023 to improve its analysis for reporting in 2024.

In line with the table above, Ibercaja is committed to reducing by 37% the intensity of emissions financed by the Bank in the electricity generation sector (one of the most carbon-intensive industries at present). Given that there is a wide presence of clean technologies in electricity generation, which will increase in the coming years, the Bank expects to reach emission neutrality in 2040, 10 years earlier than in the rest of the sectors, as its decarbonisation will also act as a lever for other productive sectors.

Ibercaja will also work to achieve a 10% reduction in emissions financed in the iron and steel production sector by 2030. The sector is currently working on the development of new, less emission-intensive iron and steel smelting and processing technologies, some of which are based on the electrification of production and the use of green hydrogen. As a result, the decarbonisation of industry is expected to accelerate in the decades between 2030 and 2050.

[10]. Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Lastly, the Bank is committed to reducing the emissions intensity of the residential real estate sector by 16% between 2021 and 2030 by improving the energy efficiency of housing and electrifying the energy demand of homes. By 2050, the emission neutrality target for the sector will be reached.

These objectives have been jointly defined by the Credit Risk, Corporate Banking and Sustainability Areas and are to be reviewed and, if necessary, revised at least every five years to ensure consistency with the latest scientific developments. Ibercaja will define its Action Plan in 2023 in line with the decarbonisation commitments adopted for 2030.

As mentioned above, it should be noted that Ibercaja has been neutral in its own emissions since 2020: 100% of the Bank's electricity consumption is from renewable sources and it invests in offsetting direct emissions (Scope 1) through ZeroCO₂ projects.

GENDER EQUALITY:

Regarding the objective "Positioning of women in management positions", Ibercaja has adopted the commitment to reach 40% of women managers by the end of its strategic cycle (2023) and it has been included as one of the KPIs of the Bank's strategy whose monitoring, at a high level, is carried out on a quarterly basis. The strategic initiatives covered by this KPI are "Purpose and Sustainability" and "Strategic People Planning".

This objective has also been included in the EFR 2022/2024 plan and in the Ibercaja Equality Plan agreed in 2022, integrating it into different internal processes of the people area, such as the internal appointments and vacancies system.



d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

CLIMATE CHANGE MITIGATION:

Links and references

The decarbonisation targets defined for the Power Generation, Iron and Steel Production and Residential Real Estate sectors, selected taking into account the NZBA's list of the most intensive sectors, the relative weight of the productive activities of the Bank's loan portfolio and the availability, quality and granularity of data, were published in October 2022.

Chapters 6.1, 6.4 and 6.12 of this Directors' Report.

[Ibercaja Website](#) [Corporate Website](#)

In order to achieve the defined objectives, Ibercaja collaborates with its customers and tries to provide them with advice and financial solutions that enable them to make progress in decarbonisation:

- Ibercaja is aware that the energy sector is a key industry in the fight against climate change. About two-thirds of global greenhouse gas emissions are linked to the burning of fossil fuels used for heating, electricity, transport and industry. In Spain, too, energy processes are the main contributors to greenhouse gas emissions. This industry is key to the decarbonisation of the economy, with a global transition to renewable energies and a progressive limitation of conventional energy generation.
- In the iron and steel production portfolio, the Bank already finances steel industries based largely on metal recycling, which require much lower energy consumption than the processing of mined iron ore.
- In the residential real estate sector, Ibercaja considers that promoting the improvement of the energy efficiency of its housing financing portfolio is not only a business opportunity, but also a means to reduce its vulnerability and the carbon footprint of its activity. In relation to business opportunities, energy efficiency is identified as an avenue to be explored in the financing of home renovations to improve their efficiency, together with the potential public aid already announced by the Spanish Government for this purpose.

In order to make progress in achieving its objectives, the Bank already has a wide range of investment and financing products. In the financing products, aimed at the business segment, there is a wide range of products aimed at supporting accessibility and improving energy efficiency in housing, sustainable mobility and access to Next Generation EU aid. Recently, the Hipoteca +Sostenible has been added to this offer, aimed at financing homes with an A or B energy rating and, therefore, further away from the climate transition risks. With the aim of achieving an ideal investment proposal for each customer, whatever their investment profile, five new ESG investment funds, a new sustainable pension plan and a PIAS Link savings insurance that also follows sustainable criteria in the selection of its investments were added in 2022.

Ibercaja will continue to work during 2023 on defining the actions to be undertaken to meet the objectives set for 2030, also involving the business and risk management areas. In 2024, the Bank will seek to define new interim decarbonisation targets, with the ultimate goal of achieving net zero emissions by 2050.

GENDER EQUALITY:

In 2020, Ibercaja defined the LiderA Plan as one of the areas of improvement of the EFR plan, the aim of which is to continue to make progress in women's access to management positions and whose strategic orientation includes 3 essential lines of work:

- LISTEN to the real needs of women and the organisation in order to implement measures that respond to them.
- PROMOTE a business culture based on equal opportunities, labour flexibility and co-responsibility.
- ACHIEVE effective equality between men and women at Ibercaja.

Each line of work includes specific actions carried out by Ibercaja:

- LISTEN: "EnFemenino" breakfasts, pulse and mailbox surveys efr@ibercaja.es.
- DRIVE: Awareness-raising campaigns, enFemenino Week, Update of the equality plan.
- ACHIEVE: BSC, Diversity Map and Territory Targets for Women's Leadership

On the occasion of the first enFemenino Week held in March 2020, Ibercaja informed the entire organisation of the goal of achieving 40% of female managers at the presentation of the LiderA Plan.

Subsequently, and due to the integration of this objective into the organisation's strategy, it was communicated externally in 2021, thus demonstrating the Bank's commitment to areas such as equality, diversity and work-life balance.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>Mitigación del Cambio climático</i>	... second area of most significant impact: ... <i>Igualdad de género</i>	<i>(If you are setting targets in more impact areas)</i> ...your third (and subsequent) area(s) of impact: ... <i>(please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

CLIMATE CHANGE MITIGATION:

In order to measure Ibercaja's progress and define future action plans with respect to the decarbonisation objectives established for the three priority sectors, the emission factors established by the PCAF for the different sectors of economic activity have been considered, associating them with the counterparties of the Bank's credit portfolio.

Ibercaja is also working on the inclusion of the ESG factors in the admission and monitoring of credit risk, in line with the EBA Guidelines on the Arrangement and Monitoring of Loans, which defines the internal governance mechanisms and procedures of financial institutions in relation to loan transactions and concessions. In this regard, its admission policies include a reference to the consideration of ESG risks in the assessment of customers and transactions at credit risk, and work is underway to develop exclusion policies for certain sectors with controversial activities and to incorporate qualitative questionnaires with ESG aspects.

Ibercaja's approach to segmenting its portfolio of productive activities according to their predisposition to transitional climate risk is being developed on the basis of a sectoral concentration metric that is planned to be included in the Bank's Risk Appetite Framework. At the end of December 2022, Ibercaja identified that it has a 12% exposure, with respect to its total portfolio of productive activities, to customers associated with sectors with high emissions intensity.

The climate targets defined have been approved by the Management Committee and the Sustainability Committee. Subsequently, they are submitted to the Governing Board and their progress will be monitored accordingly.

GENDER EQUALITY:

Ibercaja has included in its selection and promotion policies actions and KPIs associated with the monitoring of women in management positions, as well as through the Bank's strategy. At the end of 2022, the percentage of women in management positions will be around 35%, having increased by 4% during that year (the baseline figure was 31%). For this reason, throughout 2023, we will actively work with the different territories to achieve the target by the end of 2023. The detailed objective is part of the strategic plan monitoring scorecard (IN02 Purpose and Sustainability / IN01 Strategic People Planning).

Links and references

Chapters 6.1, 6.4 and 6.12 of this Directors' Report.

[Ibercaja Corporate Website](#)

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities². It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Ibercaja's sustainable business strategy is based on reducing the negative impact of its environment, both of the Institution and its customers, through a strategy that allows Ibercaja to continue growing, improving its profitability and positioning and being recognised as an organisation that contributes value and improves the future of its social and environmental surroundings.

Links and references
Chapter 6.3 of this Directors' Report

Based on this dual vision, a strategy differentiated by customer segments, needs and proposed solutions is proposed, leading to the identification of necessary capabilities. In this way, the strategy to be followed ends up being configured:

[Ibercaja Website](#) [Corporate Website](#)

- **Environmental Impact:** Promoting energy efficiency, circular economy and responsible consumption to reduce the impact on the environment and contribute to its recovery.
- **Social Impact:** Support to the most vulnerable people and territories with the aim of helping them to take advantage of the opportunities of sustainable development.
- **Good Governance:** Promoting responsible company behaviour in accordance with ethical principles that pursue development and well-being, with support in the training actions for the company of the Ibercaja Foundation.

In addition, the customer communication plan consists of four phases:

1. Information: Explaining the meaning of the SDGs and their relevance to sustainable development to all the Bank's customers with the aim of raising their awareness in order to achieve joint collaboration and progress. This communication was initiated internally in coordination with the training area, in order to ensure a complete and adequate transfer of information to the customers. Significant actions this year:

- Existence of a space devoted to sustainability within the internal regulations of the Bank that gathers all the necessary information for the employee.
- Holding information and awareness-raising days for employees.
- Participation in various specialised media.

[11]. A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

[12]. Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

- Existence of a space on the Bank's corporate website dedicated to sustainability, which brings together different articles of interest to help customers improve the energy efficiency of their way of life, and Ibercaja's sustainable financing products.
 - Existence of a space on the corporate website devoted to investors, which includes articles to understand how each customer can contribute to sustainable development according to the investments they choose.
 - Dissemination of energy efficiency newsletters to ±500m customers per mailing.
2. Detection of needs and opportunities: Ibercaja collaborates with its customers, especially productive activities, by assessing their energy efficiency and analysing their exposure to climate risks. It also has agreements with specialised companies to facilitate the improvement of the energy efficiency of buildings, the management of public aid and the execution of works, both for private individuals and for productive activities.
3. Proposed solutions: Ibercaja has a wide range of commercial, investment and financing products that enable it to respond to the needs detected by its customers in general, and in relation to sustainable development in particular.
4. Sharing results, involvement and commitment: In 2023 Ibercaja will provide information on its sustainability targets to all its customers, while at the same time working to provide them with sufficient means to offset their carbon footprint.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a% of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Encourage the improvement of the energy efficiency of the housing financing portfolio is not only a business opportunity, but also a means to reduce its vulnerability to transitional climate risks and the carbon footprint of the Bank's activity. In this regard, Ibercaja aims to increase the percentage of A and B-rated homes in its portfolio by developing projects to improve the energy efficiency of homes and boosting its commercial offer of sustainable mortgages.

Links and references
Chapter 6.3 of this Directors' Report

[Ibercaja Corporate Website](#)

To this end, Ibercaja has integrated the results of this impact analysis into its business model, identifying a series of opportunities that will enable it to achieve the decarbonisation of its mortgage portfolio.

- Firstly, the Bank is committed to new specific financing products to facilitate the improvement of energy efficiency and accessibility in private homes and homeowners' associations, requiring the presentation of an energy assessment of the property before and after the execution of the project, thus ensuring the sustainable purpose of the operation: Edificio + Sostenible (More Sustainable Building) (for homeowners' associations), Vivienda +Sostenible (More Sustainable Housing) (for private individuals). Both projects had a combined formalised volume of 1.73 million euros in 2021, rising to more than 16 million euros in 2022.
- Secondly, Ibercaja is working to incorporate the analysis of the climate risk of properties in its management processes, for which it will continue to analyse the energy efficiency certificates of its guarantees and request them in its credit risk admission processes, among others.
- Likewise, in order to facilitate customer access to public aid programmes for energy efficiency, Ibercaja has also reached agreements with various institutions such as IDAE and agreements with autonomous communities to develop specific financing products, as has been the case in Extremadura and Catalonia.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups^[13]) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Ibercaja works very actively on SDG 17: Partnerships.

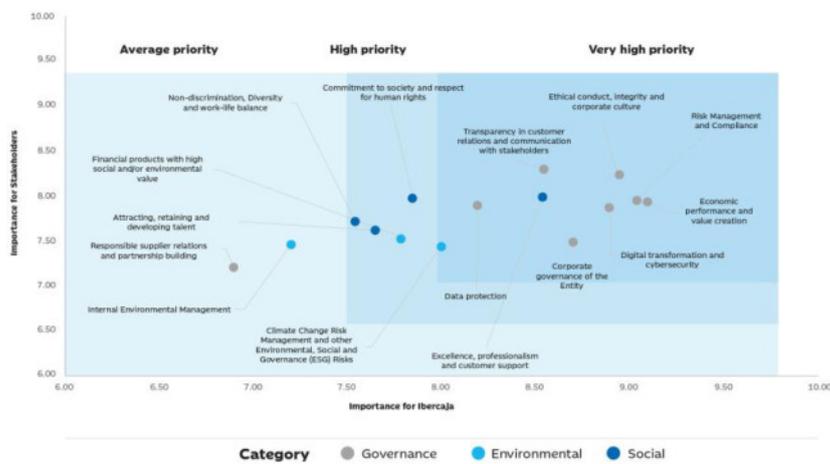
Links and references

The Bank has a stakeholder map, which identifies those stakeholders that are its priority: customers, employees, investors and shareholders, suppliers and society. In addition, special attention is paid to the impact of its activity on the environment. This stakeholder map analyses the expectations and interests of each of them, classifies them and priorities them to help the institution to actively listen to and engage with them.

Chapters 3, 6.1 and 6.14 of this Directors' Report.

[Ibercaja Corporate Website](#)

In 2021, Ibercaja carried out a materiality study, consulting with the main stakeholders (customers, employees, society, suppliers, opinion leaders, etc.) on the most relevant aspects that influence Ibercaja's capacity to create economic, social and environmental value. During 2022, Ibercaja updated the 2021 financial year, advancing in the requirements of the new "GRI 3 - Material issues 2021", for which it has carried out an analysis and assessment of the importance of the impacts of the Bank. The results of the stakeholder assessments were structured in a materiality matrix reflecting the priority of the 15 previously identified relevant topics. This matrix highlights those aspects that are of high importance to both the Bank and its stakeholders.



[13]. Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Taking into account this dual materiality, in 2022 Ibercaja has assessed the potential positive or negative impacts of these priority issues, as well as the actions it is undertaking to manage them.

Likewise, aware of the importance of communication and institutional relations with the various stakeholders, Ibercaja maintains continuous coordination and alignment in the dissemination of content with them, which is carried out through the Bank's different communication channels, both externally and internally: social media, suggestion boxes and telephone assistance.

As part of the commitments that Ibercaja has adopted to achieve sustainable development, Ibercaja is part of UNEP-FI, the United Nations Environment Programme Finance Initiative, which seeks to mobilise private sector financing for sustainable development by fostering a financial sector that generates positive impacts for people and the planet.

In 2019, Ibercaja adhered to the recommendations of the TCFD and in 2021 to the NZBA as a founding member, with the aim of achieving emissions neutrality in its portfolios by 2050. In order to achieve zero emissions on its portfolio by 2050, Ibercaja is aware that the calculation of the carbon footprint, specifically, of the scope 3 category 15 emissions and the respective intensity metrics, is an essential input to be able to set its decarbonisation targets. As a result, the Bank joined PCAF in 2022.

In turn, Ibercaja Gestión and Ibercaja Pensión have signed up to the Net Zero Asset Managers initiative, also with the commitment to achieve CO₂ neutrality of their own and their portfolios by 2050. As a sign of the Group's commitment to sustainable investment, since 2021 Ibercaja Gestión has subscribed to the United Nations Principles for Socially Responsible Investment (UNPRI), to which Ibercaja Pensión had already adhered in 2011, with a Socially Responsible Investment Policy published on its website (www.ibercaja.es).

In addition, both fund managers have joined the Carbon Disclosure Project, an engagement platform and non-profit organisation that administers a system for companies to disclose environmental information so that investors can better manage their environmental impacts. The fund managers have continued to collaborate during 2022 with other engagement platforms such as Climate Action 100+ or Access to Medicine Foundation.

In 2022, Ibercaja continued its intense activity of transmitting and disseminating economic, business and financial knowledge for families and companies throughout the country, with special emphasis on its traditional areas of action, with a focus on proximity and adaptation to the needs of each territory and group. Ibercaja relied on alliances with public bodies (regional governments, provincial councils, town halls, etc.), private entities (business and trade union organisations, Chambers of Commerce and Industry, clusters, etc.) and private companies.

In addition, with the aim of improving accessibility to information, training and solutions offered through these initiatives, the Bank strengthened its digital assets in this area, providing them with more content, as is the case, for example, with the Ecosystem+ Enterprise platform.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The Ibercaja Group's commitment to sustainable growth was endorsed with the approval, in December 2020 by the Ibercaja Bank Board of Directors, of the Sustainability Policy, a document that sets out this commitment and establishes the global action framework for sustainability, containing the commitments voluntarily undertaken by Ibercaja with its stakeholders to promote sustainable, inclusive and environmentally-friendly growth, with a long-term vision.

Links and references

Chapters 4.2, 6.1, 6.4, 6.5, 6.7, 6.12 and 7 of this Directors' Report.

The Board of Directors is conferred as the highest level body in the Bank's governance model, whose task is to promote Ibercaja's positioning in sustainable development.

[Ibercaja Corporate Website](#)

In this way, Ibercaja has a governance structure that allows it to adequately carry out sustainability management and support the effective implementation of the PRBs to which it is a signatory:

- Brand, Reputation and Sustainability Division, reporting directly to the CEO, is tasked with promoting, defining and coordinating the sustainability strategy of Ibercaja Banco while collaborating with the areas involved in implementing that strategy.
- Reputation and Sustainability Committee, at management level and chaired by the CEO, in charge of validating and supervising the Bank's Sustainability Strategy, as well as monitoring and approving the measures necessary to advance in the integration of sustainability in Ibercaja. This committee is also tasked with monitoring the implementation of the Principles of Responsible Banking.
- The Board of Directors is ultimately responsible for the approval and effective implementation of the Sustainability Policy; it is supported by the Strategy Committee, which oversees the Sustainability Policy.

Within the Purpose and Sustainability Initiative, Ibercaja counts on the Management Committee as a sponsor to integrate Corporate Purpose into its culture and sustainability into the organisation's strategy. Ensuring their commitment to the PRBs requires the design of an effective governance structure and the promotion of a responsible banking culture. Therefore, the Bank is working with transversal and multidisciplinary teams, with the above Committees and the following Working Groups:

- Sustainability work team, a transversal team made up of different areas of the Bank for the development of the global strategic sustainability project, which is developed through six specific challenges.
- Environment Committee, responsible for oversight and compliance with the Bank's environmental management system and promoting environmental awareness and protection initiatives.
- The EFR Committee is responsible for promoting work-life balance management, which promotes a balance between personal, family and working life.
- Editorial Committee, of a transversal nature, aims to define messages, plan contents and channels, in order to achieve greater reach and effectiveness of communication, including everything related to Sustainability.

Based on this allocation of tasks and responsibilities, the sustainability governance framework is based on the work of all areas of the Bank and the various working groups. Specifically, the Marketing area has a specialist unit, the Sustainable Finance Unit in the Marketing and Digital Strategy Division, to drive the ESG business strategy. These are coordinated by the Brand, Reputation and Sustainability Division, which in turn reports progress and proposals to the Reputation and Sustainability Committee. Approval of the proposed strategies, policies and roadmaps is the responsibility of the Strategy Committee, with the Board of Directors being ultimately responsible for approving and promoting the Bank's Sustainability Policy.

Through its Sustainability Policy, the Bank responds to its commitment to sustainable and inclusive growth through gradually carrying out various courses of action.

The following elements guide the sustainability lines of action and action planning:

- Sustainability Policy (2020): it is considered the framework for the development of the sustainability strategy as it defines the sustainability principles and the Bank's commitments to its main stakeholders.
- Environmental Policy (2021): identifies the Bank's environmental commitments and promotes good practices, in accordance with the principles set out in the Sustainability Policy.
- Ibercaja has been a signatory of the United Nations Global Compact since 2006, ratifying that its activity is carried out in accordance with these principles.
- Corporate Purpose, as the reason for the Bank's existence and the basis of its corporate strategy, which aligns efforts, inspires and mobilises action. It follows a humanistic approach and is focused on people and on generating social value.
- Ethics Management Model, comprising the Bank's Code of Ethics, the Ethics Management Manual, with the structure and functions necessary in the bank to put the Code into practice, and the Ethics Channel, as an independent communication channel for reporting possible breaches of the Code (approved by the Board of Directors).
- Code of Conduct for suppliers, with the aim of conveying our commitment to sustainability and involving them in its progress.
- EFR work-life balance plan, which contains the actions to be performed to promote a balance between personal, family and professional life, in accordance with the proactive management and continuous improvement that defines the Socially Responsible Company seal.

During 2021 and 2022, and within the areas of credit, operational, liquidity, market and reputational risk, ESG aspects were incorporated into the management frameworks and procedures of these risks, in which the will to take them into account in the sphere of management and control activities is expressed.

With regard to the remuneration system, Ibercaja's Remuneration Policy is consistent with the Sustainability Policy and with the principles and values of the Bank in the management of environmental, social and corporate governance risks and complies with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information relating to sustainability in the financial services sector, establishing a remuneration system based on equal opportunities and non-discrimination. The Remuneration Policy is based on the principle of equality between men and women, with no type of wage differentiation between genders.

In 2022, specific sustainability-related targets have been set in the corporate objectives. Thus, in the assessment of the Strategic Plan, greater weight is given to meeting the milestones of the strategic sustainability initiative, related to risk management and the ESG business strategy.

The Bank currently defines a long-term incentive, with the objective of aligning the interests of certain key executives of the Bank with corporate strategy and long-term value creation. Multi-annual objectives include:

- Percentage of female executives.
- CO₂ emissions.
- Achievement of the major sustainability milestones contained in the "Challenge 2023" Strategic Plan.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g. capacity building, e-learning, sustainability trainings for customer-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

The progress of sustainability at the Institution is led by the CEO, who is convinced of the importance of Ibercaja's commitment to sustainability, is backed by the Board of Directors and has the engagement of the entire Management Committee.

In order to advance in the integration of sustainability into the corporate culture, a strategy has been designed to activate the Corporate Purpose, which will be implemented as one of the challenges of the 21-23 Strategic Plan. This activation process is taking place both internally and externally. As for the people who make up Ibercaja, this project is aligned with our equally strategic Culture and Purpose project, which is being led by the People Department. Both projects pursue the alignment of our culture with the Corporate Purpose, as the cornerstone and standard of sustainability, and the embodiment of our values, mission and vision. In this way, we are working to improve daily attitudes and behaviours that should reflect our Purpose, in order to differentiate our way of banking —responsible, approachable and sustainable banking— and to be perceived as such by our customers and society. These behaviours will form the basis of the internal relationship model we are now defining. Within this project, we will also be working on our internal leadership model of “inspirational leadership”, as we align the behaviours expected of leaders with the Corporate Purpose.

In addition, an Internal Sustainability Communication Plan has been set up to help make Ibercaja's sustainability objectives known and internalised, thus seeking to foster a new “sustainability culture”.

The sustainability project and the implementation of the PRBs is accompanied by a substantial employee training strategy. For this reason, a specific line of sustainability training has been developed as part of the Bank's Professional Development Plan. In 2022, sustainability training was provided to all Bank employees on Sustainable Finance, the SDGs and the role of the financial sector in the transition to a sustainable economy. In addition, the training itinerary on sustainability for the Audit Area has been developed.

Links and references

Chapters 4.2, 6.1 and 6.4 of this Directors' Report.

[Ibercaja Corporate Website](#)

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?^[14] Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Ibercaja has made decisive advances in sustainability governance, to help ensure the effective implementation of the Principles for Responsible Banking. The sustainability governance structure has been bolstered with the engagement of the Board of Directors and the effective participation of the business areas.

Links and references

Chapters 6.1, 6.12 and 7 of this Directors' Report

The Bank took the Principles for Responsible Banking into account in the design of the new Strategic Plan 21-23, which includes a specific Sustainability Initiative, and in the identification of objectives, in order to respond accordingly and succeed in this task.

[Ibercaja Website](#) [Corporate Website](#)

During 2022, Ibercaja has made progress in the management of ESG risks in all its phases (identification, measurement, management and monitoring), prioritising environmental factors and, specifically, climate risk.

Firstly, Ibercaja identifies ESG risks, and especially climate and environmental risks, as risk factors that are likely to impact prudential risks through its counterparties and/or invested assets via certain transmission channels.

In order to guide its actions to prevent or avoid damage to the environment, the Bank has made progress in understanding the impact of different climatic events on prudential risks by developing a risk map for three time horizons (short, medium and long term). In 2022, this exercise was updated and enriched by considering the three climate scenarios proposed by the Network for Greening the Financial System (NFGS): orderly transition scenario (used as the baseline scenario), disorderly transition scenario and Hot House World (HHW) scenario. In addition, in 2022 the Bank has incorporated the assessment of climate impacts on business risk and underwriting risk, and has added the consideration of dispute and litigation events on reputational risk.

Likewise, in 2022, the operational risk map was updated and Ibercaja's reputational risk map was developed. Both maps allow assessing the potential impact of climate events and greenwashing risk management on the Bank's business continuity and reputation for its stakeholders.

With regard to the measurement of ESG risks, in 2022 Ibercaja participated in the ECB's climate stress test exercise, as a first step towards integrating climate factors into the Bank's stress test framework. The overall results obtained by Ibercaja show how the ECB has categorised the Bank's CST framework with a "medium-advanced" degree of progress, higher than the average score of the banks analysed.

It has also assessed the Bank's exposure to the most carbon-intensive industries in its credit and financial portfolio and has defined intermediate decarbonisation targets for 2030 for three of the most carbon-intensive sectors, according to the list published by the NZBA and based on the calculation of its carbon footprint financed on the portfolio of productive activities, in response to its commitment to the Net Zero Banking Alliance (NZBA).

[14]. Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

It also analysed the development of the potential impact of climate, physical and transition risks on the Bank's mortgage portfolio.

In relation to ESG risk management, Ibercaja is working on including ESG factors in the credit risk admission and monitoring processes, in line with the EBA Guide on Loan Origination and Monitoring, which defines the internal governance mechanisms and procedures of financial institutions in relation to credit operations and concessions.

Along these lines, Ibercaja is developing an Exclusion Policy that limits the impact of ESG factors on the Bank's own credit and investment risk, by defining general and sectorial exclusion criteria that avoid any investment or financing operation that may be considered inappropriate due to its high environmental, social, ethical or reputational risk. It is also working on aligning credit risk approval procedures with the requirements of the new EBA Guidelines on Loan Origination and Monitoring based on the development of an ESG questionnaire for assessing customers and transactions.

The asset managers of the Ibercaja Group, Ibercaja Pensión and Ibercaja Gestión committed to the development of society and the care and protection of the environment through socially responsible investment, are developing an internal and progressive model of investment selection and management of non-financial risks that is being incorporated into the traditional critical analysis. In 2021, a number of policies were developed in relation to ESG risk integration, which were updated in 2022.

Liquidity risk management, both in the financial market portfolios and in Ibercaja Vida, continues to apply an additional liquid asset write-down for non-ESG assets (including climate and environmental risks), within the main risk typologies, in the liquidity self-assessment exercise, with the aim of integrating climate risks into this prudential risk.

In the area of market risk management, work was carried out in the sphere of portfolio management, through the monitoring of indicators that define ESG criteria (which include aspects related with climate and environmental risks) and certain asset selection criteria that enable private fixed income and equity portfolios to be characterised.

Finally, to monitor climate risks, Ibercaja has developed two sector concentration metrics defined according to Ibercaja's exposure to productive activities with high emissions intensity and is studying their incorporation into the Risk Appetite Framework. These metrics have been developed on the portfolio of productive activities and the securities portfolio, with the aim of

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

The information disclosed in sections Impact analysis [2.1], Target setting [2.2], Target implementation and monitoring [2.3] and Governance Structure for Implementation of the Principles [5.1] has been verified by Ernst & Young Auditores, S. L., as an independent provider of verification services, to the extent indicated in its Verification Report.

Links and references
Chapter 3 of this Directors' Report.

[Ibercaja Corporate Website](#)

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: UN Global Compact

Links and references

1. The Directors' Report has been prepared in accordance with the GRI Standards for the period from 1 January to 31 December 2022.

Chapter 6.12 and Appendices B and C of this Directors' Report.

2. It includes, in chapter 6.12, the TCFD Report, with the objective of disclosing in a consistent, comparable and clear way the effect that an economic activity has on the climate, in order to facilitate investors' decision making.

[Ibercaja Corporate Website](#)

3. It records the Organisation's annual progress in implementing the ten principles of the UN Global Compact in the areas of human and labour rights, environment and anti-corruption. In this way, it responds to the requirements established for the preparation of the COP Progress

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁵, target setting¹⁶ and governance structure for implementing the PRB)? Please describe briefly.

Ibercaja continues to take relevant steps towards the effective implementation of the Principles of Responsible Banking: it has built a strong position for itself by developing the Purpose and Sustainability initiative within the 2021-2023 Strategic Plan. This is a firm commitment by the Bank, which has laid the foundations for governance and engaging the entire organisation, under the leadership of the Board of Directors, the Chief Executive Officer and the Management Committee. We are working intensively on climate and environmental risk management, responsible business strategy, capture and improvement of ESG data and its integration into systems, staff training and internal and external communication, as the main axes for the integration of sustainability.

Links and references

N/A

[Ibercaja Corporate Website](#)

The next steps in 2023 include:

- Deepening the impact analysis, analysing specific sectors in line with the decarbonisation targets set.
- Action plan for achieving the objectives of decarbonisation of the credit portfolio and the promotion of sustainable financing.
- Development of the ESG data strategy, prioritisation and integration into the Bank's data architecture, and definition of the corporate ESG information model.
- ESG communication strategy: deepening and reinforcing the ESG communication strategy with customers, society and investors to increase the impact of the Ibercaja Group's commitment to sustainability in its environmental, social and good governance aspects on these stakeholders.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

[15]. For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

[16]. For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.12 TCFD Report

2-12, 2-13, 2-23, 3-3, 201-2

The aim of these recommendations is to develop a common, consistent, comparable and clear reporting framework to provide information on the effect that an economic activity has on the climate so as to facilitate decision-making among investors.

6.12.1 Introduction

Climate change is a reality and its effects on economic and social stability are already noticeable: its mitigation requires the commitment of all public and private actors, so as to achieve progress towards a carbon-free economy.

The Ibercaja Group, **committed from its origins to sustainability and guided by its Corporate Purpose**, is aware of this and is taking significant steps and acquiring commitments to assist in the fight against climate change.

Hence, **in 2019 Ibercaja adhered to the recommendations** issued by the Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board. The objective of TCFD is to develop a common, consistent, comparable and clear reporting framework to inform about the effect that an economic activity has on the climate so as to facilitate investors' decision making.

Four areas to report

IN ITS REPORT, THE TCFD RECOMMENDS REPORTING INFORMATION IN FOUR AREAS, WHICH DEFINE THE STRUCTURE OF THIS SECTION:



Pursuing the goal of increasing its climate ambition, in 2021 Ibercaja joined the **Net Zero Banking Alliance** (NZBA) as one of the founding members. This organisation is led by the banking sector, convened by the UN and co-launched by the United Nations Environment Programme Finance Initiative (UNEP Finance Initiative) and the Financial Services Task Force of the Sustainable Markets Initiative, to lead the transition towards a low-carbon global economy.

As a further show of its firm commitment to sustainability, Ibercaja has joined this initiative with the aim of building a global economy of zero net emissions and meet the objectives of the Paris Agreement.

In this respect, in 2022, the Bank joined the **Partnership for Carbon Accounting in the Financial Industry** (PCAF) to work towards its commitment to achieve emission neutrality of its loan book and investment portfolios by 2050 or earlier. PCAF is the international benchmark to facilitate the financial industry's alignment with the Paris Agreement and to convey transparency in the calculation of greenhouse gas (GHG) emissions.

6.12.2 Objective

By adhering to the recommendations of the TCFD, Ibercaja aims **to make progress in the clear, consistent and standardised disclosure of the risks and opportunities** of climate change in relation to its business and its implications and integration within the Bank's strategy.

The information summarises how Ibercaja is becoming engaged in responding to the challenges arising from climate change, following the recommendations of the TCFD in the analysis, in the implementation of measures and in the development of reporting.

Ibercaja is aware of the long road ahead, which is why it continues to work and move towards a sustainable future. It is aware of the important role it plays as a financial institution accompanying its customers and society in this direction, and shows its firm commitment to **continue progressing and disseminating advances** according to market needs.

In 2022, in pursuit of the objective of advancing climate risk identification and management, the Bank joined the Partnership for Carbon Accounting Financials: PCAF). This initiative aims to establish an international methodology for measuring and disclosing greenhouse gas emissions financed by financial and investment institutions. Along these lines, Ibercaja calculated its financed carbon footprint following the PCAF methodology (specifically, SBTi's SDA), with the ultimate goal of establishing decarbonisation pathways to achieve zero emissions by 2050 and comply with NZBA guidelines. To this end, it commits to transition all operational and attributable GHG emissions from its loan book and investment portfolios to align with pathways towards net zero emissions by 2050.

6.12.3 Definition of environmental and climate-related risks

In recent years, there has been an unprecedented institutional, social and business mobilisation to respond to major sustainability challenges and, in particular, to identify and manage environmental, social and governance (ESG) risks.

Environmental risks fall under ESG risks and should be understood as the financial risks posed by an institution's exposures to counterparties or invested assets. In this regard, they could potentially be affected by the negative impacts of environmental factors, such as climate change and other forms of environmental degradation (e.g. air pollution, water pollution, freshwater scarcity, soil contamination, biodiversity loss and deforestation), as well as remedial policy measures to address such factors. Within the broader category of environmental risks, climate-related risks are those that derive directly or indirectly from the effects caused by climate change.



Figure 1. Classification of climate-related risks within ESG factors
Source: prepared in-house.

The challenge that Ibercaja has taken on is to ensure that the business objectives promote sustainable development, preserving natural resources. To this end, it is making progress in integrating environmental aspects into its strategy, business model and risk management.

Ibercaja considers environmental risks, and specifically climate risks, as risk factors in the prudential risk categories currently managed at the Bank. Due to the relevance of climate events, Ibercaja has made progress in assessing climate risks on its business model.

In accordance with TCFD indications, they are defined and categorised as follows:

Transition risks.

Transition risks are those associated with transitioning to a low-carbon economy in response to climate change. They relate to the financial losses that a company may suffer directly or indirectly when attempting to adjust to changes in policies or regulations, such as the establishment of limits on CO₂ emissions or carbon taxes, as well as changes or advances in technology and changes in consumer preferences.

They fall into the following categories:

- **Policy and legal risks.** These risks arise from a failure to prevent or minimise adverse effects on climate, or from a failure to adapt to climate change. Institutional and policy actions for climate change mitigation continue to evolve, through:
 - Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change.
 - Policy actions that seek to promote adaptation to climate change.

- **Technological risk.** Meaning the ability of companies to adopt, or not, new climate-friendly technologies to replace more harmful ones currently in use. The development and use of emerging technologies, such as renewable energies, will affect the competitiveness of certain organisations, their production and distribution costs, and ultimately user demand for their products and services.
- **Market risk.** The ways in which markets can be affected by climate change are varied and complex. For instance, through shifts in the supply and demand for certain products, services or raw materials, largely due to the fact that both the market and consumers are increasingly shifting their preferences towards options viewed as being more sustainable.
- **Reputational risk.** Climate change has been identified as a potential source of reputation risk tied to changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy. Greenwashing activities that the Bank or its counterparties may engage in are also linked to reputational risk. The Bank's reputational risk could also be affected by customers or suppliers who fail to comply with the ESG commitments adopted, as well as misleading advertising in this regard.

Physical risks.

Physical risks relate to the financial impact of a changing climate. They are those arising from the direct effects of climate change, such as increases in the frequency and intensity of extreme weather events or changes in the balance of ecosystems. Physical risks can have direct financial impacts directly and through our credit exposures, e.g. direct damage to assets or indirect impacts caused by interruptions in the production chain.

They fall into the following categories:

- **Acute risks.** Those that are event-driven, especially those related to weather events such as storms, floods, fires or heat waves, which can damage production facilities and disrupt value chains.
- **Chronic risks.** Those resulting from longer-term shifts in climate patterns, such as changes in temperature, sea level rise, loss of biodiversity and alterations in land and soil productivity. This can directly cause, for example, damage to goods or a decrease in productivity and can also indirectly lead to further incidents, such as the disruption of supply chains.

6.12.4 Governance Model

Ibercaja has developed a **sustainability governance model** with the direct engagement of the **Board of Directors**, as the highest level body, which promotes the Bank's positioning in sustainable development, with the assistance of the **Strategy Committee**.

In carrying out this function of promoting sustainability:

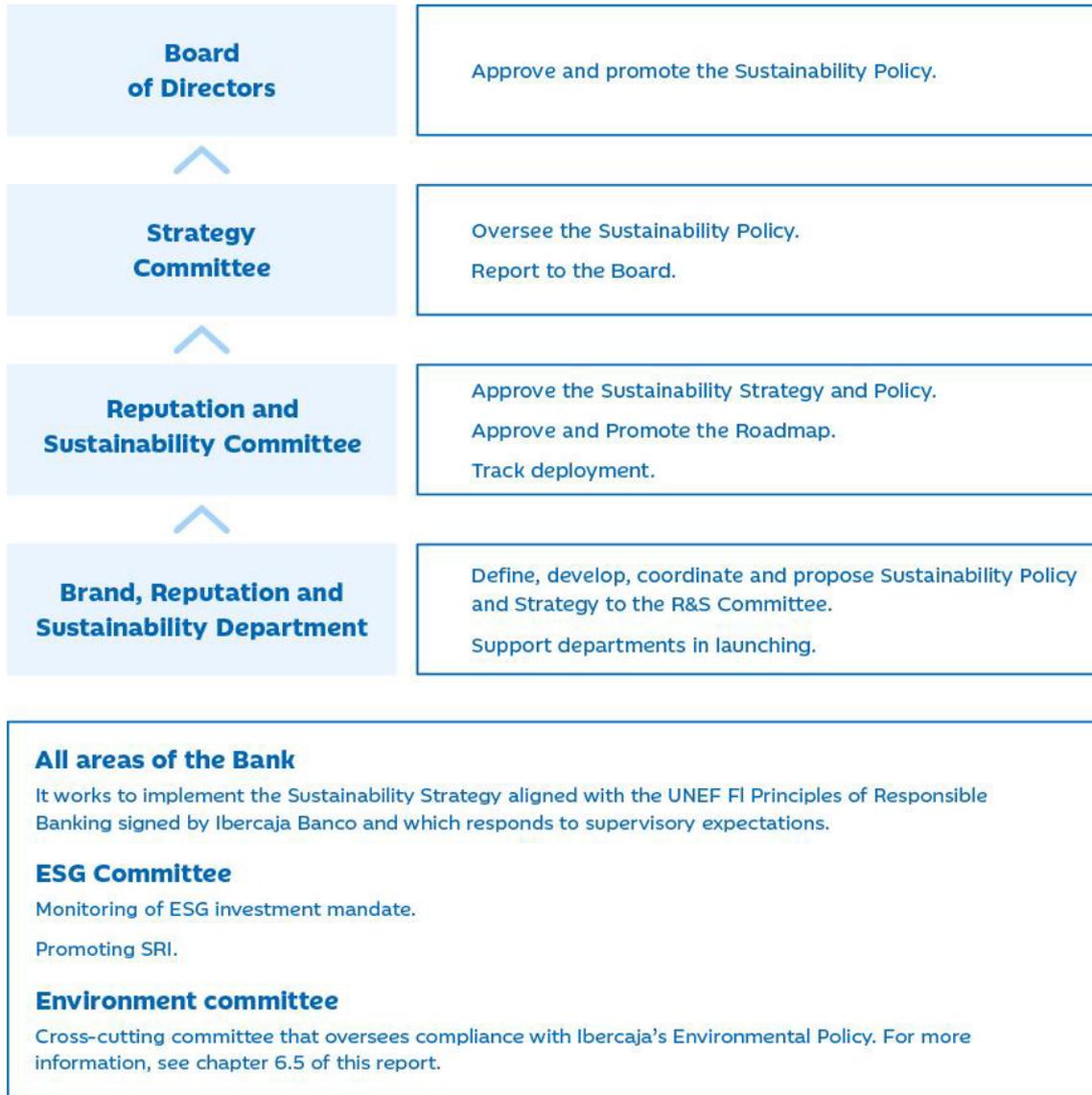
- The Board of Directors has reviewed and approved the elements necessary to make progress in the sustainable and responsible planning of the Bank: in 2018 it approved the Code of Ethics, which contains the seven ethical principles that govern the actions of the Ibercaja Group. It also agreed and approved the **Corporate Purpose**, which focuses on a shared inspirational objective: “Help people build their life story because it will be our story.”
- On 11 December 2020, the Board of Directors, following a review by the Strategy Committee, approved the **Sustainability Policy**, an essential element as it establishes the Ibercaja Group's commitments and framework for action in the area of sustainability.
- The Board of Directors, with the support of the Strategy Committee, oversees the implementation of the Sustainability Policy and is regularly informed of the progress made. The Policy sets out the Bank's commitments to its main stakeholders and to the environment. **Ibercaja undertakes to:**
 - Analyse the impact of climate change, detecting needs that the transition to a decarbonised economy may present, in order to respond with business solutions that support environmental sustainability.
 - Analyse climatic and environmental risks, their impact on customers and their financial activity, for their gradual integration in compliance with the regulatory requirements.
 - Transparently communicate the advances in environmental sustainability, raising awareness internally and externally to promote a sense of environmental responsibility.
 - Assume and endorse the primary national and international commitments that help to protect the environment and fight against climate change, working on their implementation.

“We are a **different bank**, it's **our raison d'être**”.

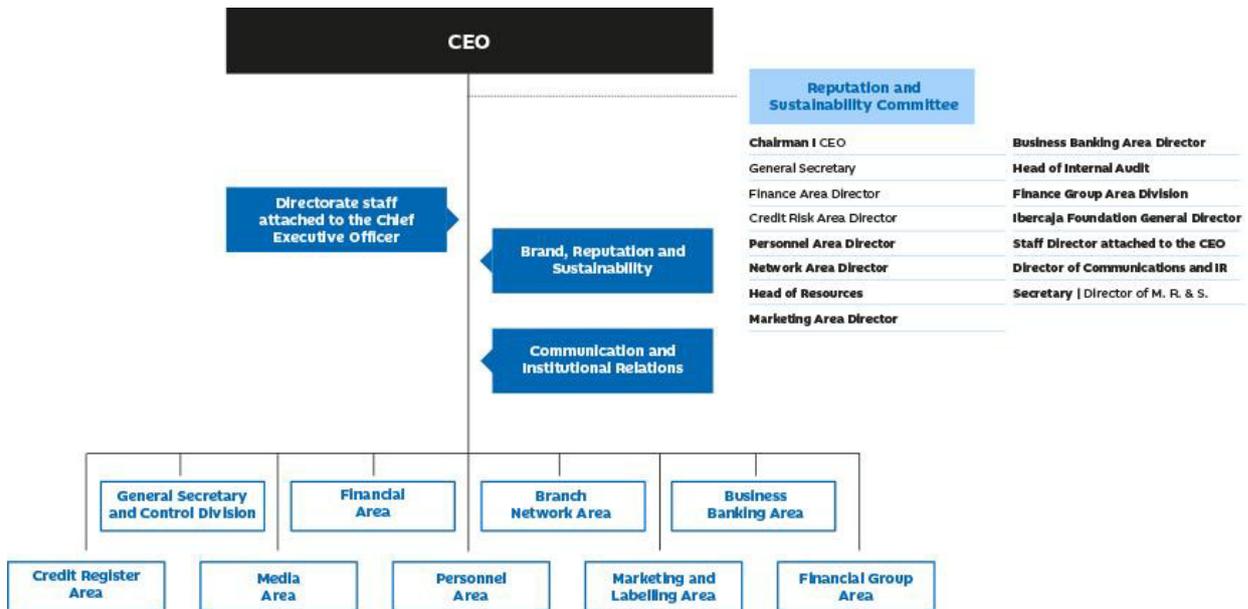
The **Strategy Committee** has a special involvement in the definition and approval of the Strategic Plan, placing sustainability as one of its key enabling initiatives, and ensuring that there is a precise organisation for its implementation.

The Sustainability Policy is deployed through six strategic challenges, in which operational plans and annual milestones are defined, one of them being the management of climate and environmental risks. It defends a clear position on the importance of differentiating ourselves as a sustainable Bank, from three points of view: financially, socially, and environmentally.

Sustainability governance is based on the work of the functional areas, coordinated by the Brand, Reputation and Sustainability Department and the Reputation and Sustainability Committee, which is responsible for such matters, **according to the following scheme:**



The **Brand, Reputation and Sustainability Department**, reporting directly to the CEO, defines and coordinates the implementation of the sustainability strategy, following approval by the executive-level Reputation and Sustainability Committee, chaired by the CEO.



The sustainability strategy is implemented by a broad Group-wide team, tasked with tackling the challenges of the Purpose and Sustainability initiative of the new Challenge 2023 Strategic Plan, which is described in the following section of this chapter.

6.12.5 Strategy

The **Sustainability Policy** defines the **pillars of the strategy**, aligned with the Sustainable Development Goals (especially those that are a priority for Ibercaja^[22])

“Business objectives must drive sustainable development, integrating ESG aspects into strategy and decision making”

Main lines of action Sustainability Policy



The policy was designed **with the TCFD recommendations and the Principles for Responsible Banking firmly in mind**, as signed by Ibercaja Banco in October 2019, in order to respond to the challenges of its implementation.

In 2021, the **Challenge 2023 Strategic Plan** was launched, which includes a cross-cutting initiative, **IN02 Purpose and Sustainability**, aimed at activating the Corporate Purpose and integrating ESG aspects into business decisions. It is being implemented through six challenges that include the integration of ESG concerns into risk management and the definition of the ESG business strategy based on the identification of risks and opportunities arising from climate change, as well as internal and external communication and support with the necessary training of Ibercaja's people to successfully meet the objectives set.

In response to the commitment to align business strategy with the Principles for Responsible Banking and to meet the ECB's climate and environmental risk management expectations, the Bank has updated in 2022 the **analysis of the impacts that climatic factors** could have on Ibercaja's business, realised in 2021.

²² For more information, see chapter 6.2 of this report

Climate impact analysis:

Focusing this analysis on its main areas of activity and on those economic sectors in which it has a greater presence. This analysis concentrates on two main segments of the Ibercaja portfolio: retail segment (mortgage portfolio) and productive activities segment (corporate portfolio) of the credit portfolio, with the **objective** of:

- Determining the **climatic factors** that could have a greater impact on Ibercaja's activity.
- Identifying **sectors and geographical areas** more vulnerable to the effects of climate change.
- Identifying **new climate change** adaptation needs; with special emphasis on how climate risks impact on the credit portfolio.
- Identifying potential **emerging risks**.
- Identifying **business opportunities** for both segments.



The update of the climate impact analysis was based on three exercises to measure the potential impact of climate risks, which were carried out throughout 2022. Firstly, the Bank proposed a metric of transition risk concentration^[23], considering the exposure of the segment of productive activities in sectors of activity with high CO₂ emissions intensity (measured as tCO₂eq./€ sales); secondly, a qualitative analysis of the potential impact of physical risks on the portfolio of productive activities was carried out, taking as a reference those sectors considered as relevant by the EBA^[24]; and finally, the analysis of climate, physical and transition risks in the real estate collateral portfolio was updated, again using information provided by Sociedad de Tasación (SOTASA).^[25]

²³ Based on the Partnership for Carbon Accounting Financials (PCAF) methodology and using the PCAF database to identify the most emission-intensive sectors. For more information, see section 6.12.6 of this report

²⁴ As provided for in: The Implementing Technical Standards (ITS) on Pillar 3 disclosures on Environmental, Social and Governance (ESG) risks. For more information, see section 6.12.6 of this report.

²⁵ For more information, see section 6.12.6 of this report.

The Bank is aware of its role as a facilitator of the decarbonisation of the economy and therefore aims to support its customers in the transition to a low-carbon economy.

The analysis of the portfolio of productive activities has allowed for a preliminary segmentation of the portfolio based on its predisposition to be impacted by transitional or physical shocks. The results of the analysis show that more than 80% of Ibercaja's portfolio of productive activities has a low predisposition to transition risks, as it is associated with sectors with low emissions intensity. In this regard, the Bank has set interim decarbonisation targets for 2030, with the aim of achieving emissions neutrality of its entire portfolio by 2050 at the latest, in line with the commitments adopted after joining the NZBA.

Regarding exposure to physical risks, the impact analysis developed in 2022 concludes that more than 85% of the portfolio of productive activities is not sensitive to extreme weather events, depending on the nature of each economic activity.

Analysis of the geographical distribution of the mortgage portfolio shows that the vast majority of the Bank's assets are not predisposed to physical risks related to climatic or environmental events. Furthermore, in the analysis of transition risk, it is observed that the ratings of the properties in Ibercaja's mortgage guarantee portfolio are slightly better than the national housing stock, with a higher percentage of homes rated as sustainable (categories A and B) standing out in the Bank's portfolio, so it is considered that the impact of transition risks on the mortgage portfolio is also limited.

The main business opportunities arising in the most carbon-intensive industries are the financing of CapEx investments needed to improve the energy efficiency of machinery and installations. Also noteworthy are the financing opportunities that promote renewable energy sources or alternative sources, with loans for the establishment of photovoltaic or wind installations or for the development of new clean energy technologies, and sustainable mobility, as well as the offer of insurance ranges that minimise the risk of farms or production plants.

Lastly, as a result of the analysis of climatic factors on Ibercaja's retail portfolio, business opportunities continue to be identified for the Bank in relation to physical risks, in particular the offer of insurance ranges that cover the risk of damage to properties as a result of natural disasters, which, although they do not represent a significant risk for the Bank, could occasionally occur. Among the opportunities arising from the risk of transition, the financing of housing renovations to improve their efficiency is identified as an avenue to be explored, together with the potential public aid already announced by the Spanish government for this purpose.

Aside from those opportunities revealed from our analysis of the impacts of climate factors, other business opportunities have been identified for Ibercaja:

- **Financing of projects aimed at households and enterprises that promote renewable self-consumption, the use of ECO vehicles, the energy refurbishment of homes and the use of low-consumption appliances.**
- Offering **sustainable means of payment**, such as the use of **cards made from recyclable materials or mobile apps that allow customers to estimate the carbon footprint** of their purchases.
- Offering of **ESG-sensitive** investment funds and pension plans.
- Development of **mobile applications** that can offer the customer the measurement of the carbon footprint of the purchases made.

In addition, in response to the identification of these opportunities, during 2022 Ibercaja continues to work on the ESG business strategy, in which a series of short- and medium-term initiatives were developed, grouped into different blocks according to their subject matter. Examples of the blocks of sustainability initiatives are the promotion of mobility and sustainable buildings, aimed at the retail segment; support for the energy transition or minimisation of the use of limited natural resources, advice and access to specific financing lines for the Next Generation EU Funds, for the corporate segment; or sustainable investment for customers in the case of the Financial Group.

6.12.6 Risk management

The sustainability strategy designed by Ibercaja includes among its priorities the identification, management and control of climate and environmental risks for their progressive incorporation into the Bank's global risk framework^[26].

For succeed in this task, a **Working Group coordinated by Risk Control** was set up, comprising experts in the management and control of the Group's risks, belonging to the following departments and areas:

- Credit Risk Area
- Financial Area. Market and liquidity risks

²⁶ For more information on the risk management framework, see chapter 7 of this report.

- Risk Control Department. Operational risk
- Regulatory Compliance Department.
- Financial Group Area Department. Specific risks of the Financial Group (e.g. risk underwriting).
- Brand, Reputation and Sustainability Department. Reputational risk.

This Group has worked on the **identification of potential climate risks**, their channels of transmission to prudential risks and the qualitative assessment of their impact.

During 2021 and 2022, and within the areas of credit, operational, liquidity, market and reputational risk, ESG aspects were incorporated into the management frameworks and procedures of these risks, in which the will to take them into account in the sphere of management and control activities is expressed. This work will be further developed during 2023 with the aim of fully incorporating these concerns into our existing processes and governance structure.

Another milestone in 2022 was the definition of two concentration metrics in carbon-intensive sectors, as well as the Bank's participation in the ECB's climate stress exercise.

Ibercaja was heavily involved in the proper identification and measurement of climate-related risks, their management and, finally, their monitoring or follow-up in 2022, as shown in the figure below. This chapter describes the progress made by the Bank in 2022 in each of these four phases.



Figure 2. Main phases of climate risk management
Source: prepared in-house.

Identification of climate-related risks

The development of the climate risk map is a first step in achieving a greater understanding of climate and environmental risks and their transmission channels to prudential risks.

Objectives:

- Advance understanding and appreciation of the characteristics and particularities of climate risks.
- Identify the main climate risks affecting the Ibercaja Group and how they are reflected in the existing risk categories.
- Make further progress in establishing and consolidating the management model for these risks based on three lines of defence at the Bank^[27].

To succeed in this task, the work was coordinated with the front lines of the main prudential risks, based on a qualitative methodology developed with a top-down approach, to identify the main climate risk events and transmission channels that can lead to the risk categories currently used. As part of the climate risk mapping exercise carried out by Ibercaja, an inventory was drawn up of climate events that are likely to materialise the various risks previously defined.

²⁷ For more information on the risk management model, see Note 3 of the Ibercaja Banco Group's Annual Report for the 2022 financial year.

Table 1. Inventory of climate and environmental events

Transition risks	POLICY AND LEGAL
	Non-compliance with environmental laws and regulations
	New regulations on existing products and services
	Increase in the price of greenhouse gas (GHG) emissions
	Changes in emission reporting obligations
	Stricter reporting and transparency obligations
	New taxes that penalise high-emission energy sources
	Regulatory changes that force the closure or restructuring of industries due to their location in protected areas due to environmental and reputational implications
	TECHNOLOGY
	Replacement of products, services and raw materials for more sustainable options (low emissions)
	Financing of failed investments in new technologies
	Transition costs to low-emission technology
	Late or unsuccessful adoption of energy efficiency and productivity technologies
	Early obsolescence of high GHG-emitting energy technologies
	MARKET
	Changing preferences among consumers and investors: favouring more sustainable products (reduced demand for certain products/services)
	Increase in the cost of raw materials
	Increased costs and/or price volatility of natural resources and raw materials
	Increasing demands from investors in terms of transparency and ESG standards
	REPUTATION
Stigmatisation of the sector (due to its impact on climate change or environmental practices)	
Increased stakeholder concerns regarding contribution to climate change and environmental impact	
Potential reputational impact due to inaction or late action towards a low GHG emissions model	
Negative remarks made by stakeholders	
Physical risks	ACUTE
	Severe external weather events such as cyclones and floods
	Disruption and delay of operations due to extreme weather events
	Rising energy costs due to extreme events
	CHRONIC
	Changes in precipitation patterns and extreme variability in weather patterns
	Scarcity of resources (drought)
	Increase in average temperature
	Rising sea levels
	Increase in pollution
Destruction of ecosystems	

Source: prepared in-house.

These climate risk factors or events may impact prudential risks through the Bank's counterparties and/or invested assets via various transmission channels, which are effectively the chain of causality whereby a climate factor and/or inefficient management thereof has a negative impact on the Bank.

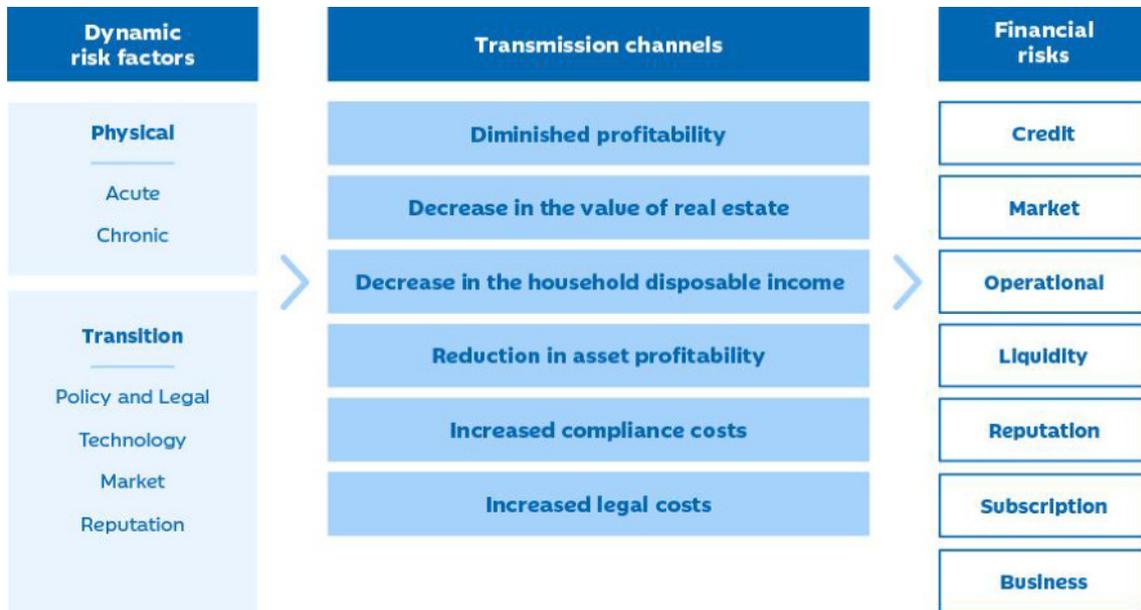


Figure 3. Non-exhaustive summary of climate risks, main transmission channels and financial risks impacted
 Source: In-house adaptation of the EBA report on management and supervision of ESG risks for credit institutions and investment firms. European Banking Authority (EBA), 2021.

Based on the events identified in the inventory, Ibercaja has carried out a qualitative assessment of the materiality of climate risks and their potential impact on traditional risks (credit, liquidity, market, operational, reputational, business and underwriting) over different time horizons (short, medium and long term).

The following tables provide a qualitative description of how climate, physical and transitional risks may impact on these prudential risks.

Table 2. Expected potential impact of physical risks on prudential risks

Physical risks	
TYPE OF RISK	DESCRIPTION OF IMPACT
Credit risk	In geographic areas affected by both extreme and chronic weather events, the value of real estate assets financed and/or used as collateral could be reduced if they are damaged.
Market risk	Acute climate events that have an economic impact on listed companies or fixed income issues, or investments in companies or projects linked to polluting activities, such as the oil extraction sector, could have an impact on the price of their shares or issues.
Liquidity risk	Extreme weather events could lead to a sharp depreciation of real estate assets that serve as collateral, resulting in higher cost of funding. The withdrawal of deposits by customers who need to repair damage caused by these weather events could also have an impact on liquidity.
Reputation risk	Given the characteristics of reputation risk, the impact of physical risk on reputation risk is not considered material.
Operational risk	The impact of physical risks from climate change on the Bank's assets such as real estate, branches, etc. can cause material damage and business interruption, both to a company's own premises and supply chains. However, it is considered low in terms of expected losses in the short, medium and long term.
Underwriting risk	Changes in mortality and health trends in different population groups due to climate change, e.g. rising temperatures, may lead to an unforeseen increase in claims, both for the mortality and disability risk of the company's policyholders. An impact on mortality risk results in an increase in the Bank's underwriting risk.
Business risk	Given the characteristics of business risk, the impact of physical risk on business risk is not considered material.

Source: prepared in-house.

Table 3. Expected potential impact of transition risks on prudential risks.

Transition risks	
TYPE OF RISK	DESCRIPTION OF IMPACT
Credit risk	An increase in the price of carbon or a rise in the price of certain resources could result in reduced revenues for affected companies. The need to make a home more energy efficient, for example, could result in lower disposable income for the households affected.
Market risk	Stricter ESG requirements could affect the valuation of companies and assets. Failure to take these criteria into account could affect the value of investment portfolios. Also, some companies lagging behind in ESG management might see their ability to pay dividends compromised.
Liquidity risk	Failure to align the institution's activities with the objectives of the Paris Agreement could result in the deterioration of its ESG rating, leading to the exclusion of its securities from the investment universe of asset managers or possibly higher funding costs.
Reputation risk	The financing of companies and projects in sectors of activity considered unsustainable could be perceived negatively by customers, markets and society, which might adversely impact the company's reputation or business. The creditworthiness and payment capacity of customers in these unsustainable sectors may also be affected.
Operational risk	No potential financial impacts on Ibercaja's operational risk as a result of transition risks have been observed
Underwriting risk	Given the characteristics of underwriting risk, the impact of transition risk on underwriting risk is not considered material.
Business risk	Increased regulation, reporting and transparency obligations in the area of sustainability may generate a number of additional costs for the Bank, impacting its cost structure. Furthermore, a loss of reputation with the effect of losing customers and positioning the Bank as a result of not meeting stakeholder expectations could lead to a significant loss of brand value.

Source: prepared in-house.

This assessment dives deeper into risk analysis by incorporating a qualitative assessment of the materiality of climatic factors in the prudential risk categories. The analysis discriminates between the potential impacts of physical and transition risks over various time horizons (short, medium and long term).

In 2021, Ibercaja prepared an inventory of climatic events that could have an impact on prudential risks through its counterparties and/or assets invested through certain transmission channels, and made a first approximation of their materiality and potential impact on prudential risks.

In 2022, this exercise was updated and enriched by considering the three climate scenarios proposed by the Network for Greening the Financial System (NFGS)^[28]: orderly transition scenario (used as the baseline scenario), disorderly transition scenario and Hot House World (HHW) scenario.

ORDERLY TRANSITION SCENARIO

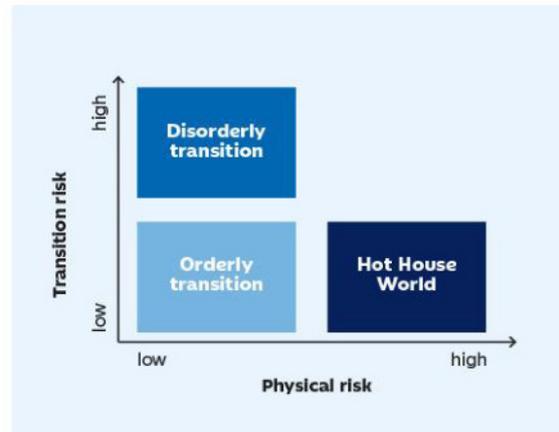
Climate policies are introduced early and gradually tightened, leading to a steady fall in all GHG emissions and limited to the emergence of physical and transitional risks in the medium to long term. This scenario has been selected as the baseline.

DISORDERLY TRANSITION SCENARIO

Climate policies are introduced later and more abruptly from 2030 onwards. Emission reductions are more pronounced, leading to a higher transition risk in the medium and long term.

HOT HOUSE WORLD (HHW) SCENARIO

Scenario where no additional policies or measures are adopted in addition to existing ones, leading to a high temperature increase and causing an increase in physical risks in the medium and long term.



In addition, the Bank has incorporated the assessment of climate impacts on business risk and underwriting risk, and has added the consideration of dispute and litigation events on reputational risk.

²⁸ Network for Greening the Financial System is a network of 83 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for the role of central banks in climate change.

As a result, in 2022, three climate risk maps were produced, one for each scenario analysed. In the orderly transition scenario (which is taken as the baseline scenario) the main impacts are concentrated on credit, liquidity and reputational risk, the most relevant risks being those of transition in the medium and long term, as well as the possible impact of physical risks in the long term on credit risk. The disorderly transition scenario is notable for an increase in transition risk impacts in the medium and long term. In addition, the Hot House World scenario is characterised by an increase in the impacts of physical risks also in the medium and, above all, in the long term.

A. Orderly transition scenario

	Transition risk			Physical risk		
	ST	MT	LT	ST	MT	LT
credit	Green	Light Green	Light Green	Green	Green	Light Green
Market	Green	Green	Green	Green	Green	Green
Liquidity	Green	Light Green	Light Green	Green	Green	Green
Reputation	Green	Light Green	Light Green	Green	Green	Green
Operational	Green	Green	Green	Green	Green	Green
Business	Green	Green	Green	Green	Green	Green
Subscription	Green	Green	Green	Green	Green	Green

B. Disorderly transition scenario

	Transition risk			Physical risk		
	ST	MT	LT	ST	MT	LT
credit	Green	Yellow	Yellow	Green	Green	Light Green
Market	Green	Light Green	Light Green	Green	Green	Green
Liquidity	Green	Light Green	Yellow	Green	Green	Green
Reputation	Green	Light Green	Light Green	Green	Green	Green
Operational	Green	Green	Light Green	Green	Green	Green
Business	Green	Green	Light Green	Green	Green	Green
Subscription	Green	Green	Green	Green	Green	Green

C. Hot House World Scenario

	Transition risk			Physical risk		
	ST	MT	LT	ST	MT	LT
credit	Green	Light Green	Light Green	Green	Light Green	Yellow
Market	Green	Light Green	Light Green	Green	Light Green	Yellow
Liquidity	Green	Light Green	Light Green	Green	Light Green	Yellow
Reputation	Green	Light Green	Light Green	Green	Light Green	Light Green
Operational	Green	Light Green	Light Green	Green	Light Green	Light Green
Business	Green	Light Green	Light Green	Green	Light Green	Light Green
Subscription	Green	Light Green	Light Green	Green	Light Green	Light Green

Figure 4. Expected potential impact of climate-related risks on prudential risks in the short, medium and long term for the scenarios defined by the NGFS. Source: prepared in-house based on the consolidated results of the risk assessment questionnaires.

Likewise, in 2022, the reputational risk map was drawn up using a qualitative methodology, aligned with that defined for the Bank's operational risk management. Thus, the reputational risk map consists of the identification of reputational risks classified by their nature as follows: risks arising from operational risk and pure reputational risks (including reputational risks arising from climatic and environmental events, as well as greenwashing risk assessment). This map identifies risk managers and mitigating factors.

Furthermore, in 2022, the Bank continued to develop the operational risk map, incorporating, in addition to physical risks in the area of climate and environmental risks, also those related to transition risk, such as bad greenwashing practices, also incorporating them in the assessment tools.

In 2022, Ibercaja began to analyse the impact of physical risks on its own-use properties based on the data provided by Sociedad de Tasación (SOTASA) in order to contribute to the definition of the bank's continuity plan. The methodology defined by SOTASA for assessing flood risks in the Spanish provinces is based on the SNCZI definition of flood zones, to generate hazard maps, and on the evaluation of the potential adverse consequences associated with floods, with the aim of obtaining risk^{maps} [29].

²⁹ Seismic and fire risks are not considered material as they do not offer conclusive results, as well as the risk of desertification as it is not considered relevant to the Bank's operations.

MEASUREMENT OF CLIMATE-RELATED RISKS

In 2022, Ibercaja carried out various exercises that have allowed it to make further progress in the measurement of climate risks.

A highlight of 2022 was that Ibercaja participated in the ECB's climate stress test (CST) exercise, as a first step towards integrating climate factors into the Bank's internal stress test framework. This exercise is not about capital adequacy, but it has been carried out for learning purposes, both for financial institutions and supervisors.

The Bank has responded to the qualitative questionnaire on the Bank's CST framework, management and modelling practices and calculated KPIs according to the Bank's exposure to transition risks and, in particular, the most carbon-intensive sectors. The overall results obtained show that the ECB has rated the Bank's climate stress test framework with a "medium-advanced" degree of progress, higher than the average score of the banks analysed.

The Bank has also carried out other climate risk measurement exercises:

Measuring climate risks in the business segment:

Firstly, as mentioned above, the Bank's exposure to the most carbon-intensive industries has been assessed, based on the sectoral emissions data calculated and provided by PCAF, with the aim of segmenting Ibercaja's credit and securities portfolio according to its CO₂ emissions intensity^[30].

This analysis has made it possible to develop two **transition risk concentration metrics**, which can be incorporated into the Risk Appetite Framework, allowing the Bank's portfolio of productive activities or securities to be segmented into five levels according to the intensity of issues in the economic sectors to which Ibercaja is exposed (very low, low, medium, high, high, very high). This segmentation has been carried out considering the real activity of the holding companies and head offices on the basis of their associated Analytical NACE^[31].

In addition, the Bank, committed to achieving zero emissions by 2050, has calculated its financed carbon footprint, prioritising the most intensive sectors in order to define medium-term decarbonisation targets. This calculation has been developed using the methodology and emission factors by economic activity sector provided by PCAF.

³⁰ Database that identifies the emissions intensity, in the form tCO₂eq./€M turnover, of the sectors of economic activity, according to the NACE national classification system, in Europe.

³¹ The methodological approach of the Analytical NACE associated with Ibercaja's holding companies and headquarters is based on the activity and relevance (according to volume of assets) of its subsidiaries.

This industry-standard methodology allows emissions financed to financial institutions to be measured and enables transparent reporting on their exposure to GHG emissions, and thus to climate-related transition risks.

Ibercaja has also assessed the exposure of its portfolio of productive activities to physical, acute or chronic risks, considering the most vulnerable sectors of activity, according to the EBA. The assessment is made, according to the average maturity of the operations contracted per customer, based on a heat map that determines the sensitivity to severe climate impacts in the short, medium and long term by NACE economic sectors. This heat map has been designed after the qualitative analysis of the assessment of potential physical risks in the usual functions of each economic activity published by various official sources in reports of national or international relevance^[32].

Measuring climate risks in the retail segment:

The Bank has also updated a [climate risk analysis for real estate collateral](#), assessing both physical and transition risk and using as an input information provided by valuation company Sociedad de Tasación (SOTASA)^[33]. Firstly, the development of the potential physical climate impacts in the most relevant geographical areas for the real estate portfolio as a result of forest fires, river or coastal flooding, desertification, volcanic or seismic activity was analysed; secondly, the development of the energy certification ratings of the homes in this portfolio was analysed in order to determine the predisposition to transition risks of the Bank's mortgage portfolio.

MANAGEMENT OF CLIMATE-RELATED RISKS

Ibercaja is working to **include ESG factors** in the underwriting and monitoring of credit risk, in line with the EBA Guidelines on loan origination and monitoring, which set out the internal governance mechanisms and procedures of financial institutions in relation to loan transactions. In this regard, its admission policies include a reference to the consideration of ESG risks in the assessment of customers and transactions at credit risk.

³² For example: United States Environmental Protection Agency, MITECO, PNACC, European Environment Agency, etc.

³³ SOTASA has carried out an analytical review of the climate impacts on Ibercaja's real estate guarantees, as well as a study of their energy certification ratings.

In addition, the Bank is developing an Exclusions Policy to limit the impact of ESG factors on the Bank's own credit and investment risk. Ibercaja's objective is to avoid any investment or financing operation that could be considered controversial due to its high environmental, social, ethical or reputational risk. Ibercaja is also working on developing ESG questionnaires to collect information from its customers on environmental, social and good governance issues.

In addition, the Bank, in collaboration with external data providers and relying on internal data sources, collects information on the evaluation of training capabilities, aspects of shareholder continuity, aspects linked to the governing bodies and their commitments, etc. of its client portfolio.

With regard to liquidity risk management, both in the financial markets and Ibercaja Vida portfolios, a depreciation of non-sustainable bonds (analysing the difference in spreads between a green bond and a brown bond of the same equivalent issuer) continues to be applied in the liquidity self-assessment exercise, with the aim of integrating climate risks into this prudential risk.

Additionally, and in relation to market risk management, work was carried out in the sphere of portfolio management, through the monitoring of indicators that define ESG criteria (which include aspects related to climate and environmental risks) and certain asset selection criteria that enable private fixed income and equity portfolios to be characterised.

MONITORING

In order to properly monitor the climate risks and opportunities identified, the Bank has developed two sector concentration metrics defined according to Ibercaja's exposure to productive activities with high emissions intensity and is considering incorporating them into the Risk Appetite Framework in order to limit exposure to transition risks (see the Measurement section of this chapter).

These metrics have been developed on the portfolio of productive activities and the securities portfolio, with the aim of segmenting the Bank's exposure to climate factors, considering the emissions intensity of the sectors in which it has exposure.

Ibercaja is working on establishing risk limits, which make it possible to monitor the concentration in intensive sectors, for three possible scenarios: appetite, tolerance and capacity.

6.12.7 Metrics and targets

Metrics

As mentioned in chapter 6.12.6 of this report, as part of the monitoring phase of the risk management process, the Bank has worked on defining two climate metrics that could be included in the Risk Appetite Framework for the credit and securities portfolios.

ESG data

Ibercaja is aware of the **importance of non-financial data** in making progress in the metrics and targets needed to assess and manage climate-related risks and opportunities.

The lack of homogeneous standards and the volume of external and internal requirements have led Ibercaja to generate an inventory of priority ESG data, built from internal or external ESG data (depending on the source of information of each one), as part of a specific line within the Strategic Sustainability Initiative to work on non-financial data. The ESG data to be prioritised have been determined according to their need for implementation for external reporting, internal process development, response to regulatory requirements and implementation of supervisory expectations. In addition, a strategic approach to integrating ESG data into the Bank's information systems will be pursued during 2023.

The availability of these data is relevant for the integration of climate factors in the business and in decision-making, so the Bank is working with external data providers to collect this non-financial information from its customers and incorporate it into its systems, as well as assessing its availability, transparency, quality and the external verifications to which it is subjected.

By way of example, some of this non-financial data, extracted from data providers and implemented in the Bank's systems, is related to the environment, such as the availability of environmental policies, waste management plan and breakdown of waste, pollutant emissions, water and energy consumption or ISO14001 certification, among others. In the social area, fields such as the wage gap, work-life balance measures, job creation, training, percentage of male and female employees, etc. stand out. Finally, fields related to the governance of its customers are included, such as number of directors, independent directors, remuneration of the Board or number of men and women on the Board, among others.

We currently receive a total of 102 pieces of information from our customers who are obliged to publish ESG information, which will increase in line with regulatory requirements. Such non-financial information will be available for consultation in internal tools for the last three years for which information is available.

Furthermore, the data provided by SOTASA on Ibercaja's real estate guarantees are deposited in an information environment that allows this information to be exploited in processes. At the same time, work is being done on including the Energy Efficiency Certificate at the admission and credit risk monitoring level.

Ibercaja intends to progressively integrate counterparty corporate governance information (as well as other non-financial information) into its credit risk analyses as a complement to traditional economic-financial analyses.

In this respect, a specific line has been developed as part of the Strategic Sustainability Initiative to improve non-financial information and make it one of the areas of information to be further developed within the framework of the Data Governance Project currently under way at the Bank.

Progress made: definition of stages to be undertaken

- 1. Identification of non-financial data** used for both internal management and reporting of climate and environment-related risks.
- 2. Development of an ESG reporting and analysis model to ensure the availability of information** (quantitative and qualitative) in the Bank's information system. Planning of the necessary developments for unavailable data.
- 3. Adaptation of identified** non-financial information to the needs of the Data Governance Framework for further integration therein.
- 4. Definition by users and construction of the metrics** (KPIs and KRIs) on the basis of which environmental and climate risk exposure is to be identified, managed, monitored and measured.
- 5. Definition and preparation of reporting and disclosure** (internal and external) through a scorecard that includes indicators and the like, as well as control levels and reporting frequency.

Objectives

In furtherance of its commitment to sustainability and the fight against climate change, Ibercaja aims to:

- **Accompany its customers on the path towards a decarbonised economy**, defining a commercial strategy that helps them to make purchasing and investment decisions that generate positive impacts on the environment.
- **Continue to promote socially responsible investment** by expanding the number of investment products and strengthening the Financial Group's positioning in SRI strategies.³⁴
- **Complete the financing offer with products with sustainable features** (especially climate change mitigation), thus meeting the needs of the environment and customers.

The new Challenge 2023 Strategic Plan incorporates specific targets for sustainability and the fight against climate change, as well as indicators to monitor and evaluate them. In particular, it has set a target of achieving Scope 1 and 2 emission neutrality, which is being achieved by offsetting those emissions that could not be avoided.

In addition, within the Environmental Management System, the objectives for the years 2021-2023 are to continue working to reduce emissions, to extend our environmental commitment to our suppliers and to promote the circular economy while improving levels of recycling.

Promote the circular economy through internal environmental management:

In line with its strong commitment to protecting the planet, Ibercaja's environmental objective is to **promote the circular economy** through its own internal environmental management and **throughout the value chain**.

³⁴ For more information, see Chapter 6.3 of this report

In this respect, Ibercaja obtained the **Aragon Circular Seal** in 2022. This Seal, awarded for the first time by the **Government of Aragon**, recognises the work carried out by companies, self-employed and local entities in favour of the circular economy, assessing the degree of implementation of circular economy principles within the management of the Bank, the impact on the value chain and its contribution to achieving a sustainable, decarbonised, resource-efficient and competitive economy in Aragon.

In particular, the **involvement of the Bank's staff** in this management; **training** and information for staff in this area; the incorporation of **eco-design** criteria; **waste management**; **life cycle** analysis, product certifications and circularity **indicators** communication and **awareness-raising** in the value chain.

Disclosure of Ibercaja Banco's carbon footprint (direct impacts):

As evidenced by its **Sustainability Policy**, Ibercaja, aware of the direct impact of its activity on the environment, is committed to:

- Measure and publish its **carbon footprint**, establishing a reduction plan to achieve emission neutrality.
- Comply with all applicable **environmental law and regulations** and other voluntarily assumed requirements, adopting the necessary measures to do so.
- Apply the principle of **pollution prevention** to minimise and/or offset for possible negative impacts on the environment.
- Encourage the **responsible control and consumption** of resources, and the **proper management of waste** by minimising its generation to the fullest extent possible and promoting the circular economy all along the value chain.
- Ensure the integration of continuous improvement in the system and in environmental performance by establishing **environmental objectives**.

Since 2007, the Bank has had an **Environmental Management System**, which is certified by the ISO 14001 Standard, and which establishes annual environmental targets and defines the indicators for their monitoring. It also has an **Environmental Policy**, which is based on the observance of applicable law and regulations, preventing pollution and contamination, ensuring proper waste management, raising employee awareness regarding the responsible use of natural resources and disseminating good practices among customers and suppliers to raise levels of engagement.



This policy is in line with the principles of action that govern the Sustainability Policy and extend its scope to include the Bank's financial activity.

This policy was updated in 2022 to bring it in line with the principles of action that govern the Sustainability Policy and extend its scope to include the Bank's financial activity.

Since 2016, Ibercaja has calculated its carbon footprint including the scope 1 and 2 emissions, demanded by the Spanish Climate Change Office, and also the indirect scope 3 emissions, specifically, those produced by car trips of employees for work reasons and those associated with documents sent by messenger.

In its commitment to meeting its environmental objectives, in 2022 it renewed its registration in the Registry of Footprint, Offsets and CO₂ Absorption Projects of the Ministry for Ecological Transition and the Demographic Challenge and obtained, for the third consecutive year, the "Calculo/Reduzco" (I calculate, I reduce) seal for 2021, which accredits its work in calculating its carbon footprint and the efforts made to reduce it. To this end, Ibercaja has an emissions reduction plan, which identifies those measures that can be most effective in achieving this objective.

As described in chapter 6.5 of this Directors' Report, Ibercaja has achieved Carbon Neutral status (scopes 1 and 2) for the second consecutive year by offsetting emissions.

In addition, following its accession to the NZBA initiative in 2021, Ibercaja is firmly committed to achieving emission neutrality for its loan book and investment portfolio by 2050 or before.

In compliance with the agreement signed between Ibercaja and the NZBA, Ibercaja has developed and published in October 2022 its 2030 decarbonisation targets for three emission-intensive sectors. These sectors were identified following an assessment of the following criteria:

- NZBA's top sectors contributing to global warming by volume of GHG emissions worldwide.^[35]
- The sectors with the greatest relative weight in the selected perimeter of the Bank's credit portfolio, in order to ensure the relevance of the sectors to be decarbonised at the outset.
- The availability, quality and granularity of data as far as possible on the prioritised sectors.

Thus, decarbonisation targets were defined in the “Electricity generation”, “Iron and steel production” and “Residential real estate” sectors. The objectives defined by the Bank in 2030 for each sector are as follows:

Sector	Scenario	Scope of emissions ¹	Metric	Base year (2021)	2030 objective
Electricity Generation	NZE 2050 (IEA)	1+2	kg CO ₂ eq. / MWh	164 (2021)	103 (-37%)
Iron and Steel Production	NZE 2050 (IEA)	1+2	kg CO ₂ eq. / t	576 (2021)	518 (-10%)
Residential Real Estate	NZE 2050 (IEA) and CRREM 1, 5°	1+2	kg CO ₂ / m ²	42 (2021)	36 (-16%)

¹ Ibercaja has not calculated Scope 3 funded issues as the availability of information, as well as existing methodologies, is limited. The Bank has planned to work on improving climate and environmental reporting during 2023 to improve its analysis for reporting in 2024.

In line with the table above, Ibercaja is committed to reducing by 37% the intensity of emissions financed by the Bank in the electricity generation sector (one of the most carbon-intensive industries at present). Given that there is a wide presence of clean technologies in electricity generation, which will increase in the coming years, the Bank expects to reach emission neutrality in 2040, 10 years earlier than in the rest of the sectors, as its decarbonisation will also act as a lever for other productive sectors.

³⁵ Top 9 intensive sectors according to the NZBA: Agriculture, Aluminium, Coal, Cement, Power Generation, Iron & Steel, Oil & Gas, Real Estate and Transport.

Ibercaja will also work to achieve a 10% reduction in emissions financed in the iron and steel production sector by 2030. The sector is currently working on the development of new, less emission-intensive iron and steel smelting and processing technologies, some of which are based on the electrification of production and the use of green hydrogen. As a result, the decarbonisation of industry is expected to accelerate in the decades between 2030 and 2050.

Lastly, the Bank is committed to reducing the emissions intensity of the residential real estate sector by 16% between 2021 and 2030 by improving the energy efficiency of housing and electrifying the energy demand of homes. By 2050, the emission neutrality target for the sector will be reached.

These objectives have been jointly defined by the Credit Risk, Corporate Banking and Sustainability Areas and are to be reviewed and, if necessary, revised at least every five years to ensure consistency with the latest scientific developments. Ibercaja will define its Action Plan in 2023 in line with the decarbonisation commitments adopted for 2030.

It should be noted that Ibercaja will be neutral in own emissions from 2020: 100% of the Bank's electricity consumption is from renewable sources and it invests in offsetting direct emissions (Scope 1) through ZeroCO₂ projects.

6.13 Global Compact Progress Report

Ibercaja's **2022 Directors' Report** describes the **Bank's annual progress** in implementing the ten principles of the UN Global Compact in terms of governance, human and employment rights, the environment and the fight against corruption.

Shares

The 2022 Directors' Report describes the actions carried out during the year in the task of implementing these Ten Principles

In line with the new requirements established for the preparation of the Global Compact Progress Report, Ibercaja highlights five key aspects to be reported:

- **Governance:** Ibercaja has made decisive advances in sustainability governance, to help ensure the effective implementation of the Principles for Responsible Banking. The sustainability governance structure has been bolstered with the engagement of the Board of Directors and the effective participation of the business areas^[36].
- **Human Rights:** the Bank takes into account in all its strategy the respect and defence of Human Rights, a principle of action that extends to the entire Ibercaja Group and its members. More details can be found in Chapter 6.9 "Human Rights".
- **Employment rules and standards:** The Bank is strongly committed to the welfare of its employees and to strict compliance with labour rights. Ibercaja is part of many initiatives such as the Principles of Responsible Banking and has a Code of Ethics and different Codes of Conduct that support this commitment. More details can be found in chapter 6.4 "Commitment to our employees".

³⁶ For more information, see chapter 6.1 of this report

- **Environment:** Ibercaja is firmly committed to protecting the environment and combating climate change, taking into account its environmental impact and promoting, through its activities, the transformation towards a more sustainable economy. Chapters 6.1 “Sustainability strategy” and 6.5 “Commitment to the environment” provide details of the initiatives carried out by the Bank.
- **Fight against corruption:** the Bank, by its nature, has strict protocols and procedures in place to combat corruption and bribery, as well as any unethical activity in connection with its business. Further details of the measures implemented by Ibercaja can be found in chapter 6.10 “Fight against corruption and bribery”.

In addition, work has continued on the alignment of the Strategy with sustainability, the commitment to the SDGs and the proper disclosure of progress in the implementation of the ten principles of the Global Compact.

Corporate sustainability and leadership: in late 2020, Ibercaja approved the Sustainability Policy of the Ibercaja Group, thus making further progress, as explained throughout this report, towards the Bank's commitment to sustainability. In addition, in 2022, the implementation of the 2021-23 Strategic Plan continued, which includes ambitious and specific objectives to advance the integration of sustainability in the business.

- **Sustainable Development Goals** of the United Nations: Chapter 6.2 of this report also includes information on the Bank's positioning in relation to the SDGs and the most significant actions carried out, contributing to their achievement.
- **Implementation of the Ten Principles** in strategies and operations in the areas of human rights, labour, environment and anti-corruption. Appendix B contains a Table with the Ten Principles of the Global Compact and the sections of the Report that contain information on them, as well as their relationship with the GRI Indicators.

6.14 Communication: listening to and dialogue with our stakeholders

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For Ibercaja, active listening and dialogue with stakeholders is key to developing its business model and achieving the greatest positive impact and meeting their expectations and needs.

The challenges faced by the Bank and, specifically, its active role in **achieving the Sustainable Development Goals for the improvement of the planet**, can only be met by actively engaging its stakeholders to jointly promote the necessary transition towards a more sustainable economy. Doing this necessarily means fostering **dialogue and close cooperation** with stakeholders, knowing their expectations and working together, through partnerships, and joining forces.

Dialogue and proximity

It is necessary **to foster dialogue and proximity with stakeholders**, to know their expectations and to work together, through alliances, as we join forces.

The Bank has a **stakeholder map**, which is regularly updated and identifies those stakeholders that are a priority for the Bank: **customers, employees, investors and shareholders, suppliers and society**. In addition, the impact of its activity on the **environment** is given careful consideration. This selection was made after analysing their expectations and interests and assessing their relationship with the Bank, their capacity to influence and the importance of each group for the Bank.

Stakeholders are persons or groups that have an impact on the Bank and are influenced, directly or indirectly, by its activities, products or services.



Communication and institutional relations with our various stakeholders are a tool for enhancing reputation and business opportunities, while contributing to our differentiation within the market.

There is therefore continuous coordination and alignment in the dissemination of content through the Bank's various communication channels, both externally and internally.

Communications criteria

Transparency, veracity, diligence and neutrality are key criteria present in all the information flows generated by the Bank, both internally and externally. These flows are systematised through a communication model based on these four key criteria.

TRANSPARENCY
<i>In all matters of public interest that do not compromise the required confidentiality of the activity.</i>
VERACITY
<i>So that it accurately responds to the information requests of the stakeholders.</i>
DILIGENCE
<i>To provide timely information that recipients can make use of to their maximum benefit.</i>
NEUTRALITY
<i>All stakeholders are entitled to information generated by Ibercaja in equal conditions.</i>

Transparency, veracity, diligence and neutrality are key criteria present in all the information flows generated by the Bank, both internally and externally. These flows are systematised through a communication model based on these four key criteria.

Internal communication

Working alongside the People Department, Internal Communication seeks to foster a sense of belonging, commitment and alignment of the workforce around the common project. One of the highlights this year was the internal convention held by the Bank in October and November to share with the entire staff the Bank's financial condition, the progress made in the first part of the "Challenge 2023" Strategic Plan, the projects and goals to be completed in the second half of 2022 and throughout 2023, and to make a medium-term forecast of the challenges facing the Spanish banking sector.

In 2022, Ibercaja continued to deploy its **Internal Sustainability Communication Agenda**, which was launched the previous year with the aim of **accompanying** the Bank's Sustainability project and helping to ensure that Ibercaja's objectives in this area are **known and internalised**, thus helping to foster a new **culture of sustainability**.

Thus, this year for the first time, at the beginning of 2022, the **Sustainable Impact on the Bank's People**, report that compiles data reflecting the most significant actions carried out in the organisation in this area in 2021, thereby contributing to meeting the Sustainable Development Goals:



External communication

External Communication in 2022 has continued to be deployed within the framework of the new Challenge 2023 Strategic Plan. The Bank focused its messages relating to the activities of Corporate Banking, Personal and Private Banking and Insurance, as well as those relating to sustainability, thus helping to raise awareness of the Bank's firm commitment to sustainable growth and, at the same time, accompanying its stakeholders on the path towards a more sustainable society.

Ibercaja maintains fluid relations with Spanish and foreign media, to respond to requests for information and notify society of significant events involving the Bank. Through these actions, the Bank achieved around 26,000 impacts in 2022.

The main external communication actions include:

Seven press conferences and 149 press releases: in which information was provided to the media on the Bank's achievements and procedures deemed to be significant for the its various stakeholders.

In the area of institutional communication, the media impact of the **announcement of the start of the process of going public by the Bank; its subsequent suspension, as a result of the turmoil of the markets at the beginning of the war in Ukraine; and the constitution of the reserve fund by the Ibercaja Banking Foundation.** These three outstanding Ibercaja news items had more than 300 impacts in the economic, generalist and local media throughout the country.

Also noteworthy in this area was the media interest, with 140 news items, obtained by the **change in the Bank's chairmanship, which took place at the end of March with the appointment of Francisco Serrano as new chairman to replace José Luis Aguirre; the announcement of a new organisational structure for the Bank following the change in the chairmanship; and the change in the Bank's board of directors with the appointment of three new female directors to replace three other members of the board who were stepping down from their posts.**

In addition to these events, in particular, the press conference held in Madrid to inform about the **new agreement with Microsoft, in which the CEO of Ibercaja, Víctor Iglesias, and the president of Microsoft Spain, Alberto Granados,** took part, was attended by 18 media outlets and generated 74 impacts in different written and digital newspapers, both economic and technological.

Also noteworthy was the press conference to present the **balance sheet of Banca de Empresas in 2022, as well as its business prospects for 2023.** It also took place in Madrid and was attended by 18 media outlets and had 32 impacts in the main national economic media, both in print and digital.

As in previous years, **Ibercaja Gestión, the Bank's investment fund manager, organised the usual press conference to share data on the development of the activity of this company of the Bank during the year, as well as its prospects for the development of this activity and the markets for 2023.** This press conference, attended by 15 specialised media, was held in Zaragoza with digital broadcasting and obtained a media coverage of 37 impacts.

Planet Week: In October of this year, the 1st Ibercaja Planet Week was organised, with the slogan “the week in which the planet and you win”, with the aim of conveying to society, customers and employees the Bank’s commitment to the transition towards a more sustainable economy, while also seeking to raise awareness and engagement among all of its stakeholders. The Bank’s commitment to being a benchmark in sustainability was reflected in the 57 press releases, as well as collaborations with the media, articles, events, etc. during the year, with **969 impacts in the media and 399,000 impressions in the dissemination of information on social media through the Bank’s channels.**

Your Money with Heart communication plan: a specific communication plan has been deployed to give greater publicity to the solidarity **nature of the Ibercaja Sustainable and Solidarity investment fund and pension plan, which is materialised in donating part of the management fees paid by the unitholders to solidarity and environmental projects of non-profit associations and institutions.** Thus, among the most important actions for the dissemination of these products, three round tables were held in collaboration with the media, with the participation of representatives of Ibercaja and some of the projects of associations and institutions that have benefited from this aid. A solidarity dinner was also held in Zaragoza, which was attended by more than 200 people.

Dissemination of Next Generation Funds: A series of communication actions have been carried out to disseminate Ibercaja’s positioning as a facilitator of European funds to customer companies through press releases distributed to the media on the launch of the advisory service for European funds, the availability of the Ibercaja Next assistant. The agreement with Acierta Asistencia and the sectoral and territorial meetings with companies. Events have also been held with customers and potential customers interested in applying for Next Generation funding.

Dissemination of Más Empresa ecosystem actions: a meeting point for more than 4,000 entrepreneurs, professionals and managers who interact through an open innovation platform throughout the country. This year, the Ecosystem has started a new stage with an approach adapted to the new needs of companies, which has been duly communicated to the media, as well as the most relevant activities that have been carried out throughout the year in this Ibercaja initiative. Three press calls were made and 14 press releases were sent out.

Collaboration of expert professionals in different areas of the Bank with the media through opinion articles, interviews and responses to queries on issues and matters of an economic and financial nature. This year, more than 300 collaborations were managed.

Boosting presence in social media, broadcasting news related to the Bank, participation in events, sponsorship, partnerships, etc.

Preparation and dissemination of the four-monthly issues of Economía Aragonesa and the half-yearly issues of the journal Economía Riojana, which include forecasts of economic and employment growth in Spain and Aragon prepared by the Bank's Economic and Financial Studies unit; analyses of the international, national and regional economic situation also prepared by this unit, as well as monographic articles on regional socio-economic issues. Press conferences were held for the presentation of these issues.

Institutional projection agenda.

The aim of this agenda is to position Ibercaja as a benchmark in the Spanish banking system in the eyes of public and private institutions, shareholders, Ibercaja employees, customers and society at large. To this end, we participate in the main economic and sectoral forums and meetings; we collaborate with different general and specialised media; we work in collaboration with institutions, sectoral and management associations; and we organise our own events.

Ibercaja is a member of the Spanish Confederation of Savings Banks (CECA), which groups together Spanish banks that were once savings banks in their day. To further the legitimate interests of its member institutions, CECA acts as a spokesperson and sectoral liaison with parliaments and governments, as well as with the various regulatory and supervisory bodies, both at European and national level. Therefore, on almost all issues, Ibercaja channels its lobbying strategy through CECA.

The coronavirus pandemic in March 2020 was a turning point in the organisation of corporate events and thus in the Bank's corporate outreach plan. The restrictions imposed led to face-to-face meetings stopping and events being adapted to new digital formats; and hybrids with the easing of restrictions.

In 2022, the number of face-to-face events without capacity limitations has gradually increased and the activity of events promoted by Ibercaja has increased exponentially, almost doubling the activity of 2020 and even surpassing pre-pandemic levels. In many cases, hybrid formats are still maintained to take advantage of the benefits they bring: to broaden the dissemination in terms of the number of participants and geographically.

The First Solidarity Dinner “Your money with a heart” held in Zaragoza is an example of an innovative external event and institutional projection. A novel format that we designed to meet the objective set by Ibercaja Gestión and Ibercaja Pensión to raise awareness of the initiative and which also provided an added bonus of solidarity by allowing us to raise additional funds that were donated to a soup kitchen. The event had a huge impact internally (getting the staff involved in the organisation and attendance) and externally (repercussion in the media and involvement of the Aragonese business community).

In addition to external projection actions, the Communication and Institutional Relations Department also organises internal events for the bank's employees. Between October and November 2022 we have deployed “Our Exciting Challenge”. A roadshow which, for the first time in the Bank's history, brought together the Bank's entire staff.

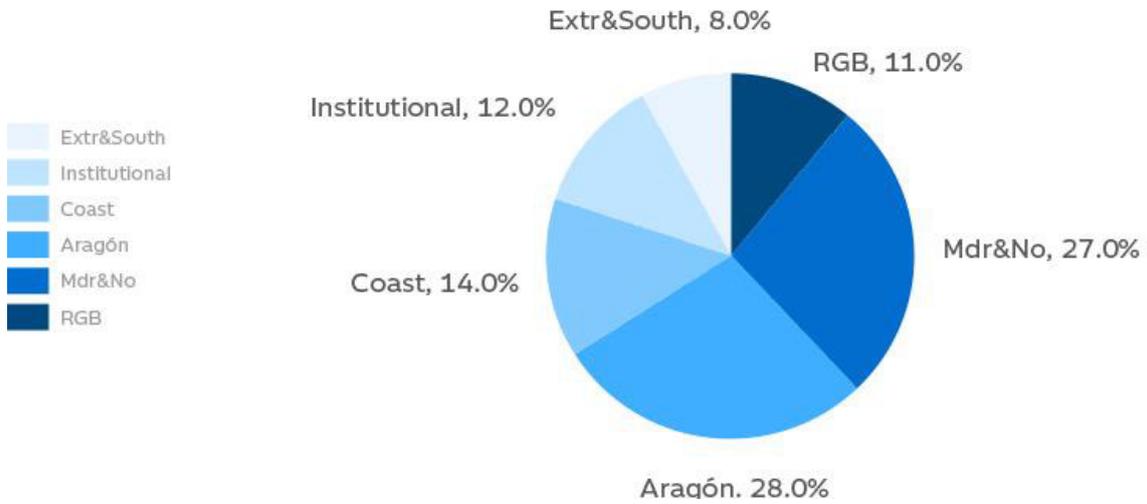
Through this event with national scope, the CEO, Víctor Iglesias, and the members of the Management Committee participated in eight sessions that took place in Madrid, Logroño, Valencia, Badajoz, Guadalajara, Barcelona and two in Zaragoza (Territorial Management of Aragón and Central Services - Financial Group).

“Our Exciting Challenge” has achieved a **90% response rate from the workforce**. 70% attended in person and the sessions broadcast by streaming have accumulated nearly 3,000 views.

In summary, in 2022, **525 workshops, events, meetings and webinars were held throughout the country**. These actions were attended by **46,683 people in person**.

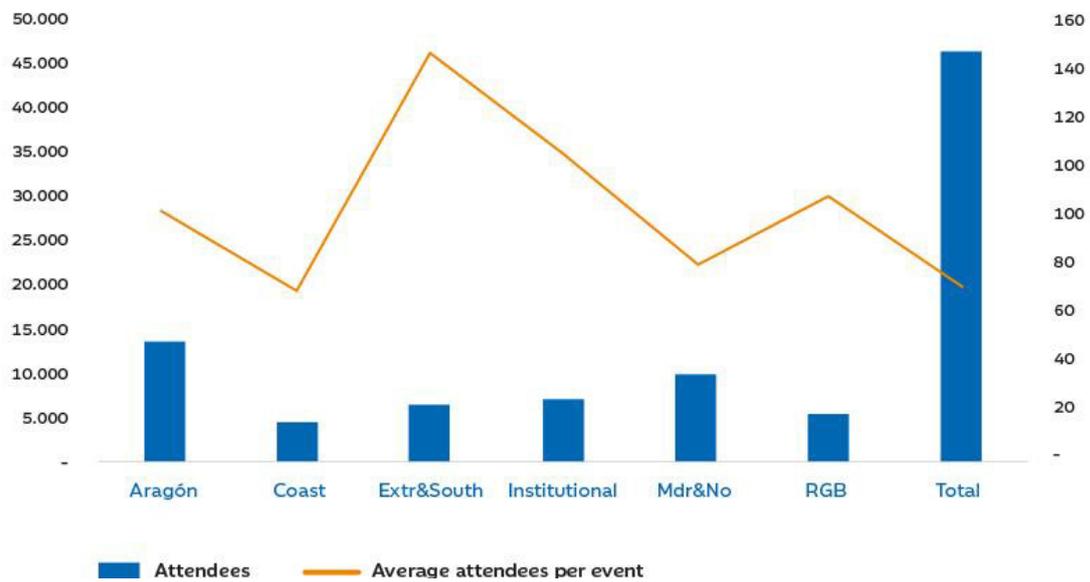
By territory, 28% were in Aragon, 27% in Madrid (Mdr&No), 14% in the coastal area, 12% Institutional, 11% in Rioja, Burgos and Guadalajara (RBG), and 8% in Extremadura and South (Extr&Sur).

DISTRIBUTION BY NUMBER OF EVENTS

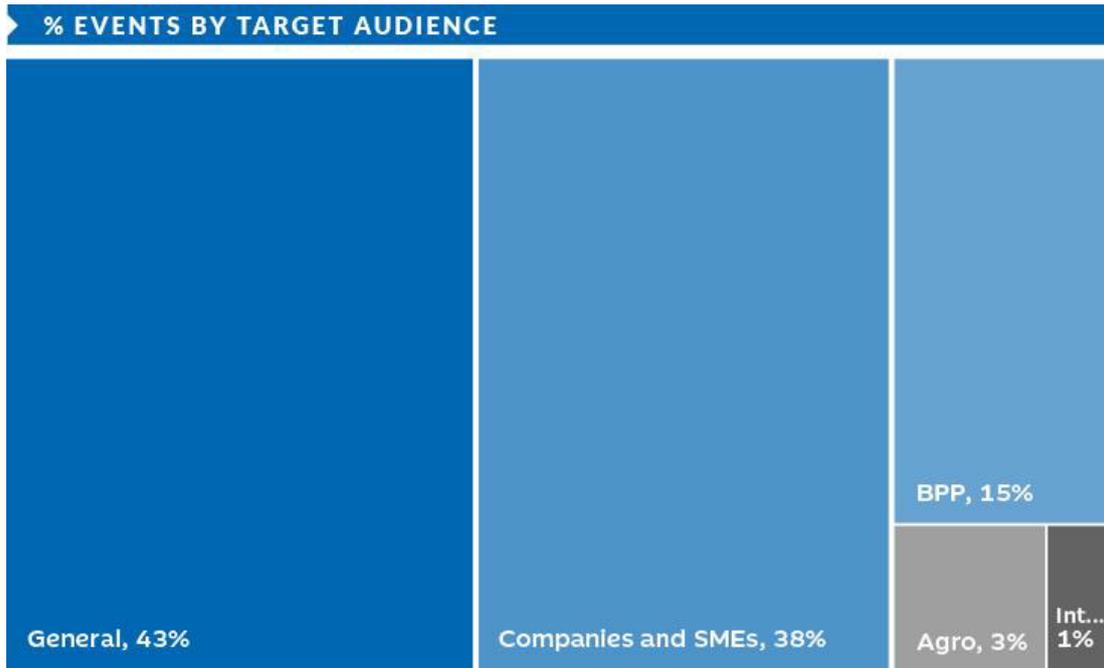


The average number of attendees per event was 89 people. The highest was in Extremadura with 149, followed by the institutional ones with 111.

TOTAL AND AVERAGE NUMBER OF ATTENDEES PER TERRITORY



43% of the events were aimed at the general public and the rest at specific segments: 38% to Corporates and SMEs, 15% to Personal and Private Banking, 3% to Agribusiness and 1% were internal.



In terms of the distribution of events by theme, Institutional events dominated with 46%, followed by corporate events with 25%. The remainder was divided between Personal and Private Banking, Foundation and Agro.



The most significant communication routes include:

	Customer service
	Corporate website and commercial website
	Suppliers Portal
	Active listening on social media
	Customer satisfaction surveys Employee satisfaction surveys Reputation measurement surveys Brand awareness surveys
	Free telephone numbers and email addresses
	Newsletters and online assessment questionnaires
	Meetings and focus groups with employees, customers and the general public
	Systematic and permanent relationships with bodies, institutions and social agents to ascertain trends and expectations and exchange good practices (AEC, CEOE, Chambers of Commerce, Forética, Cecabank, etc.).

6.15 2022 Commitments and 2023 Challenges

The attached tables provide information on the degree of achievement of the targets set for 2022, as well as the new challenges for 2023.

2022 Commitments

STAKEHOLDER	2022 COMMITMENTS	RESULTS	%
Customers	Customer experience: Post-interaction advice: Achieve 90% of satisfied or very satisfied customers in post-interaction counselling surveys. Omnichannel Relationship Customer Experience: TOP3 in the sector (source: BMKS – Global Satisfaction).	More than 98% of customers are satisfied or very satisfied. TOP 3.	100%
	Digitisation: Users of Ibercaja apps: Exceed 1 million active users of the app and Ibercaja Pay.	Users of Ibercaja apps: 1,064,359.	100%
	Marketing and sales: Broaden the range of sustainable investment products to ensure that an investment proposal can be made to all customers who receive advice, whatever their risk profile and preferences in terms of sustainability.	Five new investment funds, one pension plan and one PIAS Link savings insurance were added.	100%

STAKEHOLDER	2022 COMMITMENTS	RESULTS	%
Human resources	Employee Experience Indicator , identifying the various employee archetypes and lines of improvement in those processes that have the greatest impact at key moments in Ibercaja's relationship with its employees. Update NPS employee experience index.	The measurement was carried out at the beginning of 2022. During 2022, work was done on the results of this measurement, establishing action plans to try to improve the ENPS in the next Experience measurement.	100%
	Recertification of the Family-friendly business (EFR) Model .	We went through all the formalities and were recertified in September 2022. We obtained a very positive assessment, increasing our classification in the EFR model from C to B.	100%
	Update of the Equality Plan .	Work is underway to update the Equality Plan, which is expected to be completed in the first quarter of 2023.	

STAKEHOLDER	2022 COMMITMENTS	RESULTS	%
Environment	Emissions neutrality : Offset the total carbon footprint (Scopes 1 and 2) through CO ₂ absorption projects.	In 2022, the direct emissions that could not be avoided in 2021 were offset through the Procuenca forestry project , the ECODES ZeroCO ₂ offset model. The electricity consumed by the Bank is 100% green energy, with a guarantee of origin.	100%
	Obtaining the Circular Aragón Seal from the Government of Aragón	In 2022 the Aragón Circular Seal was obtained . This Seal, awarded for the first time by the Government of Aragón, is a recognition to companies, self-employed and local entities for their commitment to the circular economy model.	100%
	Make progress in measuring the carbon footprint of the loan portfolio, for subsequent analysis and definition of reduction targets.	Intermediate decarbonisation targets for 2030 have been set for 2022 for three relevant sectors in the fight against climate change: electricity generation, iron and steel production and residential mortgage portfolio . The PCAF methodology has been used to measure the carbon footprint.	100%

STAKEHOLDER	2022 COMMITMENTS	RESULTS	%
Suppliers	Review of procurement and supplier risk management policies , including ESG criteria	ESG criteria have been included in the supplier risk assessment processes.	100%
	Standardise the approval and review of supplier risk at all Ibercaja Group companies	The suppliers of Ibercaja Banco Group companies have been included in the supplier risk approval and review processes.	100%

STAKEHOLDER	2022 COMMITMENTS	RESULTS	%
Company	In collaboration with the Ibercaja Foundation, development of a comprehensive environmental action: reforestation activity, alliance with companies and participation of environmental volunteers.	Partnership agreement with LG Spain in collaboration with CO ₂ Revolution, the SMART GREEN project, which aims to plant millions of trees across the country. In addition, the Group participated in Zaragoza City Council's initiative El Bosque de los Zaragozanos (The Forest of the Zaragozans) and in the Oxygen Foundation's environmental volunteering programme.	100%
	Launch of the 2022 Volunteering Plan: visibility, encouraging participation and enhancing the volunteer experience.	Visibility of Ibercaja volunteers through the new SOMOS portal, achieving greater impact and participation in volunteer actions in the different territories.	75%
	Renewal of the RSA+ seal from the Government of Aragon	Renewal for the fifth consecutive year of the RSA+ seal Ibercaja maintains its commitment to sustainable development.	100%
	Raising public awareness of the relevance of sustainability and the importance of moving towards a decarbonised economy: Internal and external communication actions.	Celebration of the 2nd Planet Week. The Bank's commitment to being a benchmark institution in sustainability was reflected in the 969 impacts in the media and 399,000 impressions in the dissemination on social media through the Bank's channels.	100%

STAKEHOLDER	2022 COMMITMENTS	RESULTS	%
Shareholders and investors	Continue increasing the visibility of Ibercaja among institutional investors by increasing the number of events, meetings and telephone conferences.	Numerous contacts have been made with major institutional investors in view of the June debt issue, meetings with analysts, as well as with rating agencies for the annual review process of our rating.	100%
	Enhance communication of Ibercaja's ESG commitment among investors and rating agencies.	Information on ESG strategy and progress continued to be included in investor presentations and specific meetings with rating agencies for the Bank's ESG credit rating.	75%
	Development of a communication policy for shareholders, investors and proxy advisors once the Bank is listed on the stock exchange	As a result of the outbreak of the Russian-Ukrainian conflict, the IPO process had to be halted and Ibercaja remains an unlisted bank. Despite this, regular meetings with investors have continued to take place.	75%

STAKEHOLDER	2022 COMMITMENTS	RESULTS	%
Other commitments	Development of an Action Plan to integrate climate and environmental risks in response to supervisory expectations	<p>Ibercaja has defined an Action Plan to respond to supervisory expectations regarding the management and communication of climate and environmental risks.</p> <p>This plan has been approved by the Bank's management bodies and has been assessed as adequate by the supervisor.</p>	100%

2023 challenges

STAKEHOLDER	2023 CHALLENGES
Customers	<p>Customer experience:</p> <ul style="list-style-type: none"> • Post-interaction advice: Achieve 90% of satisfied or very satisfied customers in post-interaction counselling surveys. • Omnichannel Relationship Customer Experience: TOP3 in the sector. <p>Digitisation:</p> <ul style="list-style-type: none"> • Users of Ibercaja apps: Exceed 1.1 million active users of the app and Ibercaja Pay. <p>Marketing and sales:</p> <ul style="list-style-type: none"> • Market specific financing products for more sustainable mortgages that encourage increasingly energy-efficient housing stock. • Expand the range of sustainable investment products to ensure that we can provide advisory and portfolio management services with a wider range of products to adapt to each risk profile and preferences in terms of sustainability.

STAKEHOLDER	2023 CHALLENGES
Human resources	<ul style="list-style-type: none"> • 2nd Measurement of Employee Experience. • Healthy Organisation Management System (SIGOS). • Update of the Equality Plan. • New ways of working.

STAKEHOLDER	2023 CHALLENGES
Environment	<ul style="list-style-type: none"> • Emissions neutrality: Offset the total direct emissions, measured in t CO₂ e, that could not be avoided in 2022 through offset projects, achieving emission neutrality by 2022. • Continue to improve recycling in branches by installing new selective waste collection points. • Development of an action plan to meet NZBA's decarbonisation targets.

STAKEHOLDER	2023 CHALLENGES
Suppliers	<ul style="list-style-type: none"> • Incorporation of sustainability criteria in decision-making in some procurement processes. • Implementation of new developments in the Procurement and Contract Management tool to improve and streamline processes and management of contracts and suppliers.

STAKEHOLDER	2023 CHALLENGES
Company	<ul style="list-style-type: none"> • Making Ibercaja's Purpose visible through behaviours and the corporate portfolio, to "help people build their life story". • Promoting diversity by advancing women's leadership.

STAKEHOLDER	2023 CHALLENGES
Shareholders and investors	<ul style="list-style-type: none"> • Continue increasing the visibility of Ibercaja among institutional investors, increasing the number of events, meetings and telephone conferences. • - Complete the MREL requirements and maintain an efficient capital structure. • Continue to improve the Bank's credit rating.

STAKEHOLDER	2023 CHALLENGES
Other commitments	<ul style="list-style-type: none"> • Advance the ESG data strategy and the definition of the Bank's ESG reporting model.



Risk management

7. Risk management

2-12, 2-25, 3-3

Risk management, both financial and non-financial, including sustainability, is key to Ibercaja's business development strategy.

The Group's risk management is organised through the Risk Appetite Framework (RAF). The main objective of this tool is to establish a set of principles, procedures, controls and systems that define, report and monitor the Group's risk appetite. This is understood to be the level of risk profile that Ibercaja Group is willing to assume and maintain in terms of type and amount, as well as its tolerance level. It must be oriented towards attaining the objectives of the strategic plan in accordance with the lines of action established therein. The Risk Appetite Framework forms a consistent management framework integrated into **existing risk management processes** and is approved and reviewed at least annually by the Board of Directors.

The Group's governing bodies and management are constantly monitoring the situation of the business and of risk management, both of which functioned normally during 2022.

Liquidity Risk

Normalised liquidity position, which at year-end stood at more than 13.3 billion euros. In the context of efficient liquidity management, it should be noted that the Bank has carried out the early redemption of a total of 5,959 million euros obtained in June 2020 and March 2021 in the ECB's liquidity auctions under the TLTRO III programme.

Market Risk

In the area of financial risks, 2022 was conditioned by the triggering of the armed conflict in Ukraine, which has caused a rise in the prices of energy and other raw materials, resulting in a sharp increase in inflation rates worldwide. This has led to a rapid reaction by central banks, which have changed the stance of monetary policy, resulting in a significant steepening of the interest rate curve, generating strong volatility in the financial markets with widening credit spreads and declining prices of both fixed income assets and stock markets. In view of the continued fall in share prices during the year, which led to a lower valuation of the Group's financial investments exposed to market risk

with an impact on equity, the Bank has shown prudent management of the financial markets, promoting hedging actions to limit the effects of the fall in the markets. The directors and management continuously monitor the main metrics associated with this risk in the Group's investment portfolio in order to anticipate potential impacts based on market variations.

Operational Risk

The Group monitors the progress of its operations at all times, in order to minimise the possible impact of events that could generate operational risk, which developed normally during the year.

Credit Risk

During 2022, credit risk improved due to lower levels of non-performing assets, non-performing assets and low cost of risk, and there were no material events that significantly affected the risk profile of the Bank.

Likewise, based on exhaustive risk monitoring, the Bank actively and continuously implements the most appropriate measures, including an analysis of its loan portfolio taking into account the different types and segmentation of customers affected by the economic situation, their characteristics (companies, individuals, self-employed, etc.) as well as the sector to which each borrower belongs (NACE), in order to adapt the accounting classification of the sectors most affected by the current macroeconomic situation.

In addition, in view of the uncertain macroeconomic outlook, the Bank has supplemented the expected loss estimated by its credit risk models with an additional allowance to cover the exposures of those customers for whom a significant increase in credit risk is expected in the short to medium term.

Reputational Risk

In 2022, the Group took a further step in integrating reputational risk into the Bank's overall risk management by developing the Reputational Risk Management Framework, approved by the Board of Directors. This defines the possible risks that may affect the Ibercaja Group, as well as the processes and procedures adopted for their management, mitigation, control and subsequent monitoring. In addition, as an important part of the management process, a reputational risk map has been drawn up using a qualitative methodology, in line with that defined in the Bank's operational risk management framework.

Note 3 to the Ibercaja Banco Group's 2022 consolidated financial statements provides more extensive and detailed [information on the management of each type of risk](#).

ESG Risks

Among the general principles of sustainability enshrined in the Sustainability Policy approved by the Board of Directors in December 2020, Ibercaja observes the prudent and global management of all financial and non-financial risks when carrying on its activities, including ESG risks (environmental, social and good governance).

The Bank, committed to integrating ESG risks, is making progress in analysing the risks arising from climate change and environmental deterioration, their impact on customers and on its financial activity, for gradual integration into risk management procedures, in compliance with supervisory expectations. In this regard, Ibercaja has an **Action Plan**, which is updated and approved annually by the Board of Directors, to respond to the **expectations of the European Central Bank's guide on climate-related and environmental risks**. This plan is developed within the framework of the "Purpose and Sustainability" Strategic Initiative, which is integrated into the Challenge 2023 Strategic Plan and assessed by the ECB in regular thematic review exercises.

Ibercaja, aware of the potential impact that ESG factors may have on prudential risks through the various transmission channels, as well as on the Bank's business model, strategy and activity, continues to make progress in the development of procedures to identify its most sensitive exposures to environmental, social and governance risks. Integrating these risks into the Bank's framework of action enables progress to be made in quantifying and monitoring them in order to minimise their impact.

Ibercaja's sustainability strategy includes among its priorities the identification, measurement, management and monitoring of ESG risks for their progressive incorporation into the Bank's global risk framework, committing itself to contributing to the decarbonisation of the economy and promoting sustainable activities, in line with the Paris Agreement and the European Green Pact.

Within the areas of operational, liquidity, market and reputational risk, ESG aspects have been incorporated into the management frameworks and procedures for these risks, which reflect the desire to take them into account in management and control activities.

In addition, asset managers in the **Grupo Ibercaja, Ibercaja Gestión and Ibercaja Pensión**, committed to the development of society and the care and protection of the environment through investment, firstly, and inherent to their fiduciary duty, risk mitigation and the creation/preservation of value for the shareholder in the long term; secondly, to serve as a lever to encourage and promote companies to have a positive impact on the environment, the well-being of their employees and the communities in which they operate, as well as on their governance systems, contributing, through the investment process, to the improvement of society as a whole.

There is a cross-cutting and consolidated working group^[37], coordinated by Risk Control, with the aim of meeting all the objectives defined in the Strategic Sustainability Initiative, which is involved in the development of all the phases necessary for proper ESG risk management, currently prioritising climate factors^[38].

1. Identification of ESG risks

Ibercaja identifies ESG risks, especially climate and environmental risks, as risk factors that are likely to have an impact on prudential risks through its counterparties and/or invested assets by means of certain transmission channels (decrease in profitability, decrease in the value of real estate, decrease in the return on assets, among others), which represent the chain of causality by which an ESG factor and/or its inefficient management have a negative impact on the Bank.

In 2022, the Bank updated the climate risk map drawn up in 2021 in order to analyse the development of the potential impacts of physical and transition risks on prudential, strategic and underwriting risks. This analysis was developed on the basis of the three climate scenarios defined by the Network for Greening the Financial System (NGFS): orderly, disorderly and Hot House World.

³⁷ For more information on the Working Group, see chapter 6.12.6 of this report.

³⁸ See the full details of the exercises carried out during 2022 in chapter 6.12.6 of this Report.

Likewise, in 2022, the operational risk map was updated and Ibercaja's reputational risk map was developed. Both maps allow assessing the potential impact of climate events and greenwashing risk management on the Bank's business continuity and reputation for its stakeholders.

2. ESG risk measurement

In relation to climate risks, one of the milestones in 2022 is Ibercaja's participation in the ECB's climate stress test exercise as a first step towards integrating climate factors into the Bank's internal stress test framework. The overall results obtained by Ibercaja show how the ECB has categorised the Bank's CST framework with a "medium-advanced" degree of progress, higher than the average score of the banks analysed.

In line with the commitment to work towards the decarbonisation of the economy, in 2022 the Bank's exposure to the most carbon-intensive industries was assessed, with the aim of segmenting Ibercaja's credit and securities portfolio according to its CO₂ emissions intensity. Likewise, as a first step towards the Net Zero emissions commitment in 2050, it has defined intermediate decarbonisation targets for three intensive sectors based on the calculation of their carbon footprint financed on the portfolio of productive activities.

In relation to the mortgage portfolio, the 2021 exercise on the potential impact of physical risks on the Bank's real estate collateral was updated. In addition, the portfolio's sensitivity to transition risks was assessed according to the energy performance certificate of the homes.

3. ESG Risk Management

Ibercaja is working to include ESG factors in the underwriting and monitoring of credit risk, in line with the EBA Guidelines on loan origination and monitoring, which set out the internal governance mechanisms and procedures of financial institutions in relation to loan transactions. In this regard, its admission policies include a reference to the consideration of ESG risks in the assessment of customers and transactions at credit risk.

In addition, the Bank is developing an Exclusions Policy to limit the impact of ESG factors on the Bank's own credit and investment risk. Ibercaja's objective is to avoid any investment or financing operation that could be considered controversial due to its high environmental, social, ethical or reputational risk. Ibercaja is also working on developing ESG questionnaires to collect information from its customers on environmental, social and good governance issues.

In addition, the Bank, in collaboration with external data providers and relying on internal data sources, collects information on the evaluation of training capabilities, aspects of shareholder continuity, aspects linked to the governing bodies and their commitments, etc. of its client portfolio.

With regard to liquidity risk management, both in the financial markets and Ibercaja Vida portfolios, a depreciation of non-sustainable bonds (analysing the difference in spreads between a green bond and a brown bond of the same equivalent issuer) continues to be applied in the liquidity self-assessment exercise, with the aim of integrating climate risks into this prudential risk.

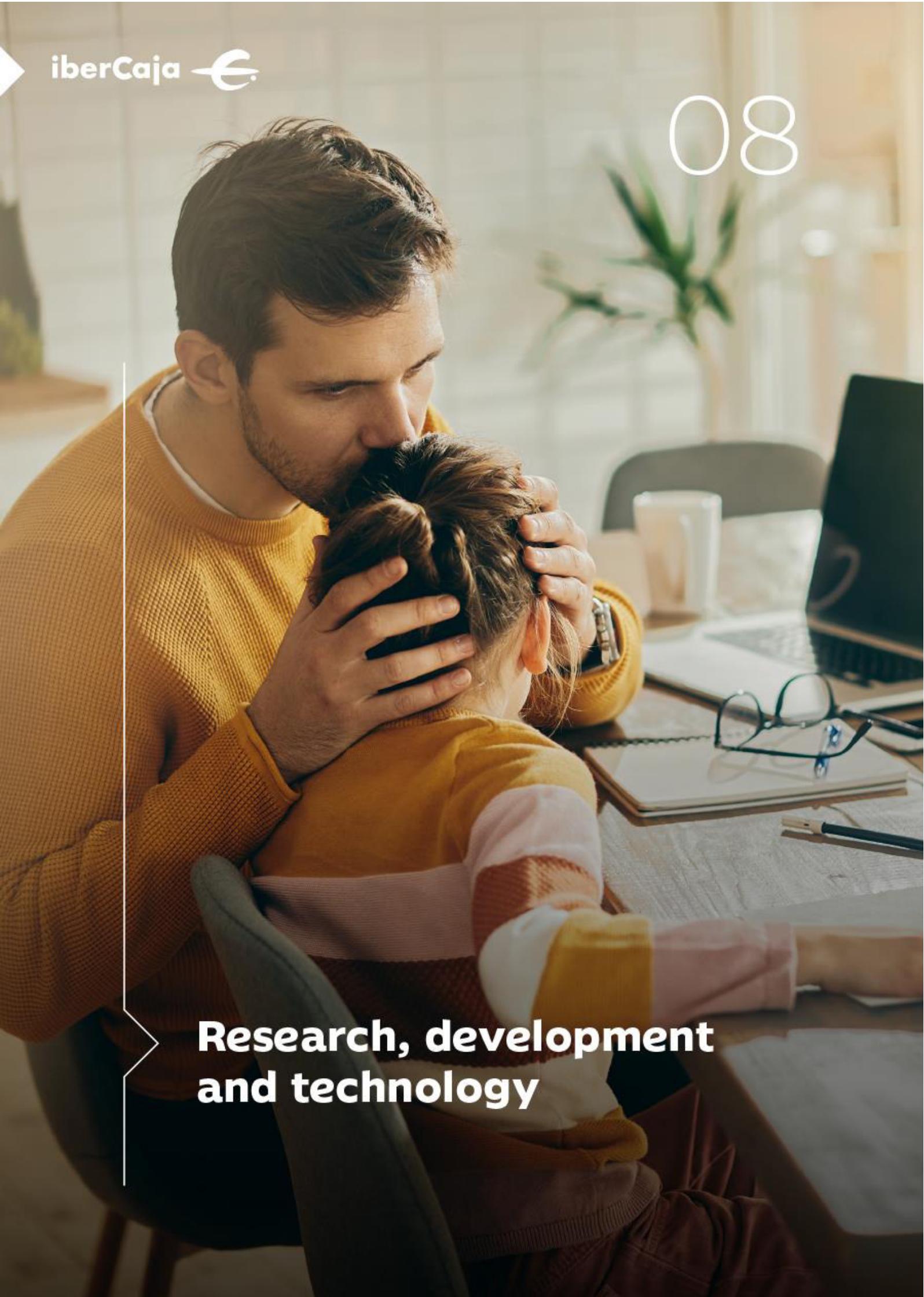
Additionally, and in relation to market risk management, work was carried out in the sphere of portfolio management, through the monitoring of indicators that define ESG criteria (which include aspects related to climate and environmental risks) and certain asset selection criteria that enable private fixed income and equity portfolios to be characterised.

4. ESG risk monitoring

In order to properly monitor the climate risks and opportunities identified, the Bank has developed two sector concentration metrics defined according to Ibercaja's exposure to productive activities with high emissions intensity and is considering incorporating them into the Risk Appetite Framework in order to limit exposure to transition risks (see the Measurement section of this chapter).

These metrics have been developed on the portfolio of productive activities and the securities portfolio, with the aim of segmenting the Bank's exposure to climate factors, considering the emissions intensity of the sectors in which it has exposure.

Ibercaja is working on establishing risk limits, which make it possible to monitor the concentration in intensive sectors, for three possible scenarios: appetite, tolerance and capacity.



**Research, development
and technology**

8 Research, development and technology

2-6

Ibercaja, within the framework of the Challenge 2023 Plan, is committed to accelerating the Bank's transformation with technology as a decisive lever to underpin the competitive advantages of our operating and commercial model.

Innovation plays an essential role for Ibercaja as it allows the Bank to adapt to an increasingly competitive market environment and to the significant changes in consumer habits.

To further drive digital transformation and as a confirmation of the success of the previous strategic plan, **Ibercaja has signed a new strategic partnership agreement with Microsoft.**

During 2022, several important transformation projects were carried out along the lines set out in the Challenge 2023 Strategic Plan, with the objectives of providing the bank with **new capabilities** that drive value creation, accelerating the **digitalisation of customer relations and the operating model** complying with regulatory guidelines in terms of governance, cybersecurity and risks in line with the best practices in the sector

These projects include the following:

- **Implementation of a new corporate process automation platform:** in 2022, work was carried out to improve efficiency through intelligent automation and the digitalisation of processes in both the technological and operational spheres with the implementation of a new process and robotisation platform based on AuraQuantic and UiPath, as well as the incorporation of new artificial intelligence services based on IBM Watson and Microsoft Azure and the deployment of technological processes on ServiceNow. It should be noted that in the first two years of the Challenge 2023 Plan, the automation plan has freed up more than 100,000 working hours. In addition, more than 1 million documents with more than 20 million processed fields have been reviewed by artificial intelligence.

- **Data management and cloud model:** Work has continued on the deployment of new technological and operational information management capabilities with the aim of advancing towards a data-oriented organisational model as a lever for generating value. Ibercaja is working on the implementation of its cloud model with a private platform, IberCloud, and the gradual deployment of capabilities (“journey to cloud”).
- **Business Intelligence Developments:** During 2022 Ibercaja has continued to develop its business intelligence and consumer propensity models by incorporating behavioural analysis of customers in order to achieve greater efficiency in commercial activity.
- **Digital Challenge Project In 2022,** the entire workforce was equipped with new mobile devices with the Windows 365 collaborative platform, which has enabled us to modernise and standardise all our equipment, increasing our technological capacity and facilitating collaborative work with our colleagues and our relationship with our customers.
- Ibercaja and Pensumo's **“Consumer Pension System”:** The Pensumo project is one of the few projects in the process of implementation in the first call of the Spanish Financial Sandbox, and it is also the most transformative project of the Sandbox as it aims to be a pioneer in Europe in the construction of the Fourth Pillar of Pension Savings. Ibercaja aims to launch this service to the market in the coming months.



**Business outlook
and expected
performance**

9. Business prospects and projections.

Macroeconomic scenario

In 2023, the slowdown in growth suggested by the data for the second half of 2022 is expected to be confirmed. In addition to inflation-induced damage to household disposable income, there is the impact of tighter monetary policy and the maturity of the US cycle. **IMF expects a 2.9% increase in global GDP in 2023**, five tenths of a percentage point less than in 2022. The slowdown would come from advanced countries (1.2% from 2.7%), while there would be greater stability in the expansion of emerging countries (4.0% from 3.9%). Within the advanced economies, data would be particularly weak in Europe, with growth of 0.7% in the Eurozone and a fall of -0.6% in the UK. For the United States, the IMF forecasts an increase of 1.4%.

The slowdown in economic dynamism was already noticeable in **Spain** in the second half of 2022 as the momentum from the reopening of the economic sectors most affected by the pandemic runs out and the effects of inflation on consumption in real terms worsen. In 2023 this inertia may become more acute and we could see some negative data, although for the year as a whole **the IMF forecasts GDP growth of 1.1%**, higher than the 0.7% of the Eurozone. The performance of the labour market will be key, which was resilient in 2022 but is often late to react to cyclical downturns. Once this period of sluggishness is over, as inflationary pressures ease (a process which, if there are no further negative surprises in the gas market, seems to have already started), the economy may experience a rapid recovery, helped by improved confidence, the availability of excess savings and cash generated by households and companies in recent years, investment projects linked to European funds and the revival of long-term trends that have been reflected in the strong expansion of sectors such as information and communications, business services, healthcare, logistics and the energy sector, which will require new investments to increase reliability and independence of supply.

Overview and prospects of the Ibercaja Group

Ibercaja reiterates its medium-term objectives of asset quality, solvency and profitability in the second year of its Challenge 2023 strategic plan

2022 was a particularly complex year due to the invasion of Ukraine, which has had important macroeconomic consequences such as a spike in inflation and the economic slowdown, which has negatively affected the main variables of the banking business, such as the lower accumulation of disposable income by households, lower investment by the corporate sector and increased volatility in the financial markets. Despite these uncertainties, the balance of Ibercaja's progress in the second year of its Challenge 2023 Strategic Plan is very satisfactory.

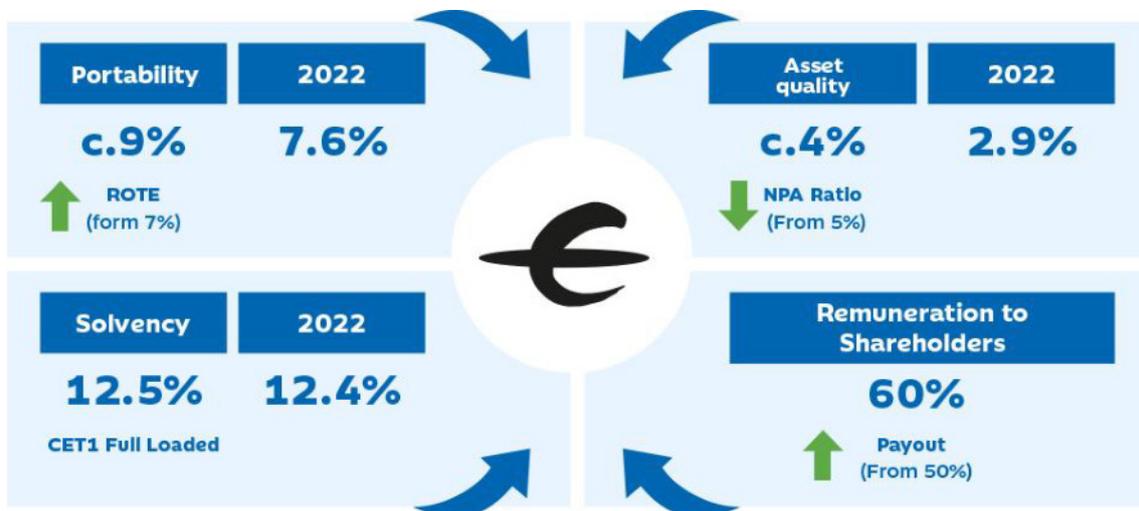
The Bank continued to make progress in achieving the demanding commercial objectives set in the strategic segments defined in the plan (corporate banking, personal banking and asset management and insurance), gaining market share in corporate loans, investment funds, pension plans and life insurance in a very competitive market environment. In addition, the Bank continues to make progress in its digital transformation process and at the end of the year, the number of the Bank's digital customers stood at 914,000 and the number of users of the mobile banking app stood at 676,000 customers. Digital sales account for 40.5% of the total.

As regards financial targets, the quality of the balance sheet has continued to improve with a further reduction in the volume of non-performing assets despite the slowdown in economic activity over the last 12 months. In terms of solvency, Ibercaja continues to maintain one of the highest excess solvency ratios in the Spanish financial system in relation to ECB requirements. In terms of profitability, ROTE 2022 improved by 1.9 p.p. to 7.6% thanks to improved recurrent revenues, lower operating costs and lower cost of risk. Thanks to this strong balance sheet and improved profitability, the Bank expects to distribute 60% of its 2022 profit in the form of dividends to its shareholders.

All these commercial and financial advances are being achieved without neglecting the Bank's historical social sensitivity, which is reflected, among other things, in the decalogue of specific measures to strengthen the financial service and care for the elderly and in adherence to the new Code of Good Mortgage Practices. Furthermore, the Bank also continues to make progress in its commitment to sustainability, as evidenced by the milestones recorded in the areas of Governance (having reached the 40% ratio of female representation in non-executive director positions on the Board of Directors) and integration in the management of climate risks (the ECB has rated Ibercaja's climate stress test framework with a "medium-advanced" degree of progress, higher than the average score of the banks analysed in the first stress test on climate risks).

On the basis of a successful 2022 and despite the high macroeconomic and financial uncertainties, Ibercaja reiterates its medium-term financial objectives defined in its Challenge 2023 Strategic Plan, which are to achieve a ROTE of 9%, a gross non-performing assets ratio of around 4% and a CET 1 Fully Loaded of 12.5%, distributing 60% of profits in the form of dividends.

Ibercaja's Medium-term objectives





Events after the reporting period

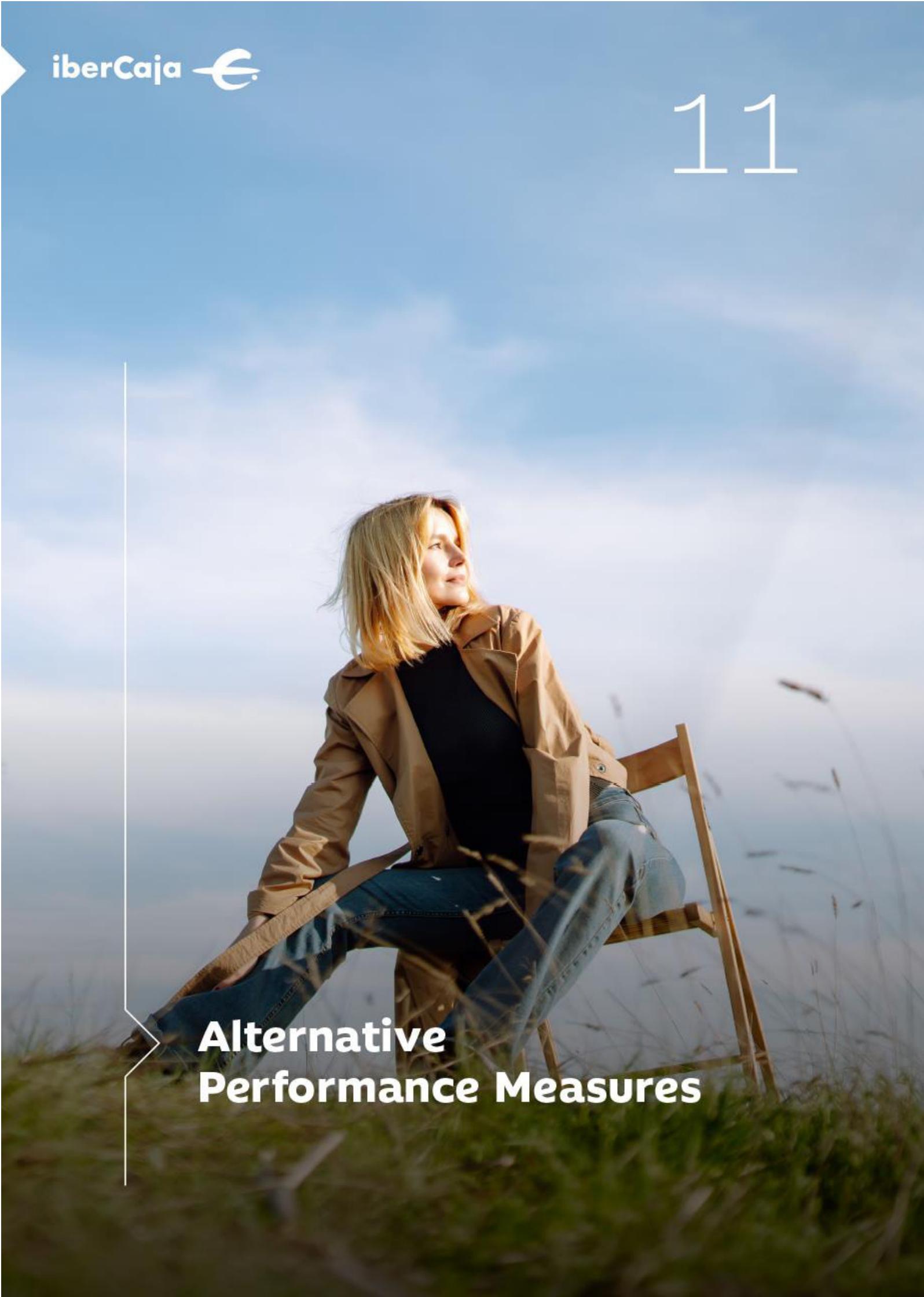
10. Events after the reporting period

On 1 January 2023, Ibercaja Banco recorded under “Other operating expenses” in the consolidated income statement an impact of 28,466 thousand euros for the temporary levy on credit institutions.

This tax has been regulated by Law 38/2022 of 27 December for the establishment of temporary energy taxes and taxes on credit institutions and financial credit establishments and which creates the temporary solidarity tax on large fortunes and amends certain tax regulations, which makes it compulsory for credit institutions operating in Spanish territory whose total interest and fee income for 2019 is equal to or greater than 800 million euros to pay a non-tax public benefit during 2023 and 2024, which is payable on the first day of the calendar year of those years. The amount of the benefit to be paid will be the result of applying the percentage of 4.8% to the sum of the interest margin and the income and expenses from commissions derived from the activity carried out in Spain and which appear in the income statement of the tax consolidation group to which the credit institution belongs for the calendar year prior to the year in which the obligation to pay arose.

On 18 January 2023, Ibercaja, S.A. set the economic terms of an issue of preference shares with a principal reduction mechanism (Perpetual Non-Cumulative Additional Tier 1 Preferred Securities) for a nominal amount of 350 million euros. The preference shares were issued at par value and will carry remuneration, to be paid on a quarterly basis, of 9.125% a year up to 24 July 2028. From that moment onwards, the remuneration will be revised on that date every five years with application of a margin of 6.833% at the five-year mid-swap rate.

The issue was disbursed and closed on 25 January 2023 and was listed for trading in the AIAF fixed income market. This issue of preference shares will count as Tier 1 capital. Likewise, in February 2023, Ibercaja Banco received authorisation from the corresponding Supervisor to redeem early, at 6 April 2023, the preference shares that were on the Group's consolidated balance sheet at 31 December 2022 (Note 23.1) and which were included as Tier 1 capital.



**Alternative
Performance Measures**

11. Alternative Performance Measures

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA/2015/1415es), the Alternative Performance Measures (APMs) used in this report are defined below, alongside a reconciliation with the balance sheet and income statement items used to calculate them.

Ibercaja uses a range of APMs, which are unaudited, to aid understanding of the company's financial performance. APMs should be regarded as additional information. They do not replace financial information prepared under IFRS. The way in which the Group defines and calculates APMs may differ from performance measures calculated by other companies and, therefore, the APMs may not be comparable.

APMs related to the income statement

RECURRENT REVENUES:

Definition: sum of interest margin plus net fee and commission income and net exchange differences (APM defined and calculated below).

Relevance: measures the performance of income directly related to typical banking activity.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Interest margin (1)	558,244	492,826
+ Net fees and commissions and exchange differences (2)	438,065	438,543
= Recurrent revenues	996,309	931,369

(1) Source: consolidated income statement in the financial statements.

(2) APM. See definition and calculation below.

NET FEES AND COMMISSIONS AND EXCHANGE DIFFERENCES:

Definition: aggregation of net fee and commission income and fee and commission expense together with exchange differences.

Relevance: measures the income generated via fees and commissions.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Fee and commission income	457,575	457,495
- Fee and commission expenses	19,236	19,509
+ Net exchange differences	(274)	557
= Net fees and commissions and exchange differences	438,065	438,543

Source: consolidated income statement in the financial statements.

NET GAINS/(LOSSES) FROM FINANCIAL TRANSACTIONS:

Definition: sum of gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains/losses on financial assets and liabilities held for trading, gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss, gains/losses on financial assets and liabilities designated at fair value through profit or loss and gains/losses resulting from hedge accounting.

Relevance: to determine the amount of income related to financial activity but which, by their nature, cannot be considered as recurrent revenue.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss.	4,519	46,108
+ Gains/(losses) on financial assets and liabilities held for trading	9,843	645
+ Gains/(losses) on financial assets not held for trading mandatorily measured at fair value through profit or loss	(1,516)	103
+ Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	22	—
+ Gains/(losses) from hedge accounting	945	(194)
= Gains/(losses) on financial transactions	13,813	46,662

Source: consolidated income statement in the financial statements.

OTHER OPERATING INCOME AND EXPENSE:

Definition: sum of the net amount of other operating income and expenses and income and expenses on assets and liabilities covered by insurance or reinsurance contracts.

Relevance: to measure income and expense that are not wholly derived from financial activity but that are related to our business.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Other operating income	46,772	37,944
– Other operating expenses	89,890	78,553
+ Income from assets covered by insurance and reinsurance contracts	1,117,710	904,463
– Liability expenses covered by insurance or reinsurance contracts	1,117,974	904,756
= Other operating income and expense	(43,382)	(40,902)

Source: consolidated income statement in the financial statements.

OPERATING EXPENSES:

Definition: sum of staff costs, other administration expenses and depreciation/amortisation.

Relevance: indicator of expenses incurred from our activities.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Staff costs	331,869	375,183
+ Other administration expenses	166,042	169,066
+ Amortisation/Depreciation	74,997	66,973
= Operating expenses	572,908	611,222

Source: consolidated income statement in the financial statements.

RECURRING OPERATING EXPENSES:

Definition: operating expenses (APM defined and calculated above) excluding non-recurring items.

Relevance: to measure the trends in of ordinary expenses generated by our activity (banking business, asset management and bancassurance), excluding non-recurring items, such as expenses associated with the workforce adjustment plan.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Operating expenses (1)	572,908	611,222
– Non-recurring expenses (2)	-	12,842
= Recurring operating expenses	572,908	598,380

(1) APM. See definition and calculation above.
 (2) Source: Note 38 to the financial statements.

PROFIT/(LOSS) BEFORE WRITE-DOWNS:

Definition: gross margin less operating expenses (administrative expenses and depreciation and amortisation).

Relevance: to show profitability before write-downs.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Gross income	976,589	952,260
– Administration expenses	497,911	544,249
– Amortisation/Depreciation	74,997	66,973
= Profit/(loss) before write-downs	403,681	341,038

Source: consolidated income statement in the financial statements.

RECURRING INCOME BEFORE WRITE-DOWNS:

Definition: difference between recurrent revenues and recurring operating expenses (MARs as defined and calculated above).

Relevance: to measure the recurring profitability of the business before write-downs.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Recurrent revenues (1)	996,309	931,369
– Recurring operating expenses (1)	572,908	598,380
= Recurring income before write-downs	423,401	332,989

(1) APM. See definition and calculation above.

PROVISIONS, IMPAIRMENT AND OTHER WRITE-DOWNS:

Definition: The following items are included under the item “Gains or losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations”: the sum of provisions, impairment of financial assets not measured at fair value through profit or loss, impairment of investments in joint ventures or associates, impairment of non-financial assets and the portion of the item “Gains or losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations” corresponding to impairment losses on other non-current assets held for sale.

Relevance: indicator of the cost of allowances made during the year to cover the impairment of the value of our assets.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Provisions or (-) reversal of provisions	18,995	5,722
+ impairment or (-) reversal of the impairment of financial assets not measured at fair value through profit or loss.	65,234	78,009
+ Impairment or (-) reversal of impairment on investments in joint businesses or associates	–	128
+ Impairment or (-) reversal of impairment on non-financial assets	18,281	11,927
+ Impairment losses on other non-current assets for sale	25,823	31,166
= Provisions, impairment and other write-downs	128,333	126,952

Source: consolidated income statement and Note 42 to the financial statements

OTHER GAINS/(LOSSES):

Definition: sum of gains/(losses) on the disposal non-financial assets and shareholdings and gains/(losses) on disposal of other non-current assets and held for sale within the heading of gains/(losses) on non-current assets and disposal groups of items classified as held for sale and not eligible for classification as discontinued operations.

Relevance: indicator of the impact on our income statement of the derecognition/disposal of assets not related to ordinary activity.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Gains or (-) losses on the derecognition of net non-financial assets and shareholders (1)	5,720	(5,199)
+ Gains/(losses) on disposal of other non-current assets for sale (2)	2,152	5,885
= Other gains/(losses)	7,872	686

(1) Source: consolidated income statement in the financial statements.

(2) Source: Note 42 to the financial statements.

APMs related to the profitability

CUSTOMER SPREAD (%):

Definition: difference between the average loan portfolio performance and the cost of retail deposits.

Importance of its use: profitability indicator of our retail business.

(%)	31/12/2022	31/12/2021
+ Yields from consumer loans	1.39%	1.19%
Interest revenue from the portfolio of registered loans in the year divided by the average customer loan balance		
- Cost of retail deposits	(0.01)%	(0.02)%
Interest expense on retail deposits recognised in the balance sheet in the year divided by the average retail deposit balance		
= Customer spread (%)	1.40%	1.21%

Source: internal Bank information.

COST-TO-INCOME RATIO:

Definition: recurring operating expenses (APM defined and calculated above) divided by gross income.

Relevance: to measure our operating efficiency.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Recurring operating expenses (1)	572,908	598,380
Denominator	Gross income (2)	976,589	952,260
=	Cost-to-income ratio (%)	58.66%	62.84%

(1) APM. See definition and calculation above.

(2) Source: consolidated income statement in the financial statements.

RECURRING COST-TO-INCOME RATIO:

Definition: ratio of recurring operating expenses to recurrent revenues (MARs as defined and calculated above).

Relevance: to measure the efficiency of our recurring activity.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Recurring operating expenses (1)	572,908	598,380
Denominator	Recurrent revenues (1)	996,309	931,369
=	Recurring cost-to-income ratio (%)	57.50%	64.25%

(1) APM. See definition and calculation above.

ROA:

Definition: Profit attributable to the parent divided by consolidated average total assets.

Relevance: to measure the profitability of our assets.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Profit/(loss) attributed to the parent (1)	202,120	150,985
Denominator	Total average consolidated assets (2)	58,226,729	57,864,629
=	ROA (%)	0.35%	0.26%

(1) Source: consolidated income statement in the financial statements.

(2) The average balance of total assets was calculated as a simple average of the monthly asset balances. The average monthly balance is the average of the closing balances weighted at 50% (i.e. the balance at the end of the reference month multiplied by 0.5 plus the balance at the end of the month immediately preceding the reference month multiplied by 0.5).

RORWA:

Definition: Parent company profits divided by risk-weighted assets.

Relevance: to measure the profitability of our risk-weighted assets.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Profit/(loss) attributed to the parent (1)	202,120	150,985
Denominator	Risk-weighted assets phased in (2)	18,045,437	18,051,935
=	RORWA (%)	1.12%	0.84%

(1) Source: consolidated income statement in the financial statements.

(2) Source: Note 1.7.2 to the financial statements.

ROE:

Definition: ratio between the profit attributable to the parent company and the consolidated average shareholders' equity. Excludes the AT1 issue of 350 million euros recorded as equity.

Relevance: to measure profitability in relation to shareholders' equity.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Profit/(loss) attributed to the parent (1)	202,120	150,985
Denominator	Average consolidated shareholders' equity (2)	2,926,841	2,893,921
=	ROE (%)	6.91%	5.22%

(1) Source: consolidated income statement in the financial statements.

(2) Calculated as a simple average of the quarterly closing figures since the previous December (inclusive), with the first and last quarter weighted by 0.5 and the rest by 1. Average consolidated shareholders' equity for 2020 has been restated to reflect the criteria adopted for its calculation in 2021.

ROTE:

Definition: Parent company profits divided by average tangible consolidated shareholders' equity. Excludes the AT1 issue of 350 million euros recorded as equity.

Relevance: to measure profitability in relation to tangible equity.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Profit/(loss) attributed to the parent (1)	202,120	150,985
Denominator	Average tangible consolidated shareholders' equity (2)	2,650,540	2,651,490
=	ROTE (%)	7.63%	5.69%

(1) Source: consolidated income statement in the financial statements.

(2) Calculated as a simple average of the quarterly closing figures since the previous December (inclusive), with the first and last quarter weighted by 0.5 and the rest by 1. Average consolidated tangible shareholders' equity for 2020 has been restated to reflect the criteria adopted for its calculation in 2021.

APMs related to capital adequacy

DENSITY OF RWAs:

Definition: ratio of risk-weighted assets to total assets.

Relevance: to measure our balance sheet's risk profile.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Risk-weighted assets phased in (1)	18,045,437	18,051,935
Denominator	Total consolidated assets(2)	54,360,706	58,631,409
=	Density of RWAs	33.20%	30.79%

(1) Source: Note 1.7.2 to the financial statements.

(2) Source: consolidated balance sheet in the financial statements.

PAY-OUT RATIO:

Definition: ratio of the expected dividend to be distributed to shareholders to profit attributable to the parent.

Relevance: to measure the shareholder return.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Distribution of dividends (1)	121,272	98,140
Denominator	Profit/(loss) attributed to the parent (2)	202,120	150,985
=	Pay-out ratio (%)	60.00%	65.00%

(1) Source: Note 4 to the financial statements.

(2) Source: consolidated income statement in the financial statements.

APMs related to asset quality

DISTRESSED ASSETS:

Definition: the aggregation of impaired assets from loans and advances to customers and the gross value of foreclosed assets.

Relevance: to evaluate the size of our portfolio of non-performing assets in gross terms.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Impaired assets – loans and advances to customers (1)	495,623	717,621
+ Gross value of foreclosed assets (2)	416,924	542,241
= Distressed assets	912,547	1,259,862

(1) Source: Note 3.5.4 to the financial statements.

(2) Source: Note 3.5.6.2 to the financial statements.

RATIO OF NON-PERFORMING LOANS AND ADVANCES TO CUSTOMERS:

Definition: ratio of impaired loans and advances to customers to gross loans and advances to customers.

Relevance: monitor the rating of the credit portfolio.

	(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
Numerator	Impaired assets – loans and advances to customers (1)	495,623	717,621
Denominator	Gross loans and advances to customers (2)	31,346,411	31,195,451
=	Ratio of non-performing loans and advances to customers (%)	1.58%	2.30%

(1) Source: Note 3.5.4 to the financial statements.

(2) Source: Notes 8 and 11.4 to the financial statements.

DISTRESSED ASSET RATIO:

Definition: ratio of distressed assets (MAR as defined and calculated above) to the value of the exposure.

Relevance: to evaluate the size of our portfolio of non-performing assets in relative terms.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Distressed assets (1)	912,547	1,259,862
Denominator	(a) Gross loans and advances to customers (2)	31,346,411	31,195,451
	(b) Gross value of foreclosed assets (3)	416,924	542,241
	(a) + (b) Value of exposure	31,763,335	31,737,692
=	Distressed asset ratio (%)	2.87%	3.97%

(1) Source: APM. See definition and calculation above.

(2) Source: Notes 8 and 11.4 to the financial statements.

(3) Source: Note 3.5.6.2 to the financial statements.

COST OF RISK:

Definition: percentage of write-offs associated with loans and advances to customers and foreclosed properties in relation to the average exposure, which is the sum of gross loans and advances to customers and foreclosed properties.

Relevance: to monitor the cost of allowances for the loan portfolio and foreclosed assets.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Write-downs of loans and foreclosed properties (1)	95,647	113,904
Denominator	Average exposure (gross credit and real estate) (2)	31,986,204	32,086,135
=	Cost of risk (%)	0.30%	0.35%

(1) Source: internal Bank information. The write-down of the loan is the sum of the impairment of financial assets at amortised cost and the provisioning (reversal) of provisions for commitments and guarantees given. Foreclosed properties are classified according to their nature as non-current assets held for sale, investment property or inventories. Impairment losses are recognised under "Impairment or Reversal of Impairment Losses on Non-Financial Assets (Investment Property and Other)" (see note 40 to the consolidated financial statements) and "Impairment Losses on Non-Current Assets Held for Sale" (see note 42 to the consolidated financial statements).

(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

COVERAGE OF NON-PERFORMING EXPOSURES:

Definition: sum of impairment losses on loans and advances to customers and negative cumulative changes in fair value due to credit risk on non-performing exposures. Includes impairment losses of stages 1, 2 and 3.

Relevance: to monitor the extent to which provisions associated with credit risk cover non-performing loans.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Impairment losses on loans and advances to customers (1)	443,063	539,189
+ Accumulated negative changes in fair value of non-performing exposures (2)	2,896	1,278
= Coverage of non-performing exposures	445,959	540,467

(1) Source: Note 11.4 to the financial statements.

(2) Source: Note 8 to the financial statements.

COVERAGE OF NON-PERFORMING EXPOSURES:

Definition: ratio of provisions for asset impairment (MAR as defined and calculated above) to impaired assets of loans and advances to customers.

Relevance: to monitor the extent to which provisions associated with credit risk cover non-performing loans.

	(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
Numerator	Coverage of non-performing exposures (1)	445,959	540,467
Denominator	Impaired assets – loans and advances to customers (2)	495,623	717,621
=	Coverage of non-performing exposures (%)	89.98%	75.31%

(1) Source APM. See definition and calculation above.

(2) Source: Note 3.5.4 to the financial statements.

COVERAGE RATIO OF FORECLOSED ASSETS:

Definition: ratio of impairment losses on foreclosed assets (included since loan origination) to the gross value of foreclosed assets.

Relevance: We use this MAR to monitor the extent to which the provisions associated with foreclosed properties cover the gross value of those properties.

	(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
Numerator	Impairment adjustments of foreclosed assets (1)	250,804	326,197
Denominator	Gross value of foreclosed assets (1)	416,924	542,241
=	Coverage of foreclosed assets (%)	60.16%	60.16%

(1) Source: Note 3.5.6.2 to the financial statements.

COVERAGE RATE OF THE ALLOCATED LAND:

Definition: ratio between the value corrections for land impairment (included since the origination of the loan) and the gross adjudicated value of land.

Relevance: to monitor the extent to which provisions associated with land cover the gross value of these assets.

	(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
Numerator	Land value adjustments (1)	149,000	226,627
Denominator	Gross value of land (1)	219,511	331,192
=	Foreclosed land coverage ratio (%)	67.88%	68.43%

(1) Source: Note 3.5.6.2 to the financial statements.

COVERAGE RATIO OF DISTRESSED ASSETS:

Definition: ratio between allowances for non-performing risks and foreclosed assets to problem exposure (MAR as defined and calculated above).

Relevance: to monitor the extent to which provisions associated with non-performing loans and foreclosed properties cover the gross value of such exposure.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	(a) Coverage of non-performing exposures (2)	445,959	540,467
	(b) Impairment adjustments of foreclosed assets (1)	250,804	326,197
	(a) + (b) Coverage of problem assets	696,763	866,664
Denominator	Distressed assets (2)	912,547	1,259,862
=	Coverage rate of distressed assets (%)	76.35%	68.79%

(1) Source: note 3.5.6.2 to the financial statements

(2) Source: APM. See definition and calculation above.

NET DISTRESSED ASSETS TO TOTAL ASSETS:

Definition: ratio of distressed assets net of hedges (MAR as defined and calculated above) to total assets.

Relevance: to measure the weight of problem assets, after deducting the provisions linked to those assets, on the balance sheet.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	(a) Problem assets (1)	912,547	1,259,862
	(b) Coverage of problem assets (1)	696,763	866,664
	(a) - (b) Problem assets net of coverage	215,784	393,198
Denominator	Total assets (2)	54,360,706	58,631,409
=	Net distressed assets to total assets (%)	0.40%	0.67%

(1) Source: APM. See definition and calculation above.

(2) Source: consolidated balance sheet in the financial statements.

APMs related to business volume

RETAIL DEPOSITS:

Definition: The sum of demand savings and traditional time deposits excluding mortgage bonds and repurchase agreements recorded under customer deposits in the consolidated balance sheet.

Relevance: indicator of retail funding on the balance sheet.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Demand deposits (1)	35,575,488	34,673,081
+ Term deposits (1)	2,813,720	3,485,694
- Mortgage-backed bonds (including nominal amount and share premium)	1,014,436	1,027,605
Nominal value of mortgage covered bonds (1)	1,081,026	1,100,470
Mortgage-backed bond issue premium (2)	(66,590)	(72,865)
Term deposits (excluding mortgage-backed bonds)	1,799,284	2,458,089
= Retail deposits	37,374,772	37,131,170

(1) Source: Note 19.3 to the financial statements.

(2) Represents the difference between the nominal value of a security and the price at which it was issued. In this particular case, multi-issuer bonds (those where several entities participate in the total issue) were issued below par, at a cost below the nominal value.

ASSET MANAGEMENT AND INSURANCE:

Definition: sum of assets under management in investment companies and funds (including third-party funds, but excluding the assets of funds that invest in Ibercaja Gestión funds), pension plans and insurance.

Relevance: this indicator is significant because of the importance for Ibercaja of off-balance sheet savings as a source of the Group's income.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Investment companies and funds (1)	19,064,189	19,600,522
+ Pension funds (1)	5,790,240	6,562,703
+ Insurance products (2)	6,786,701	6,868,109
= Asset management and insurance	31,641,130	33,031,334

(1) Source: Note 27.4 to the consolidated financial statements.

(2) Source: Note 24.4 to the separate financial statements.

TOTAL RETAIL FUNDS:

Definition: sum of retail deposits and asset management and insurance (MARs defined and calculated above).

Relevance: indicator of the volume of retail savings managed by Ibercaja.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Retail deposits (1)	37,374,772	37,131,170
+ Asset management and insurance (2)	31,641,130	33,031,334
= Total retail funds	69,015,902	70,162,504

(1) Source: APM. See its definition and calculation explained above.

RETAIL BUSINESS VOLUME:

Definition: sum of gross loans and advances to customers ex repos and impaired assets and total retail funds (MAR as defined and calculated above).

Relevance: indicator of the savings and credit of our retail customers managed by Ibercaja.

(THOUSANDS OF EUROS)	31/12/2022	31/12/2021
+ Loans and advances to customers ex impaired assets and reverse repos (1)	29,237,441	28,862,436
+ Total retail funds (2)	69,015,902	70,162,504
= Retail business volume	98,253,343	99,024,940

(1) Source: Notes 8 and 11.4 to the financial statements.

(2) Source: APM. See its definition and calculation explained above.

APMs related to liquidity

CREDIT TO RETAIL FUNDING RATIO (LTD):

Definition: ratio of loans and advances to customers net of reverse repurchase agreements to retail deposits (MAR as defined and calculated above).

Relevance: to measure the proportion of loans and advances to customers financed by retail deposits.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	(a) Net loans and advances to customers (1)	30,900,520	30,655,026
	(b) Reverse repurchase agreements (2)	1,613,345	1,615,394
	(a) - (b) Net loans ex reverse repos	29,287,175	29,039,633
Denominator	Retail deposits (3)	37,374,772	37,131,171
=	LTD (%)	78.36%	78.21%

(1) Source: consolidated balance sheet in the financial statements.

(2) Source: 11.4 in the financial statements.

(3) Source: APM. See definition and calculation above.

AVAILABLE LIQUIDITY:

Definition: sum of cash and central banks, available on policy, eligible off-policy assets and other marketable assets not eligible by the Central Bank, in accordance with the criteria established in the Bank of Spain's official statement LQ 2.2.

Relevance: to calculate the volume of our available assets in the event of an outflow of customer deposits.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
+	Cash and central banks	1,351,694	6,183,416
+	Available in policy	5,798,903	1,050,679
+	Eligible assets not included in the policy	5,838,121	7,590,280
+	Other marketable assets not eligible by the Central Bank	356,274	425,796
=	Available liquidity	13,344,992	15,250,171

Source: Note 3.8.2 to the financial statements.

AVAILABLE LIQUIDITY TO TOTAL ASSETS:

Definition: ratio of available liquidity (MAR as defined and calculated above) to total assets.

Relevance: to calculate the available liquidity to total assets.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
Numerator	Available liquidity (1)	13,344,992	15,250,171
Denominator	Total assets (2)	54,360,706	58,631,409
=	Available liquidity	24.55%	26.01%

(1) Source: APM. See its definition and calculation explained above.

(2) Source: consolidated balance sheet in the financial statements.

TOTAL AVAILABLE LIQUIDITY:

Definition: aggregation of available liquidity (MAR defined and calculated above) and capacity to issue mortgage bonds.

Relevance: to calculate the volume of our available assets in the event of an outflow of customer deposits.

(THOUSANDS OF EUROS)		31/12/2022	31/12/2021
+	Available liquidity (1)	13,344,992	15,250,171
+	Mortgage bond issuance capacity (2)	6,880,460	8,776,402
=	Available liquidity	20,225,452	24,026,573

(1) Source: APM. See its definition and calculation explained above.

(2) Source: Note 3.8.2 to the financial statements.



Appendices

Appendix A – Requirements of Spanish Law 11/2018 regarding non-financial information and diversity

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
GENERAL	Reporting framework		Ibercaja Banco Group (*)	3-1/3-2/3-3	3. Key points of this document	
	Materiality analysis					
BUSINESS MODEL	Brief description of the group's business model, including:					
	1) its business environment,				4.3. Economic and financial environment	
	2) its organisation and structure,	—	Ibercaja Banco Group (*)	2-1 / 2-6	4.5. Business Model and Strategic Plan 2021-2023	
	3) the markets in which it operates,				9. Business outlook and projections.	
	4) its objectives and strategies,					
	5) the main factors and trends that may affect its future performance.					
POLICIES	A description of the group's policies with respect to such issues, including				3. Key points of this document	
	1.) the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts				6.1. Sustainability strategy.	
	2.) the verification and control procedures, including what measures have been taken.		Ibercaja Banco Group (*)	2-23	6.5 Commitment to the environment.	
					6.4 Commitment to our people.	
					6.9 Human Rights	
					6.10 Fighting corruption and bribery	
				6.8 Commitment to		

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
ST, MT and LT RISKS	The main risks related to aspects linked to the group's activities, including, where relevant and proportionate, its business relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each topic. It must include information on the impacts that have been detected and a breakdown of these, in particular on the main short-, medium- and long-term risks.		Ibercaja Banco Group (*)	3-3	7. Risk management 6.12. Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	
KPIs	Key non-financial performance indicators that are relevant to the particular business and that meet the criteria of comparability, materiality, relevance and reliability. In order to facilitate the comparison of information, both over time and between banks, special use will be made of generally applicable non-financial key indicator standards that comply with the European Commission's guidelines in this area and the standards of the Global Reporting Initiative, and the report should mention the national, European or international framework used for each area.		Ibercaja Banco Group (*)	General or specific GRI standards of the economic, environmental and social dimensions that are reported in the following blocks	3. Key points of this document 6.1. Sustainability strategy Appendix D See the detail of the KPIs reported in the following blocks.	
TAXONOMY	Reporting requirements under Regulation (EU) 2020/852 on eligibility indicators		Ibercaja Banco Group (*)		Appendix D	

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
ENVIRONMENTAL MATTERS	Global Environment				6.5. Commitment to the environment	
	1) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment or certification procedures;	YES	Ibercaja Banco Grupo (*)	2-23 / 3-3 Note 27.1 financial statements	6.11. Implementation of the Principles for Responsible Banking - UNEP-FI	
	2) Resources dedicated to the prevention of environmental risks;				6.12 Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	
	3) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. derived from the Environmental Liability Law).					
	Pollution					
	Measures to prevent, reduce or repair carbon emissions that severely affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution.	NO				
	Circular economy and waste prevention and management					
	Circular economy.	YES			Appendix D.	
	Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste.		Ibercaja Banco Grupo (*)	306-2	6.5. Commitment to the environment	
	Actions to combat food waste.	NO				
Sustainable use of resources						
The consumption of water and water supply according to local constraints.	NO				6.5. Commitment to the environment	
Consumption of raw materials and measures taken to improve the efficiency of their use.	YES	Ibercaja Banco Grupo (*)	301-1 301-2	/ Resource management Appendix D		
Consumption, direct and indirect, of energy, measures taken to improve energy efficiency and use of renewable energies.	YES				6.5 Commitment to the environment Appendix D	

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
ENVIRONMENTAL MATTERS	Climate Change					
	The important elements of the greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	YES	Ibercaja Banco Group (*)	305-1 / 305-2 / 305-3 / 305-5	6.5. Commitment to the environment Appendix D	
	Measures adopted to adapt to the consequences of climate change.	YES		3-3	6.5 Commitment to the environment 6.12 Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	
	Voluntary medium- and long-term reduction targets to reduce greenhouse gas emissions and the means implemented to for that purpose.	YES		3-3	6.5 Commitment to the environment Appendix D	
	Protection of biodiversity					
	Measures taken to preserve or restore biodiversity.	NO				
	Impacts caused by activities or operations in protected areas.					

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
SOCIAL AND PERSONNEL ASPECTS	Employment					
	Total number and distribution of employees by gender, age, country and job category.	YES		2-7 / 405-1	6.4 Commitment to our people	
	Total number and distribution of employment contract types.	YES		2-7	Appendix D	
	Annual breakdown of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational category.	YES		2-7 / 405-1	Appendix D	
	Number of dismissals by gender, age and occupational category.	YES	Ibercaja Banco S.A. (accounts for 96% of the Group's total workforce)	401-1	6.4 Commitment to our people Appendix D	
	Average remuneration and its trend, broken down by gender, age and occupational category or equal value; Salary gap, the remuneration of equal or average jobs at the company.	YES			4.4. Corporate governance 6.4. Commitment to our people	
	Implementation of digital disconnect policies.	YES				
	Employees with some form of disability.	YES		405-1		
	Organisation at work		YES			
	Organisation of working time					
Number of hours of absenteeism.	YES		403-2	6.4 Commitment to our people		
Measures aimed at facilitating a work-life balance and encouraging co-responsible exercise of these rights by both parents.	YES		401-3			

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
SOCIAL AND PERSONNEL ASPECTS	Social relations					
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with them	YES			6.4. Commitment to our people	
	Confidentiality of employee complaints/disclosures.			404-1	4.2. Purpose, Mission, Vision, values and Code of Ethics	
	Percentage of employees covered by collective bargaining agreements by country;	YES	Ibercaja Banco S.A. (accounts for 96% of the Group's total workforce)	2-30		
	The balance of collective agreements, particularly in the field of health and safety at work.	YES			6.4. Commitment to our people	
	Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	YES				
	Training					
	Policies implemented in training.	YES		404- 1 / 404-2		The average number of training hours per employee in 2022 is 86 hours, 33% more than in 2021. 100% of permanent employees receive regular performance appraisals and professional development.
	The total number of training hours by occupational category.		Ibercaja Banco S.A. (accounts for 96% of the Group's total workforce)		6.4. Commitment to our people	
	Average hours of training by gender and occupational category Average hours of training by gender and employee category GRI 404-1 Universal accessibility for persons with disability				404-1	

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
SOCIAL AND PERSONNEL ASPECTS	Equality					
	Measures adopted to foster equal treatment and opportunities between women and men.	YES				
	Equality plans (Chapter III of Spanish Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures taken to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of persons with disabilities.	YES	Ibercaja Banco S.A. (accounts for 96% of the Group's total workforce)		6.4. Commitment to our people	
	Policy against all forms of discrimination and, as applicable, management of diversity.	YES				

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
HUMAN RIGHTS	Implementation of human rights due diligence procedures					
	Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses.	YES		2-23		
	Complaints due to instances of human rights abuses.	YES		406-1		Although the risk of human rights violations in Ibercaja's activities is low, the Bank has various mechanisms in place to prevent and mitigate the possible risk in this area.
	Promotion and compliance of the provisions of the fundamental Conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining.	YES		407-1		During 2022 the Institution was not subject to any sanctions or involved in any criminal proceedings or similar incidents that could infringe on human rights.
	The elimination of discrimination in employment and labour.	YES		406-1	6.9. Human Rights	
	The elimination of forced or compulsory work;	YES		409-1		
	The effective abolition of child labour.	YES		408-1		

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
CORRUPTION AND BRIBERY	Measures taken to prevent corruption and bribery.	YES		2-23 / 2-27		
	Measures to combat money laundering.	YES	Ibercaja Banco Group (*)		6.10. Fight against corruption and bribery	
	Contributions to foundations and not-for-profit entities.	YES				

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
COMMUNITY	Company's commitments to sustainable development					
	The impact of the company's activity on local employment and development.	YES				
	Impact of the company's activity on local communities and the territory.	YES	Ibercaja Banco Group (*)		6.8 Contribution to society	
	Relationships with local community actors and the types of dialogue with them.	YES		2-29		
	Partnership or sponsorship actions.	YES				
	Subcontracting and suppliers					
	Inclusion in the procurement policy of social, gender equality and environmental issues; consideration, in dealings with suppliers and subcontractors, of their social and environmental responsibility.	YES	Ibercaja Banco Group (*)	2-6	6.7. Commitment to suppliers	
	Systems of supervision and audits and results thereof.	YES				
	Consumers					
	Measures for consumer health and safety		Ibercaja Banco Group (*)		6.3 Commitment to customers	
	Complaint systems, complaints received and their resolution.					
	Tax information					
	Profits country by country.	YES		207-1		
Income tax paid.	YES		207-4	6.8.11. Tax information		
Public grants received.	YES		201-4			

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

Appendix B – The 10 Principles of the Global Compact

The following table lists the ten principles of the Global Compact and the sections of the report that contain information on them, as well as their relationship with the GRI indicators.

	PRINCIPLE OF THE GLOBAL COMPACT	RELATED REPORT CONTENTS	REPORT CHAPTERS	GRI CORRESPONDEN
Human rights	1. Companies must support and respect the protection of fundamental Human Rights, recognised internationally, within their scope of action.	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Corporate Ethics, Internal Control, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Commitment to Sustainability, Business Participations, Commitment to our employees - Equality and Work-Life Balance- Occupational Health Prevention, Social Dialogue, Suppliers, Customers, Shareholders & Investors, Environment, Society.	1, 4.2, 4.4, 5.3, 5.4, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 7	2-7.2-8, 2-30, 205-1, 205-2, 205-3, 401-1, 401-2, 402-1, 403-1, 403-2, 408-1, 409-1
	2. Companies must ensure that their firms are not accomplices to a breach of Human Rights.	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Internal Control, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Commitment to Sustainability, Commitment to Suppliers, Customers, Shareholders & Investors, Environment, Society.	1, 4.2, 4.4, 5.3, 5.4, 6.1, 6.2, 6.3, 6.5, 6.6, 6.7, 6.8, 6.9, 7	2-23, 2-27, 205-1, 205-2, 205-3, 408-1, 409-1, 416-2
Employment rules and standards	3. Companies must support freedom of affiliation and the effective recognition of collective bargaining rights.	Commitment to our Employees; Dialogue with employees.	6.4.	2-30, 402-1, 407-1
	4. Companies must support the elimination of all forms of forced or coerced labour.	Business Model, Commitment to Sustainability, Commitment Our Employees-Equality and Work-life Balance- Remuneration Policy, Suppliers, Society.	4.5, 6.1, 6.4, 6.7, 6.8	Ibercaja does not operate in developing countries. 409-1
	5. Companies should support the effective abolition of child labour.	Business Model, Transparency and Strategic Communications, Commitment to Sustainability, Commitment to Our Employees, Suppliers, Society.	4.5, 6.1, 6.4, 6.7, 6.8	Ibercaja does not operate in developing countries. 408-1
	6. Businesses should support the elimination of discrimination in respect of employment and occupation.	Governing Bodies, Internal Control, Suitability Policy, Commitment to Sustainability, Commitment to Customers, Our Employees - Equality and Work-Life Balance-Remuneration Policy-Occupational Health Prevention, Environment, Society.	4.4, 6.1, 6.3, 6.4, 6.5, 6.8	2-7, 2-8, 2-30.403-1, 403-2, 401-1, 404-1, 404-3

	PRINCIPLE OF THE GLOBAL COMPACT	RELATED REPORT CONTENTS	REPORT CHAPTERS	GRI CORRESPONDEN
Environment	7. Companies must maintain a preventive approach that favours the environment.	Risk Prevention, Breaches, Fines and Penalties, Commitment to Sustainability, Commitment to Environment, Society.	6.1, 6.5, 6.8.	2-27, 301-1, 302-4, 305-1, 305-2, 305-3, 305-5, 306-2
	8. Companies must encourage initiatives that promote greater environmental responsibility.	Ibercaja does not perform its activities in spaces or places that affect natural ecosystems. Presentation Letter, Commitment to Sustainability, Commitment to Suppliers, Customers, Shareholders, Environment, Society.	1, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.11, 6.12	2-27, 301-1, 302-4, 305-1, 305-2, 305-3, 305-5, 306-2
	9. Companies must favour the development and proliferation of technologies that respect the environment.	2021-2023 Strategic Plan, Research, Development and Technology, Commitment to Sustainability, Commitment to the Environment, Society.	4.5, 6.1, 6.5, 6.8, 8	2-27, 301-1, 302-4, 305-1, 305-2, 305-3, 306-2
	10. Entities must work against corruption in all its forms, including extortion and bribery.	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Corporate Ethics, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Omnichannels, Financial Group, Model aimed at Excellence, Brand and Reputation, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Commitment to Suppliers, Customers, Shareholders, Environment, Society.	1, 4.1, 4.2, 4.4, 4.5, 5.3, 5.4, 6.1, 6.3, 6.5, 6.6, 6.7, 6.8, 6.10, 6.11, 6.12, 7, 8,	2-23, 2-26, 205-1, 205-2, 205-3

Appendix C – GRI Table of contents

1, 2-7

GRI STANDARD	CONTENT	CHAPTER OR DIRECT RESPONSE
GRI 1: Foundation 2021.		Ibercaja has presented the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 using the GRI Standards as a reference.
GRI 2: General Disclosures 2021	2-1 Organisational details	1, 4.1, 4.5.1, 4.5.4, 4.5.5, 6.11 See Note 1.1 of the Consolidated financial statements at 31 December 2022.
	2-2 Entities included in the organisation's sustainability reporting	3, 4.1, 4.5.5 See Consolidated Financial Statements at 31 December 2022
	2-3 Reporting period, frequency and contact point	Ibercaja has presented the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 using the GRI Standards as a reference. This report is annual. For any further information on this report, please contact Ibercaja's corporate responsibility department at rsc@ibercaja.es . This report is expected to be published in the first quarter of 2023.
	2-4 Restatements of information	The possible changes in the criteria applied with respect to the previous report, when they are significant, are reflected in the corresponding section and in the GRI indicators table.
	2-5 External assurance	3, 6.11, Appendix E
	2-6 Activities, value chain and other business relationships	1, 4.1, 4.2, 4.5.1, 4.5.2, 4.5.4, 5.1, 5.2, 6.3, 6.4, 6.7, 8
	2-7 Employees	6.4, Appendix C, Appendix D
	2-8 Workers who are not employees	Ibercaja Banco carries out most of its activities using its own staff, with investees that collaborate in maintenance, editing, logistics and other works. There were no significant changes in the organisation's workforce.
	2-11 Chair of the highest governance body	4.4 In 2022, the Chairman of Ibercaja Banco did not have any executive functions
	2-12 Role of the highest governing body in overseeing the management of impacts	6.1, 6.5, 6.11, 6.12, 4.4, 7
	2-13 Delegation of responsibility for managing impacts	3, 4.4, 6.5, 6.12
	2-14 Role of the highest governing body in sustainability reporting	3, 4.4
	2-16 Communication of critical concerns	4.2, 6.3
	2-19 Remuneration policies	4.4, 6.4
	2-20 Process to determine remuneration	4.4, 6.4
	2-22 Statement on sustainable development strategy	1
	2-23 Policy commitments	4.2, 4.4, 6.1, 6.5, 6.9, 6.10, 6.11, 6.12
	2-24 Embedding policy commitments	6.1, 6.3
	2-25 Processes to remediate negative impacts	3, 7

GRI STANDARD	CONTENT	CHAPTER OR DIRECT RESPONSE
	2-26 Mechanisms for seeking advice and raising concerns	Ibercaja has a specific and independent ethical channel for reporting possible breaches of the Code and queries on its interpretation. Also included on the corporate website is an email address (rsc@ibercaja.es) to which anyone can send queries about the Bank's Code of Ethics. 4.4, 6.3
	2-27 Compliance with laws and regulations	In 2022, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to social and economic areas. 6.9, 6.10
	2-28 Membership of associations	2, 6.2
	2-29 Approach to stakeholder engagement	3, 4.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.14
	2-30 Collective bargaining agreements	100% of Ibercaja Banco employees are covered by Collective Agreements and represented on formal committees.
GRI 3: Material Topics 2022	3-1 Process to determine material topics	3, 6.11
	3-2 List of material topics	3
	3-3 Management of material topics	3

Ethical conduct, integrity and culture

GRI 3: Material Topics 2022	3-3 Management of material topics	4.4, 6.10, 6.14, 7
GRI 206: Anti-competitive Behaviour 2016	206-1: Legal action related with unfair competition and monopolistic practices and against free competition	In 2022, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation related to unfair competition, monopolistic practices or against free competition.
GRI 408: Child labour	408-1: Operations and suppliers at significant risk for incidents of child labour	Ibercaja has not identified any centres or suppliers likely to have significant risks in relation to child exploitation. Moreover, all suppliers, when doing business with us, accept the Bank's Code of Ethics and Supplier Code of Conduct, which explicitly states zero tolerance for incidents of child exploitation. 6.9
GRI 409: Forced or compulsory labour	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Ibercaja has not identified any centres or suppliers likely to have significant risks in relation to forced labour. Moreover, all suppliers, when entering into business with us, accept the Bank's Code of Ethics and Supplier Code of Conduct, which explicitly states zero tolerance for forced labour. 6.9
GRI 415: Public Policy 2016	415-1 Political contributions	Ibercaja does not accept or offer contributions to political parties and/or representatives.

Transparency in customer relations and communication with the GDIs

GRI 3: Material Topics 2022	3-3 Management of material topics	4.4. Internal rules and control bodies, 4.5.4
GRI 417: Marketing and labelling	<p>417-1: Requirements for product and service information and labelling</p> <p>417-2: Cases of breaches related with information and the labelling of products and services</p> <p>417-3: Cases of breaches related with marketing notifications</p>	<p>4.4. Internal rules and control bodies, 4.5.4</p> <p>In 2022, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to the impact on the use and supply of products and services and in health and safety, or as a result</p> <p>In 2022, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to matters tied to marketing notifications.</p>

Excellence, professionalism and customer support

GRI 3: Material Topics 2022	3-3 Management of material topics	4.5.4, 6.3
GRI 416 Customer Health and Safety 2016	416-2: Cases of non-compliance related to the health and safety impacts of the product and services categories	<p>In 2012, the Bank was the first Spanish bank to obtain AENOR certification for excellence in personal banking advice, and since 2007 it has held the European Seal of Excellence 500+, awarded by the European Foundation for Quality Management (EFQM), which was renewed this year under the updated EFQM Model, making it the first financial</p> <p>During 2022 no significant penalties or fines were received relating to the health and safety impacts of the product and service categories</p>

Digital transformation and cybersecurity

GRI 3: Material Topics 2022	3-3 Management of material topics	3, 4.5.2 Goals and Strategies
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Risk management and Regulatory Compliance

GRI 3: Material Topics 2022	3-3 Management of material topics	6.8.11
GRI 207: Tax	<p>207-1 Approach to tax</p> <p>207-2: Tax governance, control and risk management</p> <p>207-4 Country-by-country reporting</p>	<p>6.8.11</p> <p>6.8.11.</p> <p>The Company is currently working in this realm with the aim of reporting tax information on a cash basis, through the CECA Total Tax Contribution report and a specific report by Ibercaja.</p> <p>6.8.11</p> <p>The Company does not currently have any permanent establishments in other countries and is therefore not required to issue this report.</p>

Economic performance and value creation

GRI 3-3 Management of material topics	3-3 Management of material topics	5.1, 5.3, 6.1, 6.3, 6.5, 6.11, 6.12, Appendix D
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Appendix D
	201-2 Financial implications and other risks and opportunities arising from climate change	6.1, 6.3, 6.5, 6.11, 6.12
	201-3 Obligations of the defined benefit plan and other retirement plans	100% of serving employees are included in the Pension Plan.
	201-4 Financial assistance received from government	6.8.11 Ibercaja did not receive any type of aid from the
	FS6: Breakdown of the portfolio for each line of business, by specific region, size (microenterprise, SME, large company) and sector.	4.5.4, 4.5.5
	FS 8: Monetary value of products and services designed to offer a specific environmental benefit for each line of business broken down by objectives.	Appendix D
	FS14: Initiatives to improve access to financial services to disadvantaged people.	4.5.4, Appendix D
FS13: Accessibility in unpopulated areas or in marginalised zones	In 2022, Ibercaja provided services in 100 towns as the only company present and 23% of branches provides service in towns with fewer than 1,000 inhabitants.	

Data Protection

GRI 3-3 Management of material topics	3-3 Management of material topics	4.4. Internal rules and control bodies, 6.3
GRI 418: Customer privacy 2016	418-1: Claims based on violations of customer privacy and loss of customer data	In 2022, there were 428 case files relating to GDPR and 3,224 online advertising unsubscribes. During 2022, no significant penalties or fines were received of a definitive nature with regard to data protection.

The Bank's Corporate Governance policy

GRI 3: Material Topics 2022	3-3 Management of material topics	4.4, 6.1, 6.14, 7
GRI 205: Anti-corruption 2016	205-1: Operations evaluated for risks related to corruption	Appendix D
	205-2: Communication and training on anti-corruption policies and procedures	98.32% of Ibercaja Banco's current workforce has received training in criminal risk prevention, including the crime of corruption and bribery.
	205-3: Confirmed cases of corruption and measures taken	During 2022, no cases of corruption arose.

Responsible supplier relations and partnership building

GRI 3: Material Topics 2022	3-3 Management of material topics	6.7
GRI 204: Procurement practices	204-1: Proportion of spending on local suppliers	The percentage of purchases from local suppliers is 97%.
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Ibercaja has not identified any centres or suppliers likely to have significant risks in relation to the right to freedom of association and collective bargaining. 6.9

Risk Management of Climate Change and other ESG risks

GRI 3: Material Topics 2022	3-3 Management of material topics	6.1, 6.5, 7
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Appendix D
	305-2: Energy indirect (Scope 2) GHG emissions.	Appendix D
	305-3: Other indirect (Scope 3) GHG emissions	Appendix D
	305-5 Reduction of GHG emissions	6.5, Appendix D

Financial products with high social and/or environmental value

GRI 3: Material Topics 2022	3-3 Management of material topics	4.5.4, 4.5.5
	FS10: Percentage and number of companies in the portfolio with which they have interacted in social or environmental matters	Appendix D
	FS11: Percentage of assets subject to positive or negative social or environmental analysis.	Appendix D

Internal Environmental Management

GRI 3: Material Topics 2022	3-3 Management of material topics	6.1, 6.5
GRI 301: Materials 2016	301-1: Materials used by weight or volume	6.5, Appendix D
	301-2: Recycled input materials used	6.5, Appendix D
GRI 302: Energy	302-1: Energy consumption within the organisation	6.5, Appendix D
	302-4 Reduction of energy consumption	6.5, Appendix D
	302-3: Energy intensity	Appendix D
306: Waste 2020	306-3: Waste generated	Appendix D

Non-discrimination, Diversity and work-life balance

GRI 3: Material Topics 2022	3-3 Management of material topics	4.4, 6.4. Diversity, equality and work-life balance, 6.9
GRI 401: Employment 2016	401-3 Parental leave	6.4.
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	6.4. Diversity, equality and work-life balance, Appendix D
GRI 406: Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	There were no incidents of discrimination or, therefore, corrective plans in 2022. 6.9

Attracting, retaining and developing talent

GRI 3: Material Topics 2022	3-3 Management of material topics	6.4
GRI 401: Employment 2016	401-1: New employee recruitments and staff turnover	Appendix D
	401-2: Benefits for full-time employees that are not given to part-time or temporary employees	6.4
GRI 402: Labour/management relations 2016	402-1: Minimum notice periods for operational changes	That stipulated in the prevailing legislation applies with regard to minimum advance notice period(s) relating to organisational changes, including if these notices are specific in the collective bargaining agreements.
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	6.4. Occupational health and prevention
	403-2 Hazard identification, risk assessment and the investigation of incidents	6.4. Occupational health and prevention
	403-3 Occupational health services	6.4. Occupational health and prevention
	403-4 Worker participation, consultation and communication on occupational health and safety	6.4. Occupational health and prevention
	403-5 Training of workers on health and safety at work	6.4. Occupational health and prevention
	403-6 Promoting the health of workers	6.4. Occupational health and prevention The information reported relates to Ibercaja Banco's own personnel. In relation with the workers of the investees that collaborate in maintenance, editing, logistics and other works, they are not covered by the Ibercaja Banco prevention service. However, the risks associated with their work position are assessed and adequate measures are taken to preserve health and safety.
	403-7 Prevention and mitigation of the impacts on the health and safety of workers directly linked with commercial relations	6.4. Occupational health and prevention The information reported relates to Ibercaja Banco's own personnel. There are currently no external workers linked with commercial relations.
	403-8 Coverage of the occupational health and safety management system	Ibercaja Banco has its own prevention service. However, no health and safety management system currently exists.
GRI 404: Training and education 2016	404-1: Average training hours per year per employee	6.4. Cultivating talent The average number of training hours per employee in 2022 was 86 hours.
	404-2: Programmes to improve employee aptitudes and transition assistance programmes	6.4. Cultivating talent
	404-3: Percentage of employees who receive periodic evaluations of professional performance and development	100% of permanent employees receive regular performance and career development assessments.

Commitment to society and respect for human rights

GRI 3: Material Topics 2022	3-3 Management of material topics	1, 4.3, 4.5.1. 4.5.4, 6.4, 6.8, 6.9
GRI 202: Market Presence 2016	202-1: Ratios of standard entry level wage by gender compared to local minimum wage 202-2: Proportion of senior executives recruited in the local community.	The range of the relationships between the standard initial salary and the minimum local salary in places in which significant activities are performed: 114% Ibercaja Banco recruits 100% of its employees in Spain and 100% of senior executives are Spanish nationals.
GRI 203: Indirect economic impacts 2016	203-1: Infrastructure investments and services supported	Appendix D

Appendix D – Additional non-financial information, GRI content and Taxonomy information

2-7, 3-3, 201-1, 203-1, 205-1, 305-1, 305-2, 305-3, 305-5, 301-1, 301-2, 302-1, 302-4, 401-1, FS8, FS10, FS11, FS14, 302-3, 306-3

GRI 201-1

THOUSANDS OF EUROS	2020	2021	2022
Gross income	1,001,822	952,260	976,589
Net profit/(loss) discontinued operations	0	0	0
Gains or (-) losses on the derecognition of net non-financial assets and equity interests	(3,047)	(5,199)	(5,720)
Gains/(losses) non-current assets held for sale	(969)	5,885	2,152
Economic value generated	997,806	952,946	973,021
Dividends	3,849	98,140	121,272
Other general administrative expenses	132,799	150,896	147,794
Staff costs	502,568	375,183	331,869
Corporation tax and contributions and other taxes	50,089	81,958	99,348
Economic value distributed	689,305	706,177	700,283
Economic value withheld (VEG-VED)	308,501	246,769	272,738

GRI 205-1

SUMMARY OF REVIEWS CONDUCTED	2020	2021	2022
Distribution Network Audit	289	274 (*)	143 (*)
Credit Risk Audit and Modelling	13	13	37
Financial Auditing and Regulatory Reporting Auditor (**)	30	33	27
Systems Audit	22	32	15
TOTAL	354	352	222

BRANCH AUDITS	2020	2021	2022
Revised branches	265	254 (*)	127 (*)
Percentage of the average number of branches	24.33%	24.42%	13.76%

(*) Continuous audit process across the entire Branch Network.

(**) Including the reviews carried out in 2020 and 2021 by the Technical Supervision and Quality Unit, which in 2022 was integrated into the Financial Audit and Regulatory Reporting Unit.

2-7, 405-1

The following tables present the distribution of Ibercaja Banco's workforce at 31 December 2022 according to gender, professional category, age, location and type of contract.

2022 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	602	315	917	47
Middle managers	444	444	888	48
Technicians	705	853	1,558	47
Clerical staff	512	590	1,102	45
TOTAL	2,263	2,202	4,465	47

2021 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	549	250	799	47
Middle managers	540	496	1,036	47
Technicians	700	843	1,543	46
Clerical staff	561	648	1,209	46
TOTAL	2,350	2,237	4,587	47

2020 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	626	270	896	48
Middle managers	593	529	1,122	47
Technicians	731	843	1,574	46
Clerical staff	715	748	1,463	48
TOTAL	2,665	2,390	5,055	47

** Job categories are defined as:
 EXECUTIVES: up to branch managers
 MIDDLE MANAGERS: up to assistant managers-officers
 TECHNICIANS: specialised branch office roles and Head Office Technicians/Experts
 CLERICAL STAFF: branch network and Head Office employees

2022 AGE	MEN	WOMEN	TOTAL
21 - 30 YEARS OLD	177	167	344
31 - 40 YEARS OLD	213	204	417
41 - 50 YEARS OLD	973	1,013	1,986
51 - 60 YEARS OLD	888	815	1,703
61 - 70 YEARS OLD	12	3	15
TOTAL	2,263	2,202	4,465

2021 AGE	MEN	WOMEN	TOTAL
21 - 30 YEARS OLD	132	132	264
31 - 40 YEARS OLD	279	265	544
41 - 50 YEARS OLD	1,005	1,051	2,056
51 - 60 YEARS OLD	920	787	1,707
61 - 70 YEARS OLD	14	2	16
TOTAL	2,350	2,237	4,587

2020 AGE	MEN	WOMEN	TOTAL
21 - 30 YEARS OLD	105	102	207
31 - 40 YEARS OLD	359	361	720
41 - 50 YEARS OLD	1,036	1,086	2,122
51 - 60 YEARS OLD	1,157	840	1,997
61 - 70 YEARS OLD	8	1	9
TOTAL	2,665	2,390	5,055

** Age classification is defined in 10-year bands.

2022 - GENDER	PERMANENT	TEMPORARY	TOTAL
MEN	2,170	93	2,263
WOMEN	2,109	93	2,202
TOTAL	4,279	186	4,465

2021 - GENDER	PERMANENT	TEMPORARY	TOTAL
MEN	2,258	92	2,350
WOMEN	2,158	79	2,237
TOTAL	4,416	171	4,587

2020 - GENDER	PERMANENT	TEMPORARY	TOTAL
MEN	2,590	75	2,665
WOMEN	2,329	61	2,390
TOTAL	4,919	136	5,055

** The classification by type of contract is the one in which the employee was on 31 December.

P: permanent contracts

T: temporary contracts

2022 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	15	4	19
GR.1 LEVEL II	24	12	36
GR.1 LEVEL III	302	124	426
GR.1 LEVEL IV	452	249	701
GR.1 LEVEL V	375	322	697
GR.1 LEVEL VI	238	302	540
GR.1 LEVEL VII	224	263	487
GR.1 LEVEL VIII	324	556	880
GR.1 LEVEL IX	104	183	287
GR.1 LEVEL X	32	40	72
GR.1 LEVEL XI	20	19	39
GR.1 LEVEL XII	69	47	116
GR.1 LEVEL XIII	72	80	152
GR.1 LEVEL XIV			
GR.2 LEVEL I	1		1
GR.2 LEVEL II	10	1	11
GR.2 LEVEL IV	1		1
TOTAL	2,263	2,202	4,465

2021 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	16	4	20
GR.1 LEVEL II	35	11	46
GR.1 LEVEL III	288	121	409
GR.1 LEVEL IV	491	254	745
GR.1 LEVEL V	394	322	716
GR.1 LEVEL VI	233	275	508
GR.1 LEVEL VII	264	299	563
GR.1 LEVEL VIII	320	561	881
GR.1 LEVEL IX	124	178	302
GR.1 LEVEL X	40	91	131
GR.1 LEVEL XI	29	34	63
GR.1 LEVEL XII	48	38	86
GR.1 LEVEL XIII	39	24	63
GR.1 LEVEL XIV	15	23	38
GR.2 LEVEL I	3		3
GR.2 LEVEL II	10	2	12
GR.2 LEVEL IV	1		1
TOTAL	2,350	2,237	4,587

2020 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	16	4	20
GR.1 LEVEL II	42	12	54
GR.1 LEVEL III	332	119	451
GR.1 LEVEL IV	571	263	834
GR.1 LEVEL V	439	353	792
GR.1 LEVEL VI	268	272	540
GR.1 LEVEL VII	304	334	638
GR.1 LEVEL VIII	358	621	979
GR.1 LEVEL IX	114	176	290
GR.1 LEVEL X	95	131	226
GR.1 LEVEL XI	24	35	59
GR.1 LEVEL XII	44	44	88
GR.1 LEVEL XIII	22	14	36
GR.1 LEVEL XIV	13	9	22
GR.2 LEVEL I	4		4
GR.2 LEVEL II	18	3	21
GR.2 LEVEL IV	1		1
TOTAL	2,665	2,390	5,055

** The classification is according to the professional categories of the agreement.

2022 - AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	11	10	21
TERR. DIV. ARAGON	608	573	1,181
TERR. DIV. MEDITERRANEAN COAST	270	264	534
TERR. DIV. EXTREMADURA AND SOUTHERN	178	188	366
TERR. DIV. MADRID AND NORTH-WEST SPAIN	352	432	784
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	263	270	533
CENTRAL UNITS	394	362	756
CORPORATE BANKING DEPARTMENT	187	103	290
TOTAL	2,263	2,202	4,465

2021 - AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	11	12	23
TERR. DIV. ARAGON	638	589	1,227
TERR. DIV. MEDITERRANEAN COAST	290	268	558
TERR. DIV. EXTREMADURA AND SOUTHERN	185	189	374
TERR. DIV. MADRID AND NORTH-WEST SPAIN	369	435	804
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	273	277	550
CENTRAL UNITS	404	368	772
CORPORATE BANKING DEPARTMENT	180	99	279
TOTAL	2,350	2,237	4,587

2020 - AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	16	19	35
TERR. DIV. ARAGON	805	638	1,443
TERR. DIV. MEDITERRANEAN COAST	351	291	642
TERR. DIV. EXTREMADURA AND SOUTHERN	226	215	441
TERR. DIV. MADRID AND NORTH-WEST SPAIN	475	499	974
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	352	331	683
CENTRAL UNITS	440	397	837
TOTAL	2,665	2,390	5,055

** Classification by location is the organisation by Territorial Divisions of the Bank.

- TERRITORIAL DIVISION OF ARAGON; AUTONOMOUS COMMUNITY OF ARAGON
- TERRITORIAL DIVISION OF MEDITERRANEAN COAST; AUTONOMOUS COMMUNITY OF ANDALUCIA, BALEARIC ISLANDS, CASTILLA LA MANCHA, CATALONIA, VALENCIA AND REGION OF MURCIA
- TERRITORIAL DIVISION EXTREMADURA AND SOUTH; AUTONOMOUS COMMUNITY OF ANDALUCIA, CANARY ISLANDS AND EXTREMADURA
- TERRITORIAL DIVISION OF MADRID AND NORTH-WEST; AUTONOMOUS COMMUNITIES OF CASTILLA LA MANCHA, CASTILLA Y LEON, GALICIA, MADRID AND PRINCIPALITY OF ASTURIAS

TERRITORIAL DIVISION OF RIOJA, BURGOS AND GUADALAJAR; AUTONOMOUS COMMUNITIES OF CANTABRIA, CASTILLA LA MANCHA, CASTILLA LEON, LA RIOJA, FORAL DE NAVARRA AND PAIS VASCO.

The following tables present the distribution of the workforce of Ibercaja in 2022 by gender, job category, age, location and type of contract in terms of average number of days.

AVERAGE NUMBER OF DAYS WORKED BY GENDER, TYPE OF CONTRACT AND OCCUPATIONAL CATEGORY

2022	PERMANENT			TEMPORARY		
	M	F	TOTAL	M	F	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	100.00%	100%	100.00%	0%	0%	0%
Clerical staff	80.58%	85.83%	83.38%	19.42%	14.17%	16.62%
TOTAL	95.60%	96.17%	95.88%	4.40%	3.83%	4.12%

2021	PERMANENT			TEMPORARY		
	M	F	TOTAL	M	F	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	99.92%	100%	99.96%	0.08%	0%	0.04%
Clerical staff	85.88%	87.29%	86.61%	14.12%	12.71%	13.39%
TOTAL	96.26%	96.07%	96.17%	3.74%	3.93%	3.83%

2020	PERMANENT			TEMPORARY		
	M	F	TOTAL	M	F	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	99.93%	100%	99.97%	0.07%	0%	0.03%
Clerical staff	87.27%	87.92%	87.61%	12.73%	12.08%	12.39%
TOTAL	96.41%	95.98%	96.21%	3.59%	4.02%	3.79%

** Job categories are defined as:
EXECUTIVES: up to branch managers
MIDDLE MANAGERS: up to assistant managers-officers
TECHNICIANS: specialised branch office roles and Head Office Technicians/Experts
CLERICAL STAFF: branch network and Head Office employees

AVERAGE NUMBER OF DAYS BY GENDER, TYPE OF CONTRACT AND AGE RANGE

2022	PERMANENT		TOTAL	TEMPORARY		TOTAL
	M	F		M	F	
21 - 30 YEARS OLD	40.87%	46.38%	43.53%	59.13%	53.62%	56.47%
31 - 40 YEARS OLD	98.14%	98.82%	98.47%	1.86%	1.18%	1.53%
41 - 50 YEARS OLD	100.00%	99.88%	99.90%	0%	0.12%	0.10%
51 - 60 YEARS OLD	99.94%	100.00%	99.97%	0.06%	0%	0.03%
61 - 70 YEARS OLD	100.00%	100.00%	100.00%	0%	0%	0%
Total	95.60%	96.17%	95.88%	4.40%	3.83%	4.12%

2021	PERMANENT		TOTAL	TEMPORARY		TOTAL
	M	F		M	F	
21 - 30 YEARS OLD	32.37%	35.96%	34.20%	67.63%	64.04%	65.80%
31 - 40 YEARS OLD	98.10%	98.41%	98.25%	1.90%	1.59%	1.75%
41 - 50 YEARS OLD	100.00%	99.94%	99.95%	0%	0.06%	0.05%
51 - 60 YEARS OLD	99.91%	100.00%	99.95%	0.09%	0%	0.05%
61 - 70 YEARS OLD	100.00%	100.00%	100.00%	0%	0%	0%
Total	96.26%	96.07%	96.17%	3.74%	3.93%	3.83%

2020	PERMANENT		TOTAL	TEMPORARY		TOTAL
	M	F		M	F	
21 - 30 YEARS OLD	32.37%	35.98%	34.23%	67.63%	64.02%	65.77%
31 - 40 YEARS	99.01%	98.91%	98.96%	0.99%	1.09%	1.04%
41 - 50 YEARS OLD	100.00%	99.86%	99.93%	0%	0.14%	0.07%
51 - 60 YEARS OLD	99.92%	100.00%	99.95%	0.08%	0%	0.05%
61 - 70 YEARS OLD	100.00%	100.00%	100.00%	0%	0%	0%
Total	96.41%	95.98%	96.21%	3.59%	4.02%	3.79%

** Age classification is defined in 10-year bands.

In 2022, the **permanent workforce** decreased by 137 employees. The **churn rate** of permanent employees was 9.93% in 2022.

CHURN NUMBER AND RATE (INCOMING AND OUTGOING EMPLOYEES)

2022	MEN		WOMEN		TOTAL	
	M	F	M	F	TOTAL	RATE
21 - 30 YEARS OLD	55	2.53%	43	2.04%	98	2.29%
31 - 40 YEARS OLD	13	0.60%	15	0.71%	28	0.65%
41 - 50 YEARS OLD	22	1.01%	26	1.23%	48	1.12%
51 - 60 YEARS OLD	150	6.91%	95	4.50%	245	5.73%
61 - 70 YEARS OLD	6	0.28%		0.00%	6	0.14%
Total	246	11.34%	179	8.49%	425	9.93%

2021	MEN		WOMEN		TOTAL	
	M	F	M	F	TOTAL	RATE
21 - 30 YEARS OLD	27	1.20%	18	0.83%	45	1.02%
31 - 40 YEARS OLD	12	0.53%	22	1.02%	34	0.77%
41 - 50 YEARS OLD	24	1.06%	29	1.34%	53	1.20%
51 - 60 YEARS OLD	345	15.28%	176	8.16%	521	11.80%
61 - 70 YEARS OLD	2	0.09%	2	0.09%	4	0.09%
Total	410	18.16%	247	11.45%	657	14.88%

2020	MEN		WOMEN		TOTAL	
	M	F	M	F	TOTAL	RATE
21 - 30 YEARS OLD	10	0.39%	9	0.39%	19	0.39%
31 - 40 YEARS OLD	17	0.66%	22	0.94%	39	0.79%
41 - 50 YEARS OLD	20	0.77%	27	1.16%	47	0.96%
51 - 60 YEARS OLD	21	0.81%	12	0.52%	33	0.67%
61 - 70 YEARS OLD	2	0.08%		0.00%	2	0.04%
Total	70	2.70%	70	3.01%	140	2.85%

The **hiring rate** of permanent employees was 3.37% in 2022.

NUMBER AND RATE OF NEW HIRES (INCOMING EMPLOYEES)

2022	MEN		WOMEN		TOTAL	
	M	F	M	F	TOTAL	RATE
21 - 30 YEARS OLD	52	2.40%	38	1.80%	90	2.10%
31 - 40 YEARS OLD	10	0.46%	11	0.52%	21	0.49%
41 - 50 YEARS OLD	11	0.51%	13	0.62%	24	0.56%
51 - 60 YEARS OLD	6	0.28%	3	0.14%	9	0.21%
61 - 70 YEARS OLD		0.00%		0.00%	0	0
Total	79	3.64%	65	3.08%	144	3.37%

2021	MEN		WOMEN		TOTAL	
	M	F	M	F	TOTAL	RATE
21 - 30 YEARS OLD	24	1.06%	17	0.79%	41	0.93%
31 - 40 YEARS OLD	4	0.18%	8	0.37%	12	0.27%
41 - 50 YEARS OLD	8	0.35%	10	0.46%	18	0.41%
51 - 60 YEARS OLD	3	0.13%	2	0.09%	5	0.11%
61 - 70 YEARS OLD		0.00%	1	0.05%	1	0.02%
Total	39	1.73%	38	1.76%	77	1.74%

2020	MEN		WOMEN		TOTAL	
	M	F	M	F	TOTAL	RATE
21 - 30 YEARS OLD	9	0.35%	7	0.30%	16	0.33%
31 - 40 YEARS OLD	13	0.50%	7	0.30%	20	0.41%
41 - 50 YEARS OLD	10	0.39%	14	0.60%	24	0.49%
51 - 60 YEARS OLD	7	0.27%	7	0.30%	14	0.28%
61 - 70 YEARS OLD	1	0.04%		0.00%	1	0.02%
Total	40	1.54%	35	1.50%	75	1.52%

233 people were laid off due to dismissal or termination of contract, with an average age of 57, and none of them is under 35 nor has children under 12.

2022 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	26	7	33	57
Middle managers	18	14	32	57
Technicians	30	30	60	57
Clerical staff	65	43	108	56
Total	139	94	233	57

2021 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	58	20	78	57
Middle managers	58	17	75	57
Technicians	42	47	89	57
Clerical staff	195	102	297	57
Total	353	186	539	57

2020 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	2		2	48
Middle managers	1	2	3	38
Technicians	1	2	3	42
Clerical staff	6	1	7	52
Total	10	5	15	47

301-1, 301-2, 302-1, 302-3

CONSUMPTION

WATER CONSUMPTION (m3)	2022	2021	2020
Water consumption (headquarters)	13,104	12,515	8,210
Water consumption (branch network)	25,900,91	26,419,47	28,818
Average water consumption per employee and year (Bank)	8.69	7.92	7.18

Specific observations: Well water collected is not included in the table because it is not consumed. Water consumption has been estimated in the Branch Network based on an average consumption ratio per unit of surface area. No. company employees: taken as the average annual headcount: 5,127 in 2019, 5,152 in 2020 and 4,910 in 2021.

General remarks:

ENERGY CONSUMPTION (Gj)	2022	2021	2020
Electricity (headquarters)	27,438,48	28,850,71	28,455,83
Electricity (branch network)(*)	88,238,04	92,132,6	93,390,28
Average electricity consumption per employee and year (Bank)	25.78	24.64	23.65
Diesel (central building)	73.85	73.85	41.54
Diesel (branch network)	2,489,18	3,017,86	3,427,11
Natural Gas (branch network)	3,992,00	4,063,22	4,466,00
Average consumption of diesel and natural gas per employee and year (Bank)	1.46	1.46	1.54

PAPER CONSUMPTION Tm	2022	2021	2020
Type DIN A4 white (Bank)	4.5	9.03	9.64
Recycled DIN A4 type (Bank)	188,15	224,92	211,57
Total type DIN A4 (Bank)	192,65	233,95	221,21
Type DIN A3 (Bank)	0.28	0.33	0.27
Envelopes	42.82	54.25	54.25
Bovine (insert)	47.43	59.10	88.03
Average total paper consumption per employee (Bank)	0.04	0.05	0.06
Total paper consumption	283,18	347,3	367,05

Specific observations on envelopes: Indicator based on the most commonly used envelope size (115x225)

(*) Remarks on branch network electricity consumption:

The study of electricity consumption of branches in 2021 and 2022 was carried out in the period between October 2021 and September 2022, due to Endesa's irregular billing. In 2022, a total of 21,355 non-billing days with an estimated total consumption of 3,669,346.17 kW. In 2021, the envelope consumption for 2019 and 2020 was revised and updated with the actual amount in tonnes.

305-1, 305-2, 305-3

CO ₂ EMISSIONS LEVEL*	2022	2021	2020
Emissions from diesel consumption, in Tn of CO _{2e} (total Bank)	187,88	236,92	269,22
Emissions from natural gas consumption, in Tn of CO _{2e} (total Bank)	202,31	205,92	203,43
Emissions for electricity consumption, in Tn of CO _{2e} (Central Building)	–	–	–
Emissions for electrical consumption, in Tn of CO _{2e} (Branch network)	–	–	–
Emissions in Tn of CO _{2e} by displacement of employees by car	768,55	687,06	607,42
Emissions in CO _{2e} by vehicle displacement (Total Bank)	72.92	58.31	44.98
missions in Tn of CO _{2e} by messaging service (Total Bank)	56.22	58.65	69.16
Emissions in Tn of CO _{2e} by leakage of fluorinated gases (Total Bank)	494,33	346,99	763,77
Emissions in Tn of CO _{2e} by leakage of fluorinated gases (Central Building)	–	–	–
Total emissions, in Tn of CO_{2e} *	1,782,21	1,593,85	1,957,98
Emissions in Tn of CO _{2e} by leakage of fluorinated gases (Central Building)	0.40	0.32	0.38

Specific observations: The carbon footprint calculation tool of the Ministry for Ecological Transition (MITERD), Scopes 1-2, is used to calculate emissions. The sources of the emission factors for the calculation of the CO₂ emissions produced in the displacements are: The GHG Protocol (Greenhouse Gas Protocol) and IDAE (Institute for Energy Diversification and Saving)

Remarks: 100% of electricity supplied by ENDESA is generated from renewable energy sources. This amount of energy is accredited through guarantees of origin by the CNMC.

Remarks: only those journeys arising from work-related activities have been taken into consideration.

TABLE OF CO₂ EMISSIONS – SCOPES 1, 2 and 3

SCOPE	EMITTING SOURCE	EMISSIONS (Tn CO ₂ eq)		
		2022	2021	2020
1	Fuel consumption in buildings	472,65	442,84	390,19
	Leakage of fluorinated gases	763,77	346,99	494,33
	Fuel consumption of own vehicles	44.98	58.31	72.92
2	Electricity consumption	–	–	–
TOTAL EMISSIONS, SCOPE 1+2 (Tn CO₂ eq)		1,281,38	848,15	957,44

SCOPE	EMITTING SOURCE	EMISSIONS (Tn CO ₂ eq)		
		2022	2021	2020
3	Commuting of employees by car for work purposes	607,42	687,06	768,55
	Delivery and distribution by courier service	69.16	58.65	56.22
TOTAL EMISSIONS, SCOPE 3 (Tn CO₂ eq)		676,57	745,71	824,77

SCOPES	EMISSIONS (Tn CO ₂ eq)		
	2022	2021	2020
SCOPE 1 (tCO ₂ e)	1,281,38	848,15	957,44
SCOPE 2 (tCO ₂ e)	–	–	–
SCOPE 3 (tCO ₂ e)	676,57	745,71	824,77
TOTAL EMISSIONS (tCO₂ e)	1,957, 95	1,593,86	1,782,21

Note: the CO₂ emissions data for 2021 are updated with the emission factors published by MITERD

306-3

	2022	2021	2020
TOTAL NON-HAZARDOUS WASTE (tn)	205	251,56	209,79
TOTAL HAZARDOUS WASTE (tn)	5,99	10,09	7,51
CONFIDENTIALLY DESTROYED PAPER (tn) (*)	216,471	242,921	213,828

(*) The amount of documentation officially destroyed in each year corresponds to the amount in custody in the previous year. Confidential Destruction is certified according to UNE-EN 15713 - Secure destruction of confidential material.

FS14

CHANNEL OF RELATIONSHIP WITH CUSTOMERS	2019	2020	2021	2022
% over-the-counter transactions	12.78%	9.53%	10.01%	8.49%
% transactions performed via distance banking	72.03%	75.96%	74.27%	73.96%
% transactions carried out at ATM	4.18%	2.98%	2.76%	2.72%
% transactions carried out at POS	10.86%	11.33%	12.97%	14.83%
% operations performed on updaters	0.15%	0.03%	–	–
Active digital banking users per month	765,585	842,486	878,818	914,418
Active mobile banking users per month	432,211	521,551	603,409	675,562
Active mobile payment users per month	86,040	213,765	322,975	388,797
Total visits to ibercaja.es homepage	26,375,480	28,008,266	25,779,055	34,729,503

FS8

PARTICIPATED COMPANY	ENVIRONMENTAL PROJECT	INVESTMENT IBERCAJA			QUANTITATIVE INDICATOR
		2020	2021	2022	
Rioja Nueva Economía, S.A.	Bio-diesel plant in Calahorra and wind farm	5,592	5,592	4,627	Biodiesel plant with a capacity of 250,000 tonnes/year).
Solavanti	Photovoltaic projects	6,030	6,030	-	Total installed capacity of 44.46 Mw
Foresta Project	Forest plantations in Extremadura	4,773	5,000	5,226	Forest plantation of 640 ha. (reservoir of 232,545 trees)
Energías Alternativas de Teruel	Promotion and exploitation of wind power	26	-	-	Projects under development (power 159 Mw)
Total investment Ibercaja		16,421	16,622	9,853	

Specific observations: In 2021, the stake in Prames was reclassified from Environment to Tourism, due to the change of corporate activity. Therefore, in order to provide like-for-like information, this stake is not included in the data for 2019 and 2020.

FS10, FS11

IBERCAJA'S INVESTMENTS IN COMPANIES IN WHICH CSR IS SIGNIFICANT (THOUSANDS OF EUROS)	2020	2021	2022
Amounts	103,336	103,646	96,699
Companies	19	20	19
% of total equity interests	45%	45%	45%

203-1

BUSINESS SHARE-HOLDINGS	2020			2021			2022		
	INVESTMENT PAID	DIRECT WEALTH GENERATION	JOB CREATION	INVESTMENT PAID	DIRECT WEALTH GENERATION	JOB CREATION	INVESTMENT PAID	DIRECT WEALTH GENERATION	JOB CREATION
	Thousands of euros	Thousands of euros	Direct and indirect	Thousands of euros	Thousands of euros	Direct and indirect	Thousands of euros	Thousands of euros	Direct and indirect
Tourism sector	66,647	29,873	13,634	67,463	1,331	13,603	67,463	41,326	13,941
Food and agriculture industry	1,306	9,984	1,154	1,306	9,127	1,057	1,306	4,677	1,139
Other sectors	6,602	873	5,803	8,523	3,403	26,446	8,523	3,494	38,514
Totals	74,555	40,731	20,591	77,292	13,861	41,106	77,292	49,497	53,593

Investment in strategic sectors (thousands of euros)	2020	2021	2022
% over-the-counter transactions	75,481	74,911	74,733

INFORMATION ON THE TAXONOMY REGULATION (EU) 2020/852

Taxonomy Regulation (EU) 2020/852, published on 22 June 2020 by the European Parliament and the Council within the framework of the European Green Pact, aims to help create a fairer economy capable of generating employment in an equitable way, by defining those economic activities that can be considered environmentally sustainable.

In accordance with Article 8 of the Regulation, Ibercaja, being subject to Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards disclosure of information, non-financial and diversity information by certain large companies and certain groups (hereinafter “NFRD”), must disclose how and to what extent its activities are associated with sustainable economic activities, as defined in that regulation.

At present, the Taxonomy has only developed climate change mitigation and climate change adaptation objectives, with the rest of the environmental objectives still to be defined.

The disclosure obligations required of entities subject to the NFRD in this year relate to eligibility ratios. Note that eligibility is not an indicator of the environmental performance or sustainability of an activity for these purposes. Eligible economic activities are those that fall within the scope of the regulation and have the potential to contribute to the defined environmental objectives, provided that they meet the technical screening criteria set out in the Regulation; this analysis will be required of companies in the coming years, following a timetable for implementation of the Regulation.

The Ibercaja Group primarily engages in retail banking and carries out all of its business in Spain. Its corporate purpose extends to all manner of general banking activities, transactions, business, contracts and services permitted under prevailing law and regulations, including the provision of investment and auxiliary services.

In this regard, below is a breakdown of the quantitative information at 31 December 2021 and 31 December 2022, following the recommendations published by the European Commission in its FAQs documents of December 2021 and February 2022, which establish that banks should report **following the requirements of the prudential consolidation perimeter** in accordance with Title II, Chapter 2, Section 2 of Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms.

	At 31 December 2021	31/12/2021 (%)	31/12/2022 (%)	Description of content
A.	A. Percentage (%) of total assets exposed to Central Governments, Central Banks and Supranational Issuers	28.06%	22.12%	Exposures to Central Governments, Central Banks and Supranational Issuers divided by total on-balance sheet assets (1)
B.	B. % of total assets corresponding to the trading book	0.01%	0.05%	Trading book exposures divided by total on-balance sheet assets (1)
C.	C. Percentage (%) of assets covered within the perimeter of the GAR calculation	71.94%	77.83%	On-balance sheet exposures excluding those exposures to Central Governments, Central Banks, Supranational Issuers and the Trading Book (2)
Total balance sheet assets (A+B+C) (1)		100%	100%	
C1.	C1. % of total assets exposed to Taxonomy- eligible economic activities	48.70%	47.45%	Activities with entities subject to the NFRD, households and local governments covered by the Taxonomy Regulation divided by the total assets covered (2) and (3)
C2.	C2. % of total assets exposed to Taxonomy- non-eligible economic activities	27.25%	26.57%	Activities with entities subject to the NFRD, households and local governments not covered by the Taxonomy Regulation divided by the total assets covered (2) and (3)
C3.	C3. % of total assets exposed to banks not subject to NFRD and therefore not obliged to publish non-financial information	23.85%	25.39%	Exposures to entities not required to report under NFRD divided by total assets covered (2) and (3)
C4.	C4. % of total assets exposed to derivatives	0.19%	0.60%	Derivative exposures divided by total hedged assets (2)
C5.	C5. % of total assets corresponding to overnight interbank loans	–	–	Exposures to overnight interbank lending divided by total hedged assets (2)
Total hedged assets (C,1+C,2+C,3+C,4) (2)		100%	100%	

(1): "Total balance sheet assets" is the total amount of assets considering the prudential consolidation perimeter at year-end.

(2): "Total hedged assets" includes assets within the perimeter of the GAR calculation: total on-balance sheet exposures, following the prudential consolidation perimeter, excluding those exposures to Central Governments, Central Banks, Supranational Issuers and the Trading Book, including cash equivalent balances held with these counterparties and the Trading Book.

(3): The information published in the 2021 directors' report concerning ratios C.1., C.2. and C.3. was reported considering in the denominator only certain economic accounting categories of financial assets, as indicated in Appendix V - Key Performance Indicators of Credit Institutions of Delegated Regulation 2021/2178/EU: financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets at fair value through profit or loss, and non-trading financial assets mandatorily measured at fair value. Following industry publications and clarifications made in Appendix VI, the volume of "total hedged assets" has been expanded in accordance with footnote (2). In this regard, at 31 December 2021, 55.03% of total assets exposed to Taxonomy-eligible economic activities; 18.30% of total assets exposed to non-taxonomy-eligible economic activities; and 26.67% of total assets exposed to entities not required to publish non-financial information were reported

To determine the above information, assets exposed to eligible activities have been categorised as such on the basis of the list of activities contained in Annexes I and II of the Climate Delegated Act of the Taxonomy Regulation 2020/852, which list the activities that contribute substantially to the objectives of climate change mitigation and adaptation, as well as in the Delegated Regulation (EU) 2022/1214, which includes activities related to nuclear energy and fossil gas in the Taxonomy. Ibercaja will include the information required in this latest Delegated Regulation at the end of the next financial year together with all reporting of assets exposed to activities aligned with the Taxonomy.

The information about these exposures has been obtained from the analysis of available counterparty data in the company's systems for each asset class. Most of the exposure to activities categorised as Taxonomy-eligible corresponds to exposures to residential real estate, which would correspond under the Regulation to activity 7.1 – Acquisition and ownership of buildings. Also relevant are assets with loan exposures and leasing and renting operations of private vehicles, which under the Regulation relates to activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles of Annex I of the Climate Delegated Act.

To assess the eligibility of exposures to financial and non-financial institutions, it must be based on actual data provided by the counterparties. In this regard, in line with the Bank's commitment to improving data quality and making data more widely available, Ibercaja is conducting a pilot analysis exercise on the eligibility data of some counterparties during 2022 and expects to continue working with its data providers to be able to include data on the alignment of exposures to financial and non-financial institutions in the future.

Likewise, in accordance with the provisions of the aforementioned Regulation, we have made the following exclusions for when calculating the aforementioned indicators:

- a. Exposures to central governments, central banks and supranational issuers have been excluded from total hedged assets.
- b. The trading portfolio has been excluded from total hedged assets.
- c. Exposures to entities not required to publish non-financial information and derivative exposures have been excluded from the numerator of the percentage of total assets exposed to Taxonomy-eligible and non-eligible economic activities.

At Ibercaja we are committed to sustainability, which is why we strive to duly address the needs and expectations of all our stakeholders, while also complying with the provisions of all related regulations, including the Regulation giving rise to this report. When carrying on its financial activity, Ibercaja considers that its actions should promote a suitable balance between economic growth, social cohesion and the preservation of the environment, all in accordance with its Corporate Purpose: “Help people build their life story.” As stated in its Sustainability Policy, Ibercaja is committed to aligning its commercial strategy with the UN Principles of Responsible Banking by tailoring its products and services to the new needs arising from sustainable development, championing more sustainable business models and practices and integrating ESG factors into global risk management.

With this objective in mind, the Ibercaja Group is now including ESG aspects in the design of products and services with sustainable characteristics. During the year, it made progress in identifying and integrating sustainability risks and in their disclosure, complying with the current requirements of Regulation 2019/2088, on which it continues to work to adapt its policies and pre-contractual information, website and periodic information to regulatory requirements.

Appendix E – Independent assurance report

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**Independent Assurance Report on the Consolidated Non-Financial Information
Statement for the year ended December 31, 2022**

IBERCAJA BANCO, S.A. AND SUBSIDIARIES



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INDEPENDENT ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.

To the shareholders of Ibercaja Banco, S.A.:

Pursuant to Article 49 of the Spanish Code of Commerce, we have performed a verification, with a limited assurance scope, of the attached Consolidated Non-Financial Information Statement (hereinafter, NFS) for the year ended December 31, 2022 of Ibercaja Banco, S.A. (hereinafter, "the Bank") and subsidiaries that comprise, together with the Bank, Ibercaja Group (hereinafter, "the Group"), which is part of the Group's accompanying consolidated management Report for the year 2022.

The content of the consolidated management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in Annex A "Requirements of Law 11/2018 on non-financial reporting and diversity", Annex C "GRI Content Index" and in principles 2.1, 2.2, 2.3 and 5.1 of chapter 6.11 "Implementation of the UNEP-FI Responsible Banking Principles", of the accompanying consolidated management Report.

Responsibility of the Board of Directors

The preparation of the NFS included in the consolidated management Report and its content is the responsibility of the Board of Directors of the Bank. The NFS was prepared in accordance with prevailing mercantile legislation and following, as a reference, the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards), as well as other criteria, including the "Financial Services sector supplement to the GRI Guidelines version G4" and the "United Nations Principles for Responsible Banking", described in accordance with that described for each subject in Annex A "Requirements of Law 11/2018 regarding non-financial information and diversity", in Annex C "Index of GRI contents" and in Chapter 6. 11 "Implementation of the UNEP-FI Responsible Banking Principles", of the aforementioned attached Consolidated Management Report.

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Accountants (including international standards on independence) issued by the International Ethics Standards Board for Accountants (IESBA) that is based on the fundamental principles of professional integrity, objectivity, competence, diligence as well as confidentiality and professional behaviour.

Our Firm complies with current international quality standards and thus maintains a quality system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts and the Guidance for assurance limited assurance providers for reporting on the Principles of Responsible Banking, issued by UNEP FI (United Nations Environment Programme Finance Initiative).

The procedures performed in a limited assurance engagement vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement, and therefore, the level of assurance provided is also lower.

Our work consisted in requesting information from Management, as well as of the various Group units involved in the preparation of the NFS, reviewing the processes for gathering and validating the information included in the NFS, and applying certain analytical procedures and sample review tests as described below:

- ▶ Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the NFS for the year 2022 based on the materiality analysis made by the Group's Management and described in section 3 "Keys points of this document", considering the contents required by current mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2022 Non-Financial Statement.
- ▶  Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2022 NFS.
- ▶  Checking, through tests, based on a selection of a sample, the information related to the content of the 2022 NFS and its correct compilation from the data provided by the Group's information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments establishes the obligation to disclose information on how and to what extent the entity's investments are associated with eligible economic activities in accordance with the Taxonomy. For such purposes, the Board of Directors of the Bank have included information on the criteria which, in their opinion, best allow them to comply with this obligation and which are those defined in Annex D "Information of the Taxonomy Regulation (EU) 2020/852" of the accompanying consolidated management Report. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that NFS of the Ibercaja Group for the year ended December 31, 2022 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and following, as a reference, the criteria of the GRI standards, as well as other criteria, including the "Financial Services sector supplement to the GRI Guidelines version G4" and the "United Nations Principles for Responsible Banking", described in accordance with that described for each subject in Annex A "Requirements of Law 11/2018 regarding non-financial information and diversity", in Annex C "Index of GRI contents" and in Chapter 6. 11 "Implementation of the UNEP-FI Responsible Banking Principles", of the aforementioned attached Consolidated Management Report.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

José Carlos Hernández Barrasús

March 3th, 2023

**CORPORATE GOVERNANCE
REPORT**

The Annual Corporate Governance Report is available at the CNMV and on the Bank's website, under the section "Shareholders and Investors – Corporate Governance and Remuneration Policy".

Auditor's report on the "Information Related to the System of Internal Control Over Financial Reporting (ICFR)" for the year 2022

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

(Ibercaja Banco Group)

AUDITOR'S REPORT ON THE "INFORMATION RELATED TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

Translation of a report and information originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Board of Directors of IBERCAJA BANCO, S.A.:

In accordance with the request from the Management of IBERCAJA BANCO, S.A. (hereinafter the Entity) and our engagement letter dated December 15, 2022, we have performed certain procedures on the "ICFR related information" attached "F. Internal control and risk management systems for financial reporting (ICFR)" of the Annual Corporate Governance Report of IBERCAJA BANCO, S.A., which summarizes the internal control procedures of the Entity in relation to the annual financial information.

The Board of Directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR related information attached.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Entity in relation to its annual financial information, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the entity's internal control was to enable us to establish the nature, timing and extent of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of the internal control performed for the purposes of the audit of the financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

For the purpose of issuing this report, we exclusively performed the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of these procedures was limited and substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or its design or operating effectiveness, in relation to Entity's annual financial information for 2022 described in the ICFR related information attached. Consequently, had we performed additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters might have come to our attention that would have been reported to you.

Likewise, since this special engagement does not constitute an audit of the financial statements in accordance with prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for therein.

The procedures performed were as follows:

1. Read and understand the information prepared by the Entity in relation to the ICFR -which is provided in the Annual Corporate Governance Report disclosure information included in the Directors' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the model established by CNMV Circular nº 5/2013 dated June 12, 2013 and subsequent amendments, the most recent one being CNMV Circular 1/2020 of October 6, 2020 (hereinafter, the CNMV Circulars).
2. Make enquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) Obtain an understanding of the process followed in its preparation; (ii) Obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) Obtain information on whether the control procedures described are implemented and in use by the Group.
3. Review the explanatory documentation supporting the information described in point 1 above, which should basically include that which is provided directly to those responsible for preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes related reports prepared by the Internal Audit Department, senior management, and other internal and external experts providing support to the Audit and Compliance Committee.
4. Compare the information described in point 1 above with our knowledge of Entity's ICFR obtained as a result of performing the external audit procedures within the framework of the audit of the financial statements.
5. Read the minutes of the meetings held by the Board of Directors, Audit and Compliance Committee and other Entity committees in order to assess the consistency between the ICFR issues addressed therein and the information provided in point 1 above.
6. Obtain the representation letter related to the work performed, duly signed by the personnel in charge of preparing the information discussed in point 1 above.

As a result of the procedures performed, no inconsistencies or issues were observed that might have an impact on ICFR related information.



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This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the Consolidated text of the Corporate Enterprises Act and CNMV Circulars on ICFR description in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

José Carlos Hernández Barrasús

March 3, 2023

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