



Consolidated Directors Report for 2021

EL BANCO
DEL
Vamos

Ibercaja Banco, S.A.
and subsidiaries



CONSOLIDATED DIRECTORS' REPORT FOR 2021

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Letter from the
Chairman and
Chief Executive Officer

Letter from the Chairman and Chief Executive Officer

102-2, 102-4, 102-5, 102-6, 102-9, 102-14, 102-15, 103-1, 103-2

The **economic recovery** was widespread in all developed countries in 2021, largely thanks to progress in the vaccination process and despite uncertainties such as the persistence of the pandemic, supply problems and inflationary pressures.

Thus, although the economic improvement has been a verifiable fact, it is also true that the expected levels have not been reached, especially in Spain, which has recorded GDP growth of around 5%; however, the recovery to pre-pandemic production levels has not yet been completed.

Global **consumption** returned faster than expected, to the extent that the supply of some products could not meet the post-pandemic level of demand. This imbalance led to delays in delivery times, supply difficulties and, above all, price increases for raw materials and transport.

Another factor that has conditioned a slower recovery than expected has been the rise in **energy prices**, impacting the purchasing power of households and the margins of companies, which were affected by the increase in their production costs, especially in the case of industrial companies.

In this context, the policies of the main central banks began to be less lax at the end of the year, with various measures already being implemented to redirect the upward trend in the prices of goods and services.

In this context, in line with the sector's significant contribution in 2020 to mitigating the adverse economic effects of the outbreak of the pandemic, in 2021, **banks have been a key player in supporting the recovery of business and economic activity.**

Against this economic backdrop, the balance of activity of banks has been clearly positive, with significant dynamism in volumes, both in lending and, above all, in the management of savings; at the same time, non-performing loans have remained contained, notably reducing the need for provisions.

In addition, the sector has continued restructuring **its commercial network to adapt its structure to the current requirements of the environment, which entail greater digitalisation and the need for operational efficiency** to achieve reasonable levels of profitability.

All this finally crystallised in 2021 in a **general increase in the net profit** of financial institutions and a return to levels of return to shareholders that are already approaching the cost of capital.

Against this backdrop, in April 2021, Ibercaja presented its strategic roadmap for the next three years, the **Desafío 2023 Plan** (Challenge 2023 Plan), to reinforce its own independent project that gives continuity to 145 years of financial, economic, social and territorial function that has consolidated the Bank's distinctive DNA.

In the first year of the strategic three-year period, the Bank achieved profits of 151 million euros and a ROTE of 5.7%. At the same time, it continued to strengthen its financial soundness and solvency, ending the year with a common equity tier 1 ("CET1") fully loaded capital ratio of 12.7% and reducing the NPL ratio to 2.3%, with an NPL coverage ratio of 75.3%.

The **results** reflect the Bank's intense commercial activity to grow **in the corporate and personal banking segments**. A new Corporate Banking area was created at the beginning of the year, which boosted relations with these customers, capturing more than 5,400 new companies in 2021 and achieving growth of close to 7% in regular lending to this segment.

Overall (individuals, companies and institutions), new loans and credits were 5,421 million euros, returning to pre-pandemic levels.

In addition, the excellent performance of **asset management** was once again confirmed, with an increase of 5.78% in the national sector's share by volume of investment funds under management.

At the same time, the Bank intensified its **digital transformation**, responding to the acceleration in the digitalisation of society caused by the pandemic, as reflected in the almost 879,000 digital customers and more than 603,000 users of the mobile banking app at the end of 2021.

This year, in addition to implementing important new features and improvements in the online banking applications for businesses, individuals and the mobile app, the digital managers' project was launched. A team of professionals accompanies the customer, also through non-face-to-face channels, with a more personalised and specialised service. In this way, Ibercaja responds to its commitment to an omnichannel model focused on the customer experience and transfers the customer service model it provides in its physical branches to its non-face-to-face channels.

The Entity has also made steady progress towards being **a benchmark in sustainability**. In addition to accelerating the launch of specific investment and financing products and services to accompany its customers on their journey towards a more sustainable future, the action plan designed to integrate ESG (environmental, social and governance) risks into the Bank's overall risk management is being implemented.

Among other milestones achieved in this area, in 2021, Ibercaja became one of the **founding members of the Net Zero Banking Alliance**; offset all of its direct emissions in 2020, and organised its 1st Planet Week. This initiative is aimed at raising awareness and mobilising the participation of the Bank's employees and customers, as well as society at large, to convey the impetus that Ibercaja, its Financial Group and the Ibercaja Foundation are applying in their respective roadmaps to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

The Bank continues to promote its **corporate purpose** ("to help people build the story of their lives because it will be our story") in a year in which support for its employees, its customers and society has been essential to contribute to the necessary economic and social recovery underway.

Various measures deployed to mitigate the effects of the pandemic on customers have been maintained, such as the ICO lines for financing companies and the self-employed or the early payment of pensions and unemployment benefits, among others.

The Entity has supported institutions and public and private associations through collaboration agreements, initiatives such as Impulso Solidario (Wave of Solidarity) or Tu dinero con corazón (Your money with heart), thereby contributing to the development of the laudable and praiseworthy actions that favour social cohesion that they carry out.

The **Plan Desafío 2023**, launched this year, will guide the Bank's management in 2022, focusing on strengthening future competitiveness; driving transformation and growth in priority business segments; and consolidating a profitable business model that contributes to sustainable, inclusive and environmentally friendly growth.

To achieve this, the Bank has deep-rooted **strengths and proven competitive advantages**, including the Bank's staff's skills, commitment, and expertise. Their involvement in implementing the strategy, achieving the business goals, and the transformation itinerary constitute the most solid guarantee to ensure the successful future of this collective project, that is, Ibercaja.



José Luis Aguirre Loaso

CHAIRMAN



Mr Víctor Iglesias Ruiz

CEO

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Main figures:
economic and
sustainable impact

Economic Impact

Key figures for the Bank



Capital adequacy & liquidity

12.7% (+12 bp)

cet1 fully loaded

17.4% (+17 bp)

capital total fully loaded

26.0%

available liquidity / total assets

5.2%

distance MDA



Asset Quality

-29.2%

non-performing assets

2.3% (-91 bp)

Loan NPL ratio

4.0% (-110 bp)

distressed assets ratio

68.8% (+664 bp)

distressed assets coverage



National size

€58,631 million

total assets

€99,025 million

retail business volume

914

branches

1,172

ATMs

4,880 (4,587 parent)

employees

1,6 million

cards

878,818

digital customers

74.3%

digital transactions

36.4%

digital sales



Commercial activity

+7.3%

retail funds

+12.9%

asset management and insurance

€5,421 million

loans and credit arranged

+6.9%

performing loans to company

+47%

new insurance origination



Results

€151 million

net profit

€931 million (+2.5%)

recurrent revenues

€114 million (-51.1%)

write-downs of credit and real estate

65%

pay-out



Market shares

2.4%

market shares for loans and households

3.5%

market shares for funds

5.1%

share of asset management and insurance

6
POSITION

5.8%
investment funds

7
POSITION

3.5%
life insurance

4
POSITION

6.0%
pension plans

6
POSITION

3.5%
individual pension plans

3
POSITION

12.0%
employment pension plans



Recognitions



Sustainable Impact

Our purpose

"Helping people build their life story because it will be our story"



We contribute to society and to our environment

+€14 million

investment in social action by Fundación Ibercaja

Close to 1 million beneficiaries of the social action

104

towns served as the only bank present there

€460 thousand

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



We accompany our people

4,880

people work at the Ibercaja Group

31%

management positions held by women

214

young university students carried out internships at Ibercaja Banco centres

+100

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



Our commitment to sustainability

€2,105 million

managed in sustainable investment (as per art. 8)

Adherence to TCFD recommendations



Family-friendly business (EFR) certification



Celebration of the 1st Ibercaja Planet Week

Signatory to:

UN Global Compact



Pacto Mundial de Empresas

UN Principles for Responsible Banking



PRINCIPLES FOR RESPONSIBLE BANKING

Net Zero Banking Alliance



We advance innovation and digitisation

More than 74%

of transactions carried out through digital banking

+95%

of Bank employees with mobility equipment



We accompany our customers: families and businesses

914

branches across Spain

23%

branches in towns or villages with fewer than 1.000 inhabitants

+348,000

SME and self-employed customers trust in Ibercaja

212

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



We care for the environment

Carbon

neutral (scopes 1 and 2)

100%

green energy

6,721.29 tn

of CO₂ avoided by purchasing green energy

56,150

cards with recycled plastic

ISO 14001

Certification in environmental management



Recognitions



We promote the  **SUSTAINABLE DEVELOPMENT GOALS**

3

Key points
of this document

Key points of this document

102-21, 102-40, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-54

This 2021 Consolidated Management Report contains the most relevant economic and sustainability information on Ibercaja Banco and its subsidiaries.

Scope

The Consolidated Directors' Report brings together **all the relevant financial and sustainability information of the Ibercaja Group** in a **single document**. The aim is to make the best and most complete information available to all stakeholders transparently. This report 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 (www.ibercaja.com) so that it is accessible to all interested parties.

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.

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 objective of this report is also to address those aspects necessary for its consideration as a **Sustainability Report**, according to the criteria of the **Global Reporting Initiative (GRI)**, in line with the "essential" conformity option, whose directives have oriented Ibercaja's annual reports since 2005 and, in turn, serve as a "**Progress Report**", in accordance with the reporting requirements of the **Global Compact**, relating to the 10 Principles of the United Nations Global Compact. It also includes the **implementation** report of the **United Nations Responsible Banking Principles**, signed by the Bank in 2019, together with the progress made in the report on **climate-related information**, in line with the recommendations of the **TCFD** (Task Force on Climate-Related Financial Disclosures), of which Ibercaja Banco became a member in August 2019.

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 equitably, by defining those economic activities that can be considered environmentally sustainable.

Materiality

Ibercaja periodically performs a **materiality study** to identify the priority financial, economic, social and environmental matters for its stakeholders and its business and thereby determine what information must 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 on the business and in the valuations and decisions of the stakeholders.

With this approach, in 2015, the first materiality study was drawn up to identify those aspects that influence the ability to create value for Ibercaja and that are of interest to the people and/or groups with which it is related. This analysis is regularly updated to align it with each strategic cycle.

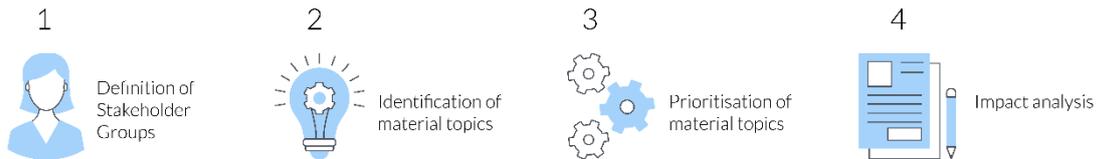
OBJECTIVE

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

In 2021 Ibercaja performed a **new materiality analysis** applying the **double materiality approach under the European Non-Financial Reporting Directive** to identify and prioritise the material issues for the organisation and its stakeholders and ensure alignment with the **new Strategic Plan in effect at the Bank 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), stakeholders' requirements, and the best practices in the market. These 4 phases are:



1. Definition of key stakeholders for the materiality study.

Ibercaja has identified its priority stakeholders based on the materiality study. For each of them, the method of participation has been defined, the channels of communication and dialogue that the Entity has established to identify expectations and interests, and 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 was developed for materiality analysis and rating surveys, meetings, etc.
- **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 regularly and external experts are consulted.

2. Identification and assessment of relevant issues:

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

Internal analysis, where they have been evaluated:

- The **Plan Estratégico Desafío 2023** (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 and Sustainable Finance.
- **Best practices and trends** in sustainability, focusing on sector-related aspects and the relevant issues gained in the financial industry.
- **External requirements and demands:** Media analysis, rating agencies' requirements, analysts and investors, among others.
- **Initiatives, partnerships and standards:** Global Reporting Initiative, WEF-IBC, Sustainable Development Goals, TCFD, etc.

The internal and external information analysis 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**, grouped into 15 relevant topics, aligned with industry expectations and responded to the programmes and initiatives included in the Bank's Desafío 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 to determine 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

Business Divisions

Financial Group

Fundación Ibercaja



Importance for Stakeholders

Customers

Shareholders and Investors

Employees

Suppliers

Society at large

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

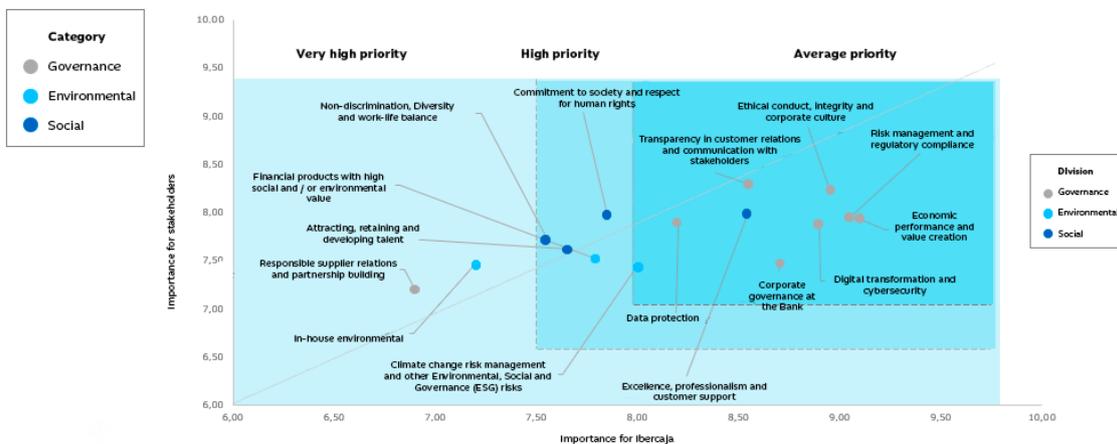
- Strategic aspects related to the generation of value for customers and shareholders and increased transparency towards all stakeholders.
- High standards of regulatory compliance and risk management.
- Highest standards in corporate culture, ethics and integrity.
- Digital transformation and cybersecurity.
- Excellence, professionalism and support in excellent customer service.
- Compliance with Corporate Governance best practices and standards.
- Ensuring absolute data privacy.
- Integration 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

- 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

- In-house environmental management.
- Conveying Ibercaja's commitments along its value chain.



The materiality matrix shows that all of Ibercaja's material issues are highly important to **both the Bank and its stakeholders**. Compared to the last materiality analysis in 2018, the relevant issues have evolved in 2021. These are strongly influenced by the regulatory environment and the current socio-economic context, including the pandemic. As a result of this analysis, the themes classified as "very high" priority in 2021 align 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 guaranteeing total data privacy.
- The integration of ESG aspects into business and risk management, particularly 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 according to the dual perspective of materiality

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:

Material issue and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDG related
<p>Ethical conduct, integrity and corporate culture</p> <p>Compliance with ethical principles and the specific commitments subscribed to voluntarily by the organisation and actions to improve 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 Entity 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 all stakeholders. This results in increased investment security and increased job stability as the risk of regulatory non-compliance is reduced.</p> <p>This behaviour positively impacts stakeholders, who are favoured in this way. By demanding that they behave in the same way, they transfer these principles to the</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 and 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 directly contributes 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>Creating 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.</p> <p>Adequate economic performance and the creation of value for its shareholders enable the improvement of shareholders and society in general through the social action of its shareholder foundations.</p>	   

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 of the relationship with stakeholders, which translates into better communication with more straightforward 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 and

Generating trust for all stakeholders, including customers, as the management of this aspect improves accessibility to the Entity's information. Likewise, the management of this aspect improves communication with stakeholders and, therefore, identifies 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 Entity'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 Entity, 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 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.



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., the use of cyber-attackers): Apps such as Ibercaja Pay).

Customers benefit from a more accessible, immediate and efficient service in their transactions (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. Commonly 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 Entity 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 improved 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 demand for suppliers and employees. Proper management of this aspect translates into greater confidence, stability and value creation for all stakeholders.



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 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 the 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

Identifying and managing ESG risks (including risks associated with climate change) and integrating them into Ibercaja's risk model.

Ibercaja's management of these risks results in Ibercaja's business being less exposed to them and greater alignment with regulation and 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 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.



Rigour

Throughout compiling and presenting the information, **Ibercaja has had in mind the principles of balance, precision, clarity, periodicity and reliability** necessary to guarantee the maximum quality of the information contained therein.

External audit review

Ernst & Young, S.L. has issued an independent assurance report, with limited assurance scope in accordance with the ISAE 3000 (Revised) Standard, on the non-financial reporting and diversity indicators that respond to Law 11/2018, on the indicators that respond to the GRI Standards under the "Core" compliance option and on the Financial Services Sector Supplement of the GRI G4 Guidelines, in addition to 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 investments (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.



4

Presentation of the Group and its context



4.1. Description, shareholding and organisational structure

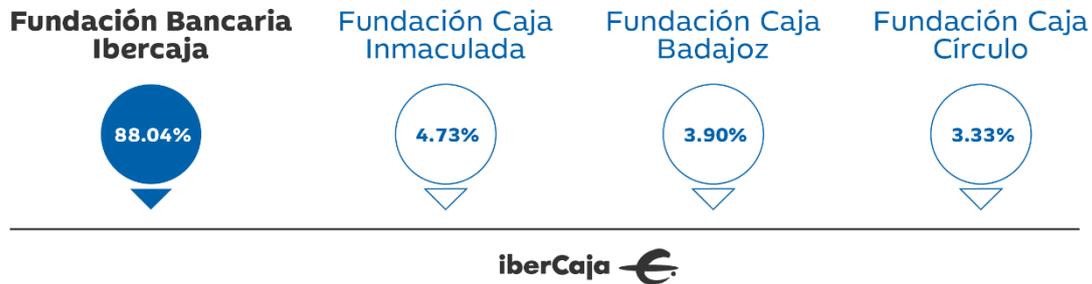
102-1, 102-2, 102-5, 102-45

Ibercaja is a national banking entity specialised in the business of individuals and companies, whose objective is to generate value for its

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 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 absorbed 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**. Of these, the most notable (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, savings and pensions, bancassurance and leasing/renting.

Organisational Structure



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

102-2, 102-16, 102-40, 102-42

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

Corporate Purpose

Ibercaja's Corporate Purpose is **"To help people build the story of their lives because it will be our story"**. It is the Bank's raison d'être, which gives meaning to its professionals' daily work and 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.

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 new **Desafío 2023 Strategic**



It is carried out through one of the Purpose and Sustainability Initiative Challenges. 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, it has communicated internally and externally, proactively and systematically, and is developing the **Culture and Purpose project**, defining the Entity's relationship model based on the pillars of the Purpose.

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 Entity'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

Ibercaja's mission reflects how the Institution should act to achieve its Purpose: **to improve the lives of families and businesses**, helping them manage their finances to give the customer efficient service and a personalised and quality advice, which will help the bank achieve its

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

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 more robust and more sustainable. Therefore, it accepts the triple challenge of generating business, social and environmental benefits to drive the transition towards a more sustainable economy.

Vision

The **vision** sets the path for the Entity 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 entity's ethical commitments, reflected in its **Code of Ethics**.



Ibercaja Code of Ethics

The Entity 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, to make its corporate values



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 Entity'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 addition, in 2022, we plan to carry out a **training workshop** on **Corporate Culture and Ethics** for all Ibercaja employees, which will serve to strengthen and consolidate these principles, as well as 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 **whistleblower channel**, which 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 is www.ibercaja.com an **e-mail address** (rsc@ibercaja.es) to which anyone can send **queries about the Bank's Code of Ethics**.

To ensure this channel's correct functioning and use, periodic reviews are carried out by Internal Audit. **Employees have a 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.

"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 our communication style. It helps us 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 2021, within the framework of the new Strategic Plan, taking into account the major transformation of the sector and society at large, 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 (current or evolved) to the process of commercial attraction and loyalty, defining how it declines 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

103-1

Economic recovery consolidates despite the persistence of the pandemic.

World economic landscape

The recovery of the **global economy** has been consolidated throughout 2021, despite the persistence of the pandemic with its different waves and the emergence of new SARS-CoV-2 variants. The IMF estimates that **global GDP growth reached 5.9% after the -3.1% drop in 2020**. This would have exceeded pre-crisis output levels.

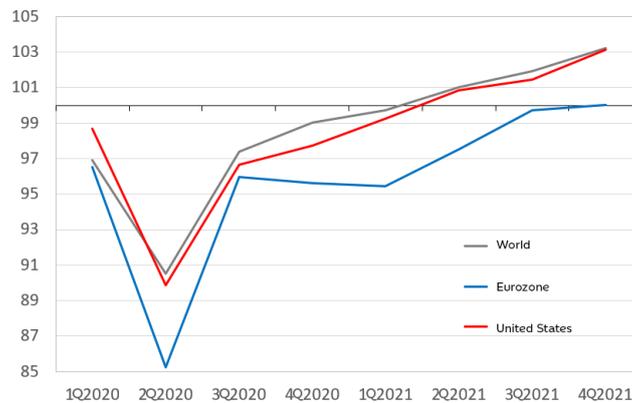
According to these estimates, growth would have been higher in emerging countries (6.5%) than in developed countries (5.0%), which, moreover, were coming from a larger decline in 2020 (-4.5% versus -2.0%). The different impact of the pandemic by country and by economic sector has meant that, despite widespread growth in 2021, not all economies and not all industries have fully recovered.

China's economy was the first to emerge from the crisis and **grew by 8.1% in 2021, after 2.3% in 2020**. However, beyond the base effect of the statistics, there is a slowdown in growth linked to the lower dynamism of the construction and real estate sectors, which is prompting the authorities to implement expansionary fiscal and monetary policies.

The US economy led the recovery among Western countries, and its GDP was already higher than before the pandemic in the second quarter of 2021. **For the year as a whole, it would have grown by 5.6% after falling by -3.4% in 2020.** The labour market has shown a good tone throughout 2021, although employment has not recovered to pre-pandemic levels.

On the negative side, the rapid improvement in demand, in many cases outstripping the pace of supply recovery, has led to sharp price rises. Moreover, the generous fiscal policy to combat the crisis has aggravated the situation of public accounts that were already starting from a significant imbalance.

GDP trend by country (BASE 100=4Q19)



The greater severity of restrictions in the face of the various pandemic waves delayed the recovery of the **Eurozone** compared to other advanced regions. However, **from the second quarter onwards, the economy gained traction and could have ended the year with a GDP growth of 5.2% according to initial estimates**, which, however, would be insufficient to overcome the sharp fall it experienced in 2020 (-6.5%). Country developments have been highly dispersed due to the measures taken to curb the coronavirus and the relative dependence of the sectors most affected by these constraints. Moreover, fiscal policy has been more or less expansionary depending on the state of public finances, something that could change from 2022 thanks to the implementation of the Next Generation EU funds. The labour market recovery has been faster than expected, and the unemployment rate is already lower than before the pandemic. However, it continues to vary sharply across countries, from full employment in the Netherlands and Malta to double-digit rates in Greece and Spain.

Monetary policy and financial markets

Monetary conditions remained very loose throughout 2021. However, the increase in inflationary pressures in the latter part of the year is causing a change in the orientation of the **central banks** after years of fighting the risk of deflation. Price acceleration is more structural in the US, which may lead to intervention rate hikes in the coming months, while in Europe, quantitative easing will continue with debt purchases at least until the end of the third quarter of 2022, and intervention rate hikes are not expected at least until the end of the year.

2021 was a very positive year for most stock markets. The US S&P 500 rose by 26.9% and the European Stoxx 600 by 22.2%. The Ibex lagged somewhat behind with a rise of 7.9% and a close below the year's highs. All Stoxx 600 sectors closed 2021 in positive territory. The largest increases were in banking (34.0%), technology (33.7%), media (31.7%) and construction (31.1%). Only two sectors did not show double-digit gains: electricity (5.4%) and travel and leisure (3.7%).

Interest rates on government debt remained at very low levels by historical standards in 2021, although there was some recovery from the lows reached in 2020. This rise could continue in 2022 due to rising price pressures and less expansionary central bank policies. **The 12-month Euribor traded around -0.50% for most of 2021; however, this may change** as upward movements in intervention rates begin to be priced in.

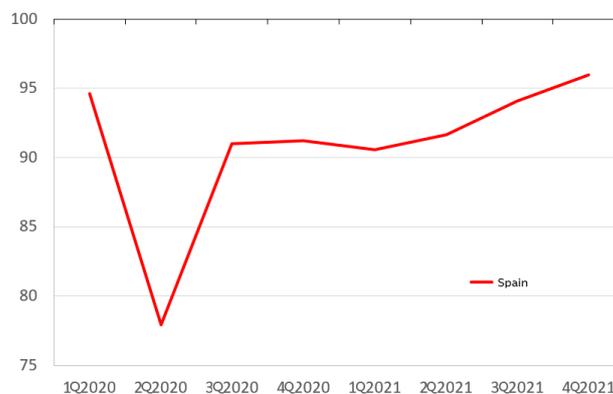
The Spanish economy

The recovery of **Spanish GDP** was somewhat disappointing during the first half of the year before gaining momentum in the second half. **In 2021 as a whole, GDP grew by 5.0%** according to the INE's first estimate, which is meagre if we take into account the -10.8% drop in 2020. Among the European economies that have published data, Spain remains the furthest away from pre-crisis output levels. The insufficient return to normality of the sectors most affected by the pandemic, which have a greater relative weight in the Spanish economy, and of private consumption explain this worse relative performance. The high savings generated during the previous year were channelled not into consumption but into investment, which was reflected in the good real estate figures, but not in GDP.

GDP in Spain (BASE 100= 4Q19)

Relative to 2019, GDP in 2021

was still **-6.4%** lower despite the aforementioned **5.0%** rebound.



The insufficiency of the recovery was evident in the gross value added of professional and administrative services (-12.6% in 2021 compared to 2019), construction (-14.9%), trade, transport and accommodation (-15.5%) and entertainment and other services (-25.0%). In addition, financial services (13.7%), public administration, education and health (3.4%) and real estate activities (2.3%) performed well.

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 was virtually the same in 2021 as in 2019 and exceeded it by 1.1% in the fourth quarter according to LFS data. The unemployment rate fell to 14.8% on the annual average (13.3% in the last quarter) from 15.5% in 2020 and 14.1% in 2019. The number of ERTE workers fell from 925,000 in February to 126,000 in December.

GDP GROWTH

The recovery has accelerated in recent quarters, and this dynamism may continue in the coming quarters, provided that activity continues to return to the sectors most affected by the pandemic. For future growth, beyond the mere rebound effect, it is essential to recover lost productivity, something to which the European Next Generation funds can contribute.

The increase in energy prices has conditioned the behaviour of **inflation**. CPI accelerated from -0.5% in December 2020 to 6.6% in December 2021, with an annual average of 3.1% (after -0.3% in 2020).

Banking and regulatory environment

The **Spanish banking system has played a key role in mitigating the effects of the pandemic** on economic activity and, in collaboration with the authorities, in facilitating financing for households and businesses to meet their financial obligations in the current adverse context. **It is also a key factor in the recovery**, maintaining the flow of credit to finance the investment necessary to modernise the productive fabric and the transition towards a more sustainable economy. However, the sector faces important challenges, including the following: improving profitability that recurrently offsets the cost of capital, progress in digitisation, competition with new, less regulated players such as technology giants and Fintech companies, risks linked to cybersecurity, climate risk management and sustainable finance, and the uncertainties still hanging over the effects of the phasing out of support measures for businesses and households.

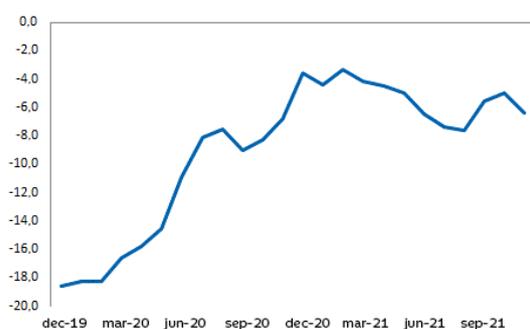
The **system's credit to households and companies is up 0.3% year-on-year**. Financing to non-financial companies rose 0.2% after overcoming the setbacks recorded during most of the year due to the base effect caused by the increase in financing for productive activities in the first months of 2020 under the ICO lines guaranteed by the State. Lending to households increased by 0.3% due to the momentum, observed in the last part of the year, of both lending for house purchases and consumer credit, which rose 1.1% and 1.4%, respectively.

The **retail deposits** in the system **rose 5.6% in the last twelve months**. Although the momentum generated by the health crisis has slowed, the increases are still significant. In companies, the variation reaches 8.9%, compared to 14.7% in December 2020, while in households, it rises by 4.6% vs 7.5% at the end of 2020. **Investment funds** increased their assets by **15.7% year-on-year**, both in terms of net contributions and returns obtained in a very positive scenario for the stock markets.

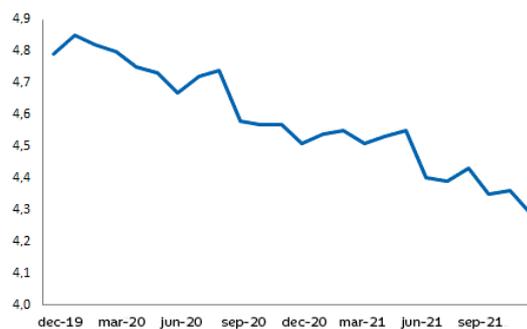
The effect of the pandemic on economic activity has not been reflected, in contrast to what was observed in previous crises, in an increase in non-performing loans contained mainly by public support measures such as ERTE, guarantees for access to credit and moratoriums. With data to November, the balance contracted by 4.7% compared with December 2020. The **NPL ratio** of credit to the resident private sector for credit institutions as a whole stood at **4.29%**, **22 basis points lower than at the end of 2020**. However, the risk of credit quality deterioration in the economic sectors hardest hit by the crisis persists. Loans classified under special surveillance have increased, with the latest known data as at September, by 53% year-on-year, while refinanced or restructured loans, after declining in the pre-pandemic quarters, have moved to positive rates of change. After the extraordinary increase in 2020 in anticipation of future risks, asset impairment charges have been reduced to 2019 levels.

Doubtful assets indicators credit institutions

CHANGE IN NON-PERFORMING LOANS PRIVATE SECTOR
YEAR-ON-YEAR % RATE %



PRIVATE SECTOR NPL RATIO



In the **regulatory sphere**, the Bank of Spain published **Circular 5/2021 on 22 September**, amending Circular 2/2016 of 2 February on the supervision and solvency of credit institutions, to develop certain macroprudential instruments, which make it possible to establish a countercyclical capital buffer requirement in specific sectors, limits on the sectoral concentration of credit in relation to bank capital, and requirements on the criteria for granting credit.

The Bank of Spain, by means of **Circular 6/2021 of 22 December**, has amended Circular 4/2017 of 27 November to credit institutions on public and confidential financial reporting standards and financial statement formats, and Circular 4/2019 of 26 November to financial credit institutions on public and confidential financial reporting standards and financial statement formats. The objective of the standard is to preserve the convergence of Spanish accounting regulations with the International Financial Reporting Standards adopted by the European Union (EU-IFRS).

The **European Commission published on 27 October a proposal for a review of the regulation applicable to the banking sector**, which includes **legislative changes to implement the Basel III agreement**, taking into account the particular characteristics of the European banking sector. The proposal aims to strengthen the resilience of EU banks, without leading to significant capital increases, and introduces an extended transitional period, starting for some aspects in 2025. It also introduces rules on the management, monitoring and reporting to third parties of environmental, social and governance (ESG) risks, in line with the objectives set out in the EU Sustainable Finance Strategy.

4.4 Corporate governance

102-15, 102-16, 102-17, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-28, 102-30, 102-31, 102-32, 102-35, 102-36, 103-1, 103-2, 103-3, 405-1

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 55% of the members of the Board of Directors.

3. The chairmanship of all advisory committees 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 Bylaws.

The functioning of the General Shareholders Meeting is regulated in section 5 of the Articles of Association, which are accessible through the corporate website www.ibercaja.com in the Shareholders and Investors section (<https://www.ibercaja.com/accionistas-e-inversores/gobierno-corporativo-y-politica-de-remuneraciones>), 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 Bank** 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 on 31 December 2021 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr José Luis Aguirre Loaso	Proprietary
First Deputy Chairman	Mr. Jesús Máximo Bueno Arrese	Proprietary
CEO	Mr Víctor Manuel Iglesias Ruiz	Executive
Member	Ms Gabriela González-Bueno Lillo	Independent
Member	Mr José Miguel Echarri Porta	Proprietary
Member	Mr Vicente Córdor López	Independent
Member	Mr Jesús Solchaga Loitegui	Independent
Member	Mr Jesús Tejel Giménez	Independent
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Mr Luis Enrique Arrufat Guerra	Proprietary
Member	Ms Maria Pilar Segura Bas	Independent

9.1	36.36	54.54	25
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Composition of the Board of Directors



All appointments of the members of the Board of Directors have been favourably reported by the Appointments 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 assessment of suitability and diversity of directors and senior officers of the Bank, as required by current legislation.

The academic background, experience and professional career of the directors is available on the Entity's corporate website <https://www.ibercaja.com/accionistas-e-inversores/gobierno-corporativo-y-politica-de-remuneraciones/consejo-de-administracion>).

According to article 28 of the current statutes, 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 accounts of the previous financial year has elapsed.

As at 31 December 2021, the average term of office of directors was five years, taking into account that the current Chairman and Vice-Chairman were appointed as directors on the occasion of the incorporation of Ibercaja Banco in 2011, and that a proprietary director was appointed in October 2021.

The Chairman of the Board of Directors, Mr José Luis Aguirre Loaso, informed the Board of his intention to resign for reasons of age once the accounts for the 2021 financial year had been drawn up. The Board agreed to initiate the process of succession of the non-executive Chairman, such process being directed by the Appointments Committee, which has been assisted for this purpose by external specialist advice.

On 17 December 2021, at the proposal of the Appointments Committee, the Board of Directors unanimously agreed to propose Francisco Serrano Gill de Albornoz as a candidate for non-executive Chairman of the Board. This proposal is conditional both on the European Central Bank's positive assessment of the candidate's suitability and, should this take place, on the Bank's General Meeting of Shareholders appointing the candidate as a director. Pending this process, Mr Aguirre Loaso will continue to serve as non-executive Chairman.

Executive Committee

The **powers delegated** by the Board of Directors to 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 that fall within its competencies under the Policies and Procedures Manual to manage lending risk approved by the Board of Directors. It will also hear and adopt resolutions regarding proposals to acquire assets by the Entity 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.
- Shall hear and adopt resolutions regarding matters relating to the Entity's assets (properties, expenses, purchases, etc.) and investments and divestments in investee companies that must be submitted for its consideration in accordance with internal Policies and Manuals, except for those that shareholders must decide at a General Meeting in accordance with the law.
- When appropriate, shall grant the necessary or advisable authority to execute the resolutions adopted.

The composition of the Executive Committee as at 31 December 2021 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr José Luis Aguirre Loaso	Proprietary
Member	Mr Víctor Manuel Iglesias Ruiz	Executive
Member	Mr Vicente Cándor López	Independent
Member	Mr Jesús Máximo Bueno Arrese	Proprietary
Member	Mr Jesús Tejel Giménez	Independent

20.00	40.00	40.00	23
% 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 Entity 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 as at 31 December 2021 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Jesús Solchaga Loitegui	Independent
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Ms Maria Pilar Segura Bas	Independent
Member	Ms Gabriela González-Bueno Lillo	Independent

0.00	0.00	100.00	7
% 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 Collective, i.e. the persons whose professional activity has a significant impact on the Bank's risk profile.

The composition of the Remuneration Committee as at 31 December 2021 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Jesús Solchaga Loitegui	Independent
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Ms Maria Pilar Segura Bas	Independent
Member	Ms Gabriela González-Bueno Lillo	Independent

0.00	0.00	100.00	5
% 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, 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, as at 31 December 2021, was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Jesús Tejel Giménez	Independent
Member	Mr Jesús Máximo Bueno Arrese	Proprietary
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Mr José Miguel Echarri Porta	Proprietary
Member	Mr Vicente Córdor López	Independent

0.00	40.00	60.00	11
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings

Large Risk and Solvency 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 solvency levels and proposing any action deemed appropriate for improvement.

The composition of the Large Exposures and Solvency Committee at 31 December 2021 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Vicente Cándor López	Independent
Member	Mr Jesús Tejel Giménez	Independent
Member	Mr Jesús Máximo Bueno Arrese	Proprietary
Member	Ms María Pilar Segura Bas	Independent
Member	Mr Jesús Solchaga Loitegui	Independent

0.00	20.00	80.00	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 regularly **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. It also implemented **quarterly follow-up measures** regarding the development of the budget and the specific implementation of the mandates set out in the Strategic Plan, reporting 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 as at 31 December 2021 was as follows:

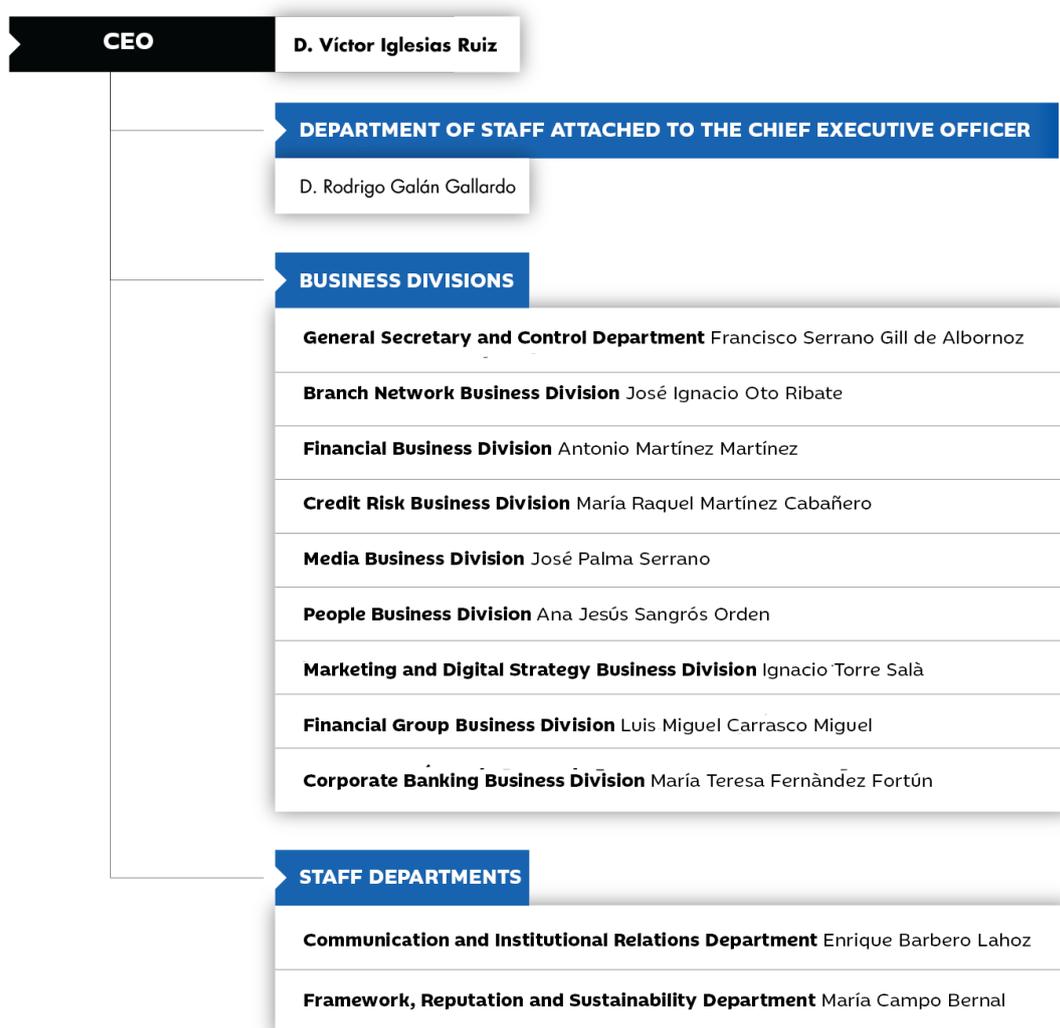
POSITION	DIRECTOR	CATEGORY
Chairman	Mr José Luis Aguirre Loaso	Proprietary
Member	Mr Jesús Solchaga Loitegui	Independent
Member	Mr Félix Santiago Longás Lafuente	Independent
Member	Mr Luis Enrique Arrufat Guerra	Proprietary
Member	Mr José Miguel Echarri Porta	Proprietary

0.00	60.00	40.00	9
% 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 which is available on the Bank's corporate website, www.ibercaja.com under the section titled "Shareholders and investors - Corporate Governance and Remuneration Policy".

At its meeting on 8 January 2021, the Board of Directors, at the proposal of the Chief Executive Officer, resolved **to modify the structure of the Entity's senior management** to comprise a staff directorate attached to the Chief Executive Officer, nine area directorates and two staff directorates reporting



Suitability of the members of the Board of Directors

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

Ibercaja has a **policy for assessing the suitability and diversity** of the members of the Board of Directors and key function holders at the Bank, in keeping with EBA/GL/2017/12 Guidelines and European Central Bank (ECB) Guidelines, on the assessment of suitability, establishing the criteria and systems that will be taken into account to assess the suitability of the members of the Board of Directors, general or similar managers, heads of internal control and other key function holders for the Entity's day-to-day operations.

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

- Their commercial and professional reputation.
- Their knowledge and experience.
- In the case of Board members, good governance aspects will also be considered, using indicators such as the ability to devote the amount of time required, independence of mind and the absence of significant conflicts of interest.

Care shall likewise be taken to ensure that the selection criteria take into **account the diversity** of knowledge, training, professional experience, age and gender, and are not implicitly biased in a way that could lead to discrimination (in particular, on the grounds of gender, ethnic origin, age or disability). In particular, the Entity will ensure that the selection processes are not implicitly biased to hinder the selection of women aimed at including women who meet the sought-after professional profiles among the potential candidates.

In the event that during the performance of their respective functions, any of the persons subject to the scope of the Policy is affected by a situation that modifies the criteria taken into account for the favourable assessment of their suitability for the performance of the position, the Entity will adopt the appropriate measures and notify the competent supervisory authority within a maximum period of fifteen working days.

Nevertheless, the Entity periodically promotes **training sessions** aimed at the members of the Board of Directors, whose content in various areas 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 prepare a self-assessment report of its performance annually 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 Bylaws.

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 (comparable sector 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 Entity.

- **Alignment with business strategy:** the Policy shall be consistent with the business strategy, objectives, values and long-term interests of the Entity and shall avoid conflicts of interest, ensuring that in the setting of performance targets to be achieved to which remuneration may be linked, there is no risk of such conflicts of interest.
- **Sustainability over time,** so as not to encourage the excessive or undue assumption of risk, and should be aligned with the Entity'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 Entity, 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 consider 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 clearly and concisely, 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 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" 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 beneficiaries' individual performance and the Entity results**, considering the impact of the underlying economic cycle and the present and future risks.
- **Flexibility and alignment with the Entity's strategic interests** without limiting its ability to reinforce its solvency.
- **Setting certain upper and lower limits that clearly mitigate risks associated with their potential impact on the income statement and** the Entity's own funds.

Without prejudice to the foregoing, the Entity 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 Entity'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 Entity 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 has been approved to align 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: the percentage of female managers, CO2 emissions and achievement of the major sustainability milestones contained in the Desafío 2023 Strategic Plan.

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

Hence the average remuneration of directors, including the CEO and the Chairman, (9 male directors and 2 female directors) amounted to 125.88 thousand euros. Furthermore, the average remuneration of directors in their capacity as such is 55.71 thousand euros (the average remuneration of male directors is 59.75 thousand euros and that of female directors is 35.5 thousand euros. This difference is due to the chairmanship of committees, the number of committees of which one is a member and the number of meetings of each committee).

Quantitative data on directors' remuneration are provided in the annual directors' remuneration report disclosed on the Entity's corporate website (<https://www.ibercaja.com/accionistas-e-inverores/gobierno-corporativo-y-politica-de-remuneraciones/politica-de-remuneraciones>) and for both directors and senior management in the Annual Corporate Governance Report (sections C.1.6 and C.1.7) also accessible through the corporate website (<https://www.ibercaja.com/accionistas-e-inverores/gobierno-corporativo-y-politica-de-remuneraciones/informe-anual-del-gobierno-corporativo>).

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 Entity.

The board members must adopt the necessary measures to avoid situations where there may be a conflict of interest with the business and their duties to the Entity, as stipulated in the Board of Directors' Regulations.

No conflicts of interest of the Entity'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 where 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.

Internal Rules and Control Organs

103-1, 103-2, 103-3, 417-1

Ibercaja has established internal rules and control bodies to **ensure full and rigorous compliance** with the **Entity'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 Entity 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 Entity.
- **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 according to MiFID regulations, aims 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 **General Secretary's Office and Control area** bring together the **second line of defence**, formed by the Risk Control department and the Compliance department. The General Secretary of the Bank is also the Chief Risk Officer.

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 Risk Control Department reports regularly to the Large Risk and Solvency Committee, while the heads of the Regulatory Compliance Department and the Internal Audit Department report regularly to the Audit and Compliance Committee. The chairmen of the committees, as well as the CRO, report to the plenary session of the Board of Directors within the scope of their respective areas of concern.

Commitment to privacy

103-1, 103-2, 103-3

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 to anticipate future obligations. Throughout 2021, several aspects have been reviewed, such as:

- **Improvement of internal rules and criteria** to achieve maximum effectiveness in protecting 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

Ibercaja's business model, with a robust retail profile, combines universality with specialisation by segments.

4.5.1 Business positioning and markets in which it operates

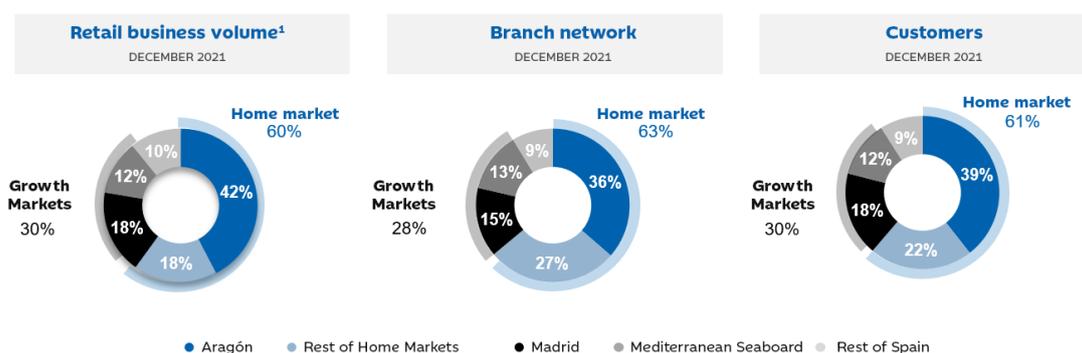
102-2, 102-4, 102-6, 102-7, 103-1, 103-2, 103-3

The Ibercaja Group, with a balance of **58,631 million euros**, is the **ninth 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, focusing 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. Loans to individuals and small and medium-size enterprises account for almost 85% of loans and advances to customers, and retail deposits 80% of borrowings. At the national level, it has a market share of **2.4% in lending to households and non-financial corporations**, **3.6% 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 32,810 million euros in assets under management and technical provisions, reaching an aggregate market share in this range of products of 5.1% as at 31 December 2021.

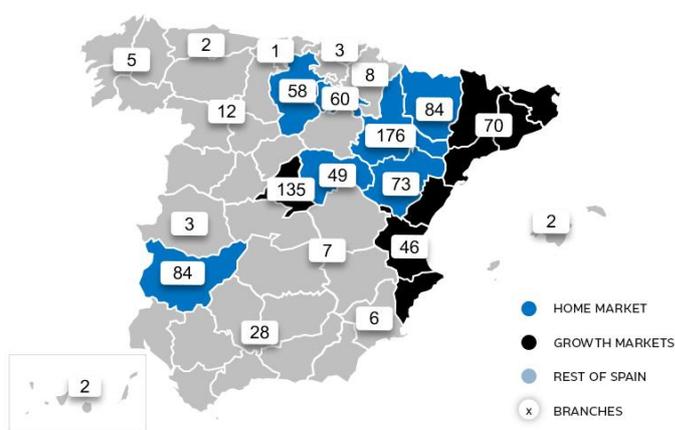
The Entity operates exclusively in Spain and has a **leading position in its traditional area of operation** (the autonomous communities of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz), where **61% of customers** are concentrated and where **60% of retail business volume is obtained**. According to the Bank of Spain statistics, the market share in this territory, 31% in private sector deposits and 22% in credit reach 44% and 31% in Aragón. It also has a **significant presence in other areas of major economic significance, such as Madrid and the Mediterranean** (including the Autonomous Communities of Catalonia and Valencia), accounting for 18% and 12% of the Bank's customers, 18% and 12% of its turnover.



¹ Retail business volume in the ordinary course of business: loans and advances to customers ex reverse repos of assets and doubtful assets + retail deposits + asset management and insurance

At December 2021, the **network** totals **914 branches**, of which 255 are rural. Within the framework of the ERE agreement signed in 2020, **117 centres were closed during the year** out of the 199 planned. In line with a policy of economic streamlining, their closure 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



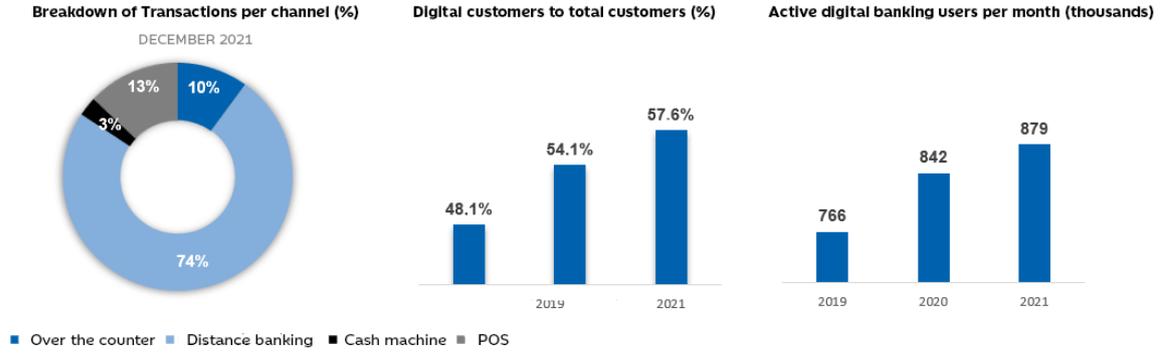
The **distribution of offices by Autonomous Community** is 333 points of sale in Aragón, 135 in the Community of Madrid, 87 in Extremadura, 70 in Castilla y León, 70 in Catalonia, 60 in La Rioja, 56 in Castilla-La Mancha, 46 in the Community of Valencia, 28 in Andalusia and 29 in other Autonomous Communities.

The **number of employees** in the Group totals **4,880 employees (4,587 in the parent)**. In December 2020, the 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 maximum of 750 employees, establishing voluntary participation as preferential selection criteria, either due to age or the closure of the centre of employment. Departures during 2021 amounted to 525 people, 70% of the agreed separations. The remainder of the phase-outs will be staggered until June 2022.

Commercial efficiency is being increased by **specialising more employees** to serve different types of customers and their specific needs. Supporting the branch network and providing a high value-added service are 212 managers specialising in corporate banking, 426 in personal banking, **and 76 in private banking**. Additionally, there are **83 digital managers** (67 digital personal banking managers and 16 digital customer managers) advising digital customers who need to engage with financial experts.

The situation created by the health crisis has accelerated the use of non-face-to-face services and digital assets through which customers can carry out their transactions in the most convenient and simple environment, whether online or via mobile phones. The **digitalisation strategy** being deployed by Ibercaja in recent years has enabled it to respond to the greater demand for online services while maintaining quality service. Digital customers reached 57.6%, compared to 54.1% in 2020, and the number of transactions carried out in the year accounted for 74.3% of the total. The **number of digital banking customers** who used any of the various channels last month reached **878,818**, a year-on-year increase of 4.3%, with notable advances in mobile banking users (+15.7%) and mobile payment (+51.1%).

Distribution of the number of transactions by channel and developments in remote banking



4.5.2 Goals and Strategies

102-2

In April 2021, the Chairman and CEO of Ibercaja presented the **new Strategic Plan 2021-2023**, which, under the name "**Desafío 2023**", will be the roadmap for the Entity over the three-year period. The **main objectives** of this Plan are **to improve the Bank's recurrent profitability, to reinforce Ibercaja's leadership in customer experience** as a differential value and accelerate its transformation to **ensure its competitiveness** in the future while maintaining its own independent and sustainable project.

Two programmes have been defined for this purpose:

1) Customer and profitable growth

This programme is based on the **premise** that the entire organisation must **focus on the customer and on fully satisfying their needs** by anticipating, with a personalised value proposal, and offering them a global service that makes a difference.

The aim is to make customers feel closer to the Bank and perceive a unique experience regardless of the channel through which they interact with the Bank. In this way, an equitable monetisation of the value and utility provided by the service to the

On the commercial level, **three major focal points for action are enabled:**

1.1 Business banking

1.2 Risk insurance



1.3 Personal banking

establishing **two common initiatives** for the whole programme:

1.4 Model for charging for products and services: this will make it possible to customise the product and service offering and redefine new lines to help increase and diversify the offer, while maximising revenues.

1.5 Knowledge of the customer and business intelligence: in-depth knowledge of each customer and optimal business intelligence will facilitate the development of a differential offer, adapted to the needs of each customer at all times, with an omnichannel approach.

2) Productivity and Efficiency

It aims to enable the organisation to **redirect resources and focus them on value creation**, reducing less productive operating costs, so that these savings are used to accelerate the Bank's digital and operational transformation.

To this end, it is undertaking two major initiatives:

2.1 Development of the operating model: focuses on four lines of work

2.2 Base budget 0: implementation of a new budgeting methodology for the efficient allocation of available resources, knowing in advance the real costs assigned to each task and process.



In addition, two blocks of cross-cutting initiatives have been established for the two programmes:

1) Value initiatives

These measures aim to **improve risk awareness** and advanced **risk management**. Risk-adjusted profitability is the basic criterion for decision making as well as for the orientation of business growth.

The main initiatives are:

1.1 IRB Model: launched in the previous Plan, seeks to achieve an integrated management of risks at the Organisation, improve the Bank's competitive position and enable the sectoral comparison in

1.2 Pricing and efficient capital allocation: deployment in the management of the RAROC methodology to set prices based on risk-adjusted returns and capital consumption.

1.3 Data governance: Building on the progress made in the past 2018-2020 Plan, this initiative aims to complete a corporate framework that ensures transparency and reliability of the information, streamlines decision-making and maximises commercial and risk management performance.



2) Enabling initiatives

Technology, people and corporate purpose are the basic pillars to make the Bank a more agile, innovative and flexible organisation, with a corporate culture focused on creating value for customers and shareholders.

These initiatives include:

2.1 Development of the technology

model to make technology a

competitive advantage, improve the

efficiency and agility of processes,

align ICT capabilities and services

with business objectives and

.....

2.2 Strategic people planning: shaping a new people management model that drives

internal development, mobilises talent and identifies the workforce's needs to

meet the Bank's strategic challenges.

2.3 Purpose and sustainability: this initiative meets the ECB's expectations in the four

areas established by the Supervisor: strategy and business model, governance

and risk appetite, risk management and disclosure. The lines of work, in which the

initiative is materialised, and its objectives are as follows:

- **ESG risk management:** incorporating climate-related and environmental risks into cross-cutting risk processes as well as into existing risk policies and procedures.
- **Sustainable business strategy:** aligning the Group's commercial strategy with the principles of responsible banking and accompanying customers in the transition to a sustainable future and a low-carbon economy.



- *Communication and reporting*: creating an ongoing and transparent communication framework that reinforces the organisation's commitment to sustainability.
- *Synergies with shareholder foundations*: developing lines of collaboration with shareholder foundations to respond to the main social and environmental needs of the Bank's territories of operation.

The medium-term financial targets announced in the presentation of the Strategic Plan have subsequently been revised upwards, taking into account that they were designed at the end of 2020 and since then the degree of uncertainty about the impact of COVID-19 on the progress of the economy and, particularly, on the Bank's business has been significantly reduced. The following table shows the main financial figures at the end of 2021 and the new medium-term target:

Medium-term objectives	DEC 2021	MEDIUM-TERM OBJECTIVES
SOLVENCY		
Ratio CET1 (fully loaded)	12.7%	12.5%
Total capital ratio (fully loaded)	17.4%	17.0%
Ratio pay-out	65%	60% (*)
PROFITABILITY		
ROTE	5.7%	c. 9%
Recurring efficiency ratio	64.2%	≈55%
ASSET QUALITY		
Cost of risk	35 bp	30 bp
NPL ratio	2.3%	c. 2.5%
Problem asset ratio	4.0%	c. 4%
Coverage rate of Problem assets	69%	>65%

(*) The Bank has revised the target pay-out upwards from the previous 50%.

4.5.3 Impact of the COVID-19 crisis

On 11 March 2020, the World Health Organisation classified COVID-19 as an international pandemic. To cope with this situation in Spain, under Royal Decree 463/2020, of 14 March, a State of Alarm was declared, with diverse restrictions on mobility and on the exercise of non-essential activities, which was extended until 22 June. In October, in response to the resurgence of the infection, Royal Decree 926/2020 of 25 October re-decreed the state of alarm, which was extended until 9 May 2021. Global and Spanish economic activity has been significantly affected by the health crisis caused by COVID-19. Both the European and Spanish authorities implemented various measures to try to limit the impact of the pandemic.

*Below are details of the most **significant impacts of the crisis** on strategic guidance, objectives, activities and results of the Bank, the support provided to customers, as well as other organisational and management measures.*

Impact on strategic orientation and objectives

The transformation of the Bank brought about by the initiatives launched in the 2018-2020 Strategic Plan meant that Ibercaja had the **means and resources to face the crisis** caused by COVID-19 in much more favourable conditions than the previous one in 2008, so that a strategic reorientation was not necessary. In 2021 the Entity launched a new Strategic Plan, "Desafío 2023", which outlines the objectives and strategies for the next three years, detailed in chapter 4.5.2 Objectives and strategy of the management report.

Organisational measures adopted by Ibercaja to mitigate the effects of COVID-19

The organisational and health and safety measures are described in chapter 6.4 Commitment to our employees in the management report.

Family and company protection measures

Through different Royal Decrees, the Government established **legislative moratoria** for individuals and professionals which, temporarily suspend payment commitments as receivables. Member banks of the Confederación Española de Cajas de Ahorro (CECA) provided a **sectoral moratoria**, in which Ibercaja participated to extend the scope of the mortgage moratoria approved by the Government.

- On 18 March 2020, **Royal Decree-Law 8/2020** of 17 March on extraordinary urgent measures to address the economic and social impact of COVID-19 was published, and on 1 April **Royal Decree-Law 11/2020** of 31 March, was published, extending and amending the previous Royal Decree-Law 8/2020. The measures implemented under these regulations is the establishment of a **deferral of payment on mortgage and non-mortgage debts** under certain circumstances. Banks could enter into such transactions until 21 September 2020. Subsequently, Royal Decree-Law 3/2021 of 2 February extended the application deadline to 31 March 2021.
- On 16 April 2020, the Spanish Confederation of Savings Banks (CECA) published the **sectoral agreement** establishing a moratorium that extended the scope of the mortgage moratorium approved by the Government until 30 September 2020 and subsequently extended to 30 March 2021.

The government implemented **credit lines**, partially guaranteed by the state through the Official Credit Institute (ICO), to maintain productive activity.

- **Royal Decree-Law 8/2020** of 17 March, created a **100 billion guarantee line** to meet the liquidity needs of companies and the self-employed. Financial institutions could formalise operations of this type until 1 June 2021. **Royal Decree-law 25/2020** of 3 July, approved the creation of a **new guarantee line of 40 billion euros** to meet the investment needs of companies and the self-employed until 1 June 2021. Royal Decree-Law 27/2021. **Royal Decree-law 27/2021** of 23 November, extended the deadline for applying for the guaranteed credit lines until 30 June 2022.
- **Royal Decree-law 34/2020** of 17 November extended **the maturity and grace periods of these guaranteed operations** for all debtors who request it. The maturity may be extended by a maximum of three years, provided that the total maturity of the transaction does not exceed eight years from the date of initial arrangement. At the same time, the grace period for the repayment of the principal is increased to a maximum of 12 months, without exceeding 24 months.
- **Royal Decree-law 5/2021** of 12 March **approved the renegotiation framework for debtors with guaranteed finance**. The Agreement of the Council of Ministers of 11 May 2021 established the **Code of Best Practices (CBP)** for the above-mentioned renegotiation, which was subsequently amended on 30 November 2021 to extend the deadlines for the measures contained therein. The CBP sets out that debtors may request the application of three types of measures, either at once or successively, by proving compliance with the requirements set out in the regulation.
 1. Extension of the maturity of guarantees.
 2. Conversion of guaranteed financing into participating loans.

3. Transfers for reduction of outstanding principal of guaranteed loans.

The application deadline for the first two measures is 1 June 2022 and for the third measure 1 June 2023.

Ibercaja joined the CBP on 20 May 2021. In this way, it reinforces its commitment and support to companies in complex and uncertain situations.

At the end of 2021, the Group had formalised **moratorium operations** under Royal Decree-Laws 8/2020 of 17 March, and 11/2020 of 31 March, as well as the private moratorium under the sectoral agreement for an amount of 741 million euros, of which 97% or 715 million euros have matured. The **outstanding balance, 26 million euros**, is almost entirely secured by mortgages and **89% is due in the next three months**. It should be noted that the amount of overdue arrears classified in stage 3 and stage 2 represent 3.3% and 26.5% of the exposure, respectively.

The Entity actively participates in the processing of financing operations within the **ICO Liquidity and Investment** lines established in Royal Decree-Laws 8/2020 of 17 March and 25/2020 of 3 July to support companies and the self-employed affected by the economic effects of the crisis. Up to December 2021, a total of **19,643 operations** have been formalised for an aggregate amount of **2,137 million euros**, 80% of them for SMEs and the self-employed. The **drawn balance, 1,668 million**, represents **20% of financing to companies** and only 1.9% is within Stage 3. The amount guaranteed by the Spanish State through the ICO amounts to 77% of the outstanding balance. Most of the guaranteed credit lines mature between 2023 and 2028. As at 31 December 2021, in accordance with Royal Decree-Law 34/2020, the maturity or grace period of 36.6% of the total amount granted had been extended. In addition, 43% of the outstanding balance remains subject to grace periods. The maturity of these grace periods is concentrated in the second quarter of 2022.

In relation to the **CBP**, the impact of the measures envisaged therein has been very low, as only 6.8 million euros of deferrals have been granted and there have been no requests from customers in relation to the other measures (participating loans and write-offs).

Impact on the Group's activity, results and financial condition

The **impact of COVID-19 on the Group's business activity** in 2021 was not significant. Business dynamism has picked up and the growth targets for the strategic segments have been met. On the credit side, the **credits and loans being arranged, 5,421 million euros, recovered to pre-pandemic levels** and normal financing to companies increased 6.9% year-on-year. At the same time, **customer funds gathering performed favourably**, with growth of 7.3% in the year. Asset management activity reached a record level for the Entity, with advances in market share in investment funds (22 b.p.) and pension plans (6 b.p.).

In relation to the **quality of the credit portfolio no signs of deterioration have been perceived**. Non-performing assets continued to decline, more sharply than the sector as a whole (-29.2% vs -4.7% according to the latest available information from the Bank of Spain as at November), and the NPL ratio fell to 2.30%. Sales of real estate assets reactivated (+52%) after the standstill in 2020. Refinancing continued to fall (-26.9%) and the percentage of the loan portfolio classified as stage 2 is very low (5.0%). Exposure to economic sectors that have been particularly affected by the economic consequences of the COVID-19 pandemic, such as transport and warehousing, hotels and restaurants, and arts, entertainment and recreation, together amount to 631 million euros, representing only 2.0% of gross lending. However, the Group performed on ongoing monitoring of the main indicators to anticipate possible negative effects.

Ibercaja has a **sound solvency position which has been strengthened during 2021**. The CET1 phased-in ratio reached 13.41%, well above the minimum requirements communicated by the Supervisor. The CET1 fully loaded ratio was 12.71%, 12 basis points higher than in 2020.

At the end of the year, the **available liquidity** exceeded **15.25 billion euros** and comfortably covered debt maturities.

The **most relevant impact of the pandemic in 2020** was an **extraordinary provision for credit risk of 90 million euros**, of which **52 million euros was recorded as a post-model adjustment (*post model adjustment*)** to cover the increased credit risk of customers who due to the deterioration of the macroeconomic situation could move to stage 2 in 2021. At year end, it has been decided to maintain this post model adjustment as described in note 11.6.3 of the annual accounts.

The **result for the 2021 financial year** amounts to **151 million euros**, 127 million euros more than in 2020.

Expected trends in activity and results

The effect of COVID-19 on the economy has been gradually moderated by the progress of vaccination, the lifting of restrictions, the recovery of activity in the most affected sectors and the economic support measures implemented by the European and Spanish authorities. In this context, and taking into account the positive progress of the business in 2021, Ibercaja does not expect its activity and results to be pressured by the crisis. However, it cannot be ruled out that a hypothetical worsening of the macroeconomic environment would lead to lower lending activity and higher impairment losses.

4.5.4 Lines of the Group's Business Model

102-2, 102-4, 102-6, 102-9, 103-1, 103-2, 103-3, 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.

It serves a **stable base of 1.8 million customers (management units)**: comprising households, companies and public and private institutions. According to their financial needs, the segmentation of customers allows us to offer them a **diversified portfolio of products and tailor-made solutions through specialised managers**. The Entity offers basic banking services and 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:

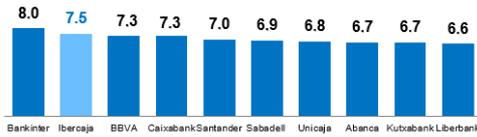
- 1. Specialisation aims to meet the customer's financial needs and expectations through specifically qualified managers specialising in personal, private, and corporate banking.**
- 2. Advice:** advisory services have become a differentiating factor that characterises Ibercaja. In 2012, the Bank was the first Spanish bank to obtain AENOR 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 institution to obtain it.



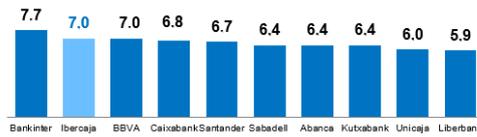
3. **Omni-channel relationship model:** the customer decides the most appropriate way to interact with the Bank according to their preferences, needs, characteristics, context and life cycle. The omnichannel system provides you with a unique and recognisable experience to use personal interaction for your advisory needs while using digital channels for your 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 production of the 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 Entity, 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.

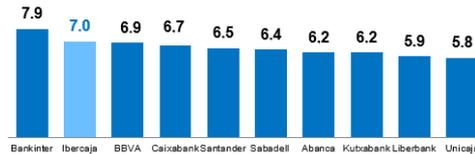
Overall satisfaction



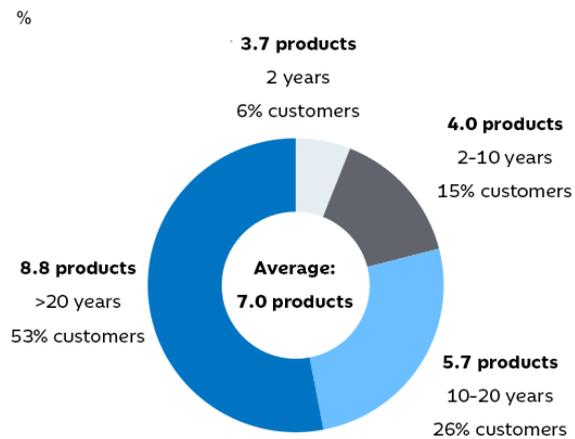
Loyalty



Word of mouth



Average number of products and services per customer



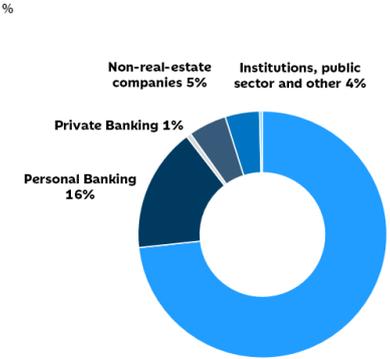
The level of customer satisfaction is translated in terms of **commitment** and **engagement** with the Entity.

Ibercaja's business model distinguishes the following **segments** depending on the **commercial strategy** defined for each type of customer:

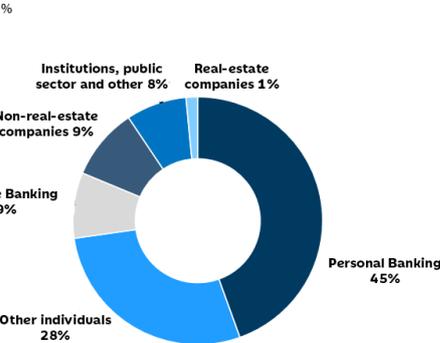
1. Personal Banking
2. Private Banking
3. Other individuals
4. Non-real estate productive assets
5. Real estate productive assets
6. Institutions, public sector and others

The distribution by segment of the number of customers and retail business volume at the end of 2021 is shown in the following charts:

Number of customers



Retail business volume



The most relevant segments are described below:

PERSONAL BANKING

Personal banking encompasses over 290,000 customers with a **savings balance of more than 100,000 euros or 75,000 euros outside the Home Market**. 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 **426 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.

Personal banking customers generated a retail business volume of **44,000 million euros (45% of the total)**. This segment contributes over 50% of the Group's retail customer loans with a mix, in which almost 50% is an asset management and insurance. The average number of products and services contracted per customer is 13.7.

The last year has seen the **digital personal banking model** take root, a new way of working whereby customers with a digital profile (with little or no presence in the branch) receive the same service provided by the branch through a digital banking manager supported by specific tools and with a timetable adapted to this type of model. The current team of **67 managers, serving almost 40,000 customers**, has grown in 2021 and, given the success of this model, will continue to expand over the coming years.

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).

AENOR

*In 2021, Ibercaja renewed the **certification of service excellence management for the personal banking segment**, issued by Aenor.*

This stamp 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.

PRIVATE BANKING

Private banking is aimed at **customers or household management units with financial wealth in excess of 500,000 euros (300,000 euros in Extremadura)**. The customer is 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 extensive: securities listed on Spanish and foreign markets, investment funds both of Ibercaja and of external suppliers, SICAVs, structured deposits, etc.

The assets under management of more than **11,000 family groups**, amount to almost **8.5 billion euros**, of which around **75% are in asset management and insurance**. The average number of products contracted per customer exceeds 21.

The year 2021 was particularly relevant for the private banking segment due to the volume of business achieved, particularly in the **discretionary portfolio management** service, which exceeded 3 billion euros. This figure means that almost 35% of customers opt for this formula, compared to 15% of the sector as a whole. In addition, 56% of the investment funds of private banking customers are under discretionary portfolio management contracts.

The work team assigned to the private banking services is made up of **76 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.

OTHER INDIVIDUALS

This segment provides the largest number of customers, 1.3 million, and a turnover of almost 28 billion, representing 28% of the Group's total. The management of the branch network in this collective 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.

Ibercaja has continued to support families affected by COVID-19 by maintaining the advance payment of pensions and unemployment benefits, facilitating access to public aid and offering solutions for customers in vulnerable situations.

Changing customer habits have driven the **growth of remote transactions**. In response to this demand, the Bank has strengthened its non-face-to-face operations, increasing to **16 (47 at the end of January 2022) the number of digital managers** serving 38,000 customers.

The Entity continues to enjoy the **confidence of its customers in the management of their financial assets**. The strong growth of funds, especially off-balance sheet funds, has been supported by increased household savings and favourable market conditions.



The Bank has maintained its **commitment to financing housing for individuals**, a sector in which it has historically specialised, adapting its offer to the different types of customers; in the case of the youngest customers, financing up to 95% of the value of the property, to facilitate their emancipation and access to homeownership.

In the last quarter of the year, under the slogan "**Madrileños siempre hemos estado juntos**" (we people of Madrid have always been together), an ambitious campaign was launched to attract 6,000 customers in the Madrid region. Customer support, proximity, and commitment to the territory and society are the values that the Bank wishes to highlight to drive this growth and constitute a differential business model.



The main strategic challenges and trends that will mark the activity of Retail Banking (personal banking, private banking and other individuals) in the near future are:

Value proposition	To offer customers value propositions that meet their financial needs, both personally and professionally, providing them with personalised advice and content to improve their financial education and help them make decisions.
Consolidate Personal and Private Banking	Consolidate progress in the personal and private banking segments.
Digitalisation	Continue to drive digitalisation and non-face-to-face customer service channels.
ESG Products	Expand the range of financing and investment products with ESG criteria, showing customers how they can use their assets to help build a more sustainable and caring world.

NON-REAL ESTATE PRODUCTIVE ASSETS

This segment includes **almost 90,000 customers** with a turnover of more than **9.2 billion euros**.

One of the Bank's strategic objectives is to gain a presence in the corporate world by broadening the diversification of its business. In this regard, the Desafío 2023 Plan sets out the roadmap and the transformations to be undertaken in the 2021-2023 cycle. To achieve the proposed goals, a **new Corporate Banking Area Division** has been created, to which the **specialised commercial network** reports, comprising **212 managers, 8 Corporate Business Centres, 16 Corporate Areas** in the main branches and a **Corporate and Syndicated Banking Financing Unit**. In addition, the focus on companies with a turnover of less than two million euros has been strengthened by increasing the number of **commercial business managers to a total of 130**.

The main lines of action within the framework of the Strategic Plan are:

1. Offer the customer a differential value proposition in terms of quality of service and excellent experience.
2. Simplify and digitise processes, improving operational agility and customer responsiveness.
3. The data as a basis for profitable business growth, as well as for anticipating possible credit deterioration.
4. Progress of business models and collaborative capabilities.

The **commercial offering** was expanded in 2021. In terms of investment products, a range of investment funds has been created, especially designed for companies, to enable them to manage their cash flow more efficiently and make the most of their surplus liquidity.

In terms of financing products, a line of sustainable products and another related to Next Generation EU funds have been opened. In May, an alliance was signed with the consulting firms Mazars and Silos, through which the Bank offers companies a clear and defined working model to articulate successful proposals for transformation projects that are eligible for Next Generation EU Funds.



Lastly, work was done to highlight the Group's experience as a specialist in employment plans for SMEs.

The **online banking service for companies** has incorporated the possibility of contacting and scheduling appointments through "My Manager" and the "Priority" service, which guarantees immediate attention to any customer query.

The **Ecosistema Más Empresa** (Ecosystem Plus Enterprise) initiative promoted by Ibercaja and its Foundation has been consolidated. It is a platform for innovation and a meeting point to stimulate economic activity, improve competitiveness, exchange knowledge and generate business value. Its 5,000 members from more than 2,500 companies can access mentoring programmes, tools, workshops, trend reports, and webinars to share best practices, identify common challenges, and create solutions to make everyone better while establishing a network of professional contacts.

Customers in the retail, professional, agricultural and livestock sectors and the self-employed in general are strategic for Ibercaja due to the important business opportunities they generate in the areas of financing, insurance and collection and payment services related to their professional activity, as well as others related to their particular needs.

In 2021, the range of value-added services associated with the POS was expanded with the launch of the **new Plazox service**, which offers instant financing at the time of sale. To increase the number of new customers, the **Vamos Comercios, Profesionales, and Agro accounts** have continued to be marketed. Various commercial actions were also launched during the year to link and build customer loyalty by contracting financing products, insurance, cards or payment and collection solutions, mainly. In the case of customers in the agricultural sector, we have provided the **CAP management service** in several Autonomous Communities.

The main strategic challenges and trends that will shape corporate business activity in the near future are:

Market share	Consolidate Ibercaja's presence in these segments by increasing its market share.
Integrated management	Promote the comprehensive management of these customers, specifically Personal Banking and Wealth Management customers with professional activities on their own account, who have professional needs that we must respond to in order to be their main entity.
Next Generation EU Funds	Facilitate the dissemination and access of these customers to the Next Generation EU Funds , boosting the digitisation and growth of businesses by implementing new projects framed within the initiatives promoted by these funds.
Support for entrepreneurs	Intensify the participation of professionals and microenterprises in the "Ecosistema+ Empresas" and "Ibercaja Emprende" initiatives.

PROGRESS IN DIGITAL TRANSFORMATION AND MULTI CHANNELLING

Digital transformation, a key pillar of the "Desafío 2023" Strategic Plan, aims to provide Ibercaja with the most advanced technological solutions that enable it to offer a quality service adapted to the digital capabilities and needs of each customer while at the same time contributing to boosting business generation and efficiency.

The impact of COVID-19 demonstrated the robustness of the Entity's digital channels and the capacity to achieve the objectives set both in terms of channel usage and the level of satisfaction generated. In 2021, we worked to implement new digital capabilities aligned with the Group's business objectives. The progress made with the entry into a transformational project such as the Financial Sandbox, the growth in digital sales to 36.4% and the consolidation of leadership in customer satisfaction with digital channels are noteworthy.

Mobile banking

- **Top-rated app:** Customer satisfaction with the app continued to increase, maintaining its leadership as the best rated in the Spanish financial sector.
- Launch of a **New Sales Environment** that integrates all the products marketed in the app.
- Contribution to financial inclusion by implementing cash pick-up and delivery at home or at branches through **Correos Cash**.
- Implementation of **new risk insurance consultation and service functionalities** in collaboration with Caser.

Relationship management

- **"Mi Gestor"** (My Manager) has been deployed to all managers in the branch network. The functionality allows individuals and businesses to chat, exchange documents and arrange appointments easily and securely, both in digital and mobile banking.
- **Digital managers** serve non-face-to-face customers who need to engage with financial experts. In 2021 the number of managers has grown by more than 70% to 83 people.
- The new **Contact Center** tool has been a significant step forward in terms of efficiency and quality in the specific services it supports through digital and automated processes.

Financial sandbox

This controlled testing environment enables the development and testing of innovative projects through collaboration between financial institutions, Fintech, technology companies and regulators. The Pension for Consumption project "Pensumo", developed jointly by Ibercaja and the Fintech Pensumo, was selected in the first call.

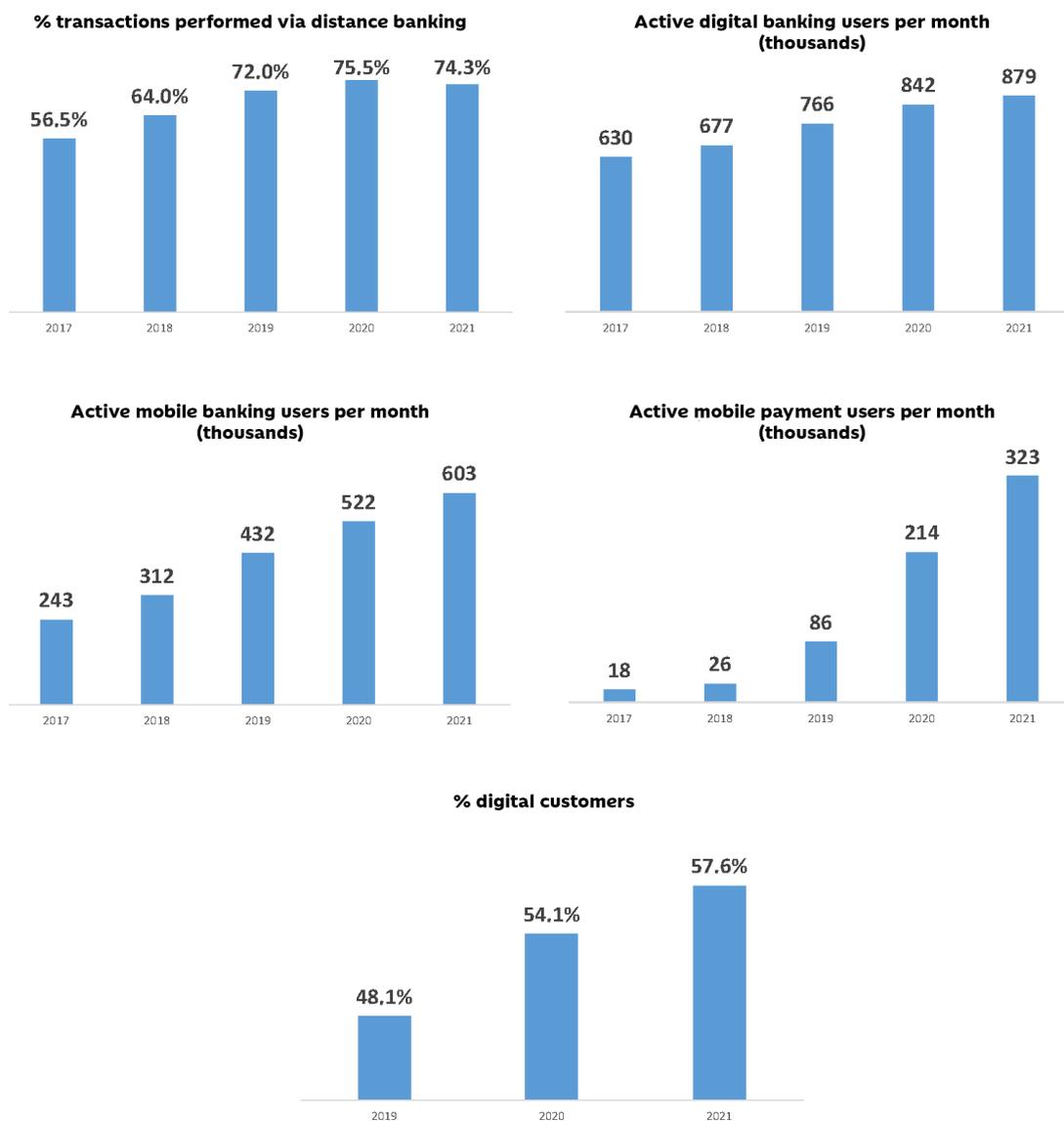
Promotion of virtual sales

One of the Strategic Plan objectives is for digital sales of the Bank's main products to reach 45% by 2023. Improved non-face-to-face sales processes have led to digital channels:

- a. **36.4% of total sales.**
- b. **13.4% of non-subrogated mortgage loans.**
- c. **91.4% of pre-qualified loans.**
- d. **29.4% and 19.6% of pension plans and investment funds, respectively.**

e. 5.2% of non-life risk insurance.

In addition to the new digital capabilities implemented in the non-face-to-face channels, the Marketing Automation System, **Adobe Campaign**, has enabled optimal integration between the Entity's business intelligence and the different communication and relationship channels.



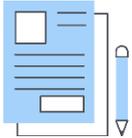
BUSINESS MODEL AND SUSTAINABILITY

Since it was formed 145 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 offerings** which contribute to achieving sustainable development by reducing the carbon footprint and by mitigating the effects of economic activity on the climate: catalogue of investment funds and pension plans managed with ESG criteria, financing of renewable energy projects, financing to companies committed to sustainability and the environment, offering in the rental of zero emission vehicles, etc.
- Environmental care in **energy and property management**: central headquarters recognised as a green building in line with ISO 14001.
- **The Organisation's commitment to the Sustainable Development Goals** of the 2030 Agenda; signing of the United Nations Principles for Responsible Banking, together with the Bank's inclusion in the New Deal for Europe "CEO's call to action" initiative and the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).
- **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.



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

FACTORS AND TRENDS THAT MAY AFFECT THE FUTURE PERFORMANCE OF THE GROUP

The trends for 2022 are framed in a context in which a certain degree of control of the health crisis means that the sectors most affected by the pandemic will be reactivated, and other sectors will gradually reach pre-pandemic levels of activity and employment. There is the threat to development posed by escalating inflation, which erodes household consumption capacity, squeezes business margins and hampers competitiveness. A fiscal policy to support the recovery and the arrival of European funds will allow investments in infrastructure, digitalisation and the environment to modernise and relaunch the economy.

On the banking side, the negative interest rate situation, which puts pressure on credit revenues, could change in the context of the measures to curb the inflationary situation mentioned above. In this scenario, **the Group's objectives and strategies focus on boosting the profitable growth of loans**, in particular, those aimed at companies, maintaining the pledge for other alternative income sources which, in turn, provide the customer with value-added products and services, such as investment funds and pension plans, accelerating the growth in risk insurance at the same time. Reducing non-performing assets and the cost of risk, together with monitoring NPLs, are a priority at a time when a large part of the moratoriums and deferrals on ICO loans granted in 2020 are due to expire. Cost reduction is a permanent objective, given the narrowing of margins, competition between institutions and the growing offer of financial services by new players.

Digitalisation in all areas of business must continue to progress to boost digital proximity with the customer, to make their relationship with the Bank easier and more efficient and to foster efficiency and productivity. Lastly, it is necessary to favour the transition towards a sustainable economy by developing the guidelines expressed in the Bank's Sustainability Policy and the Roadmap of the "Desafío 2023" Plan.

The **specific strategic challenges** for each business area in the short and medium term have been described above in their corresponding sections.

4.5.5 Financial Group

102-5, 102-45, 103-1, 103-2, 103-3, FS6

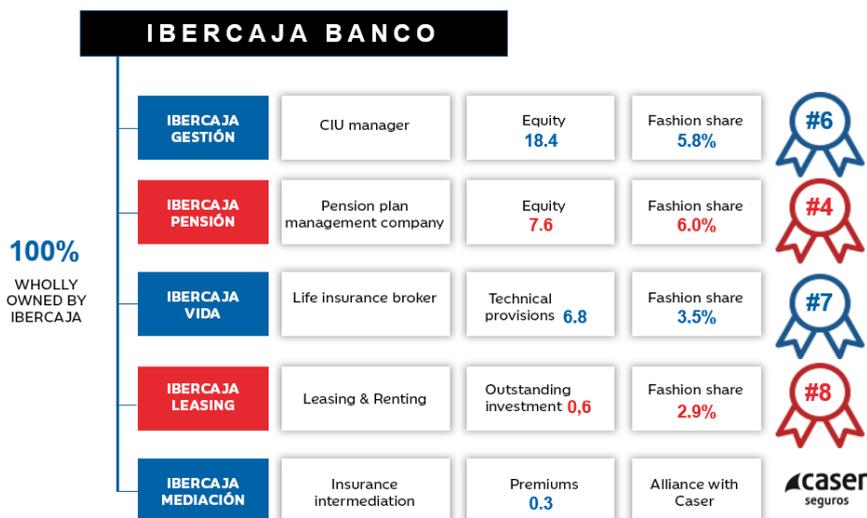
The Financial Group's activity enables it to provide customers with investment solutions of recognised prestige, expert support to strengthen their relationship with the Bank, as well as to diversify the business and generate recurring income.

Created in 1988 and wholly owned by Ibercaja, the division is made up of savings and income generation mix **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*.

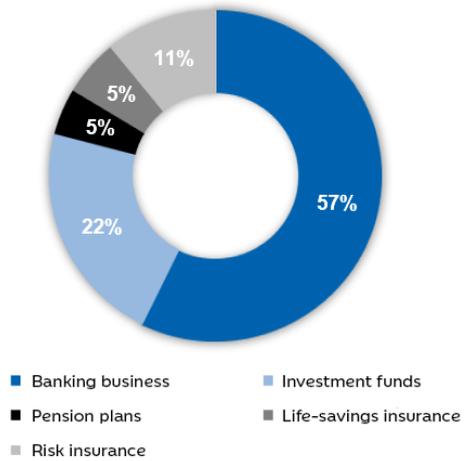
The companies that form part of the Financial Group are:



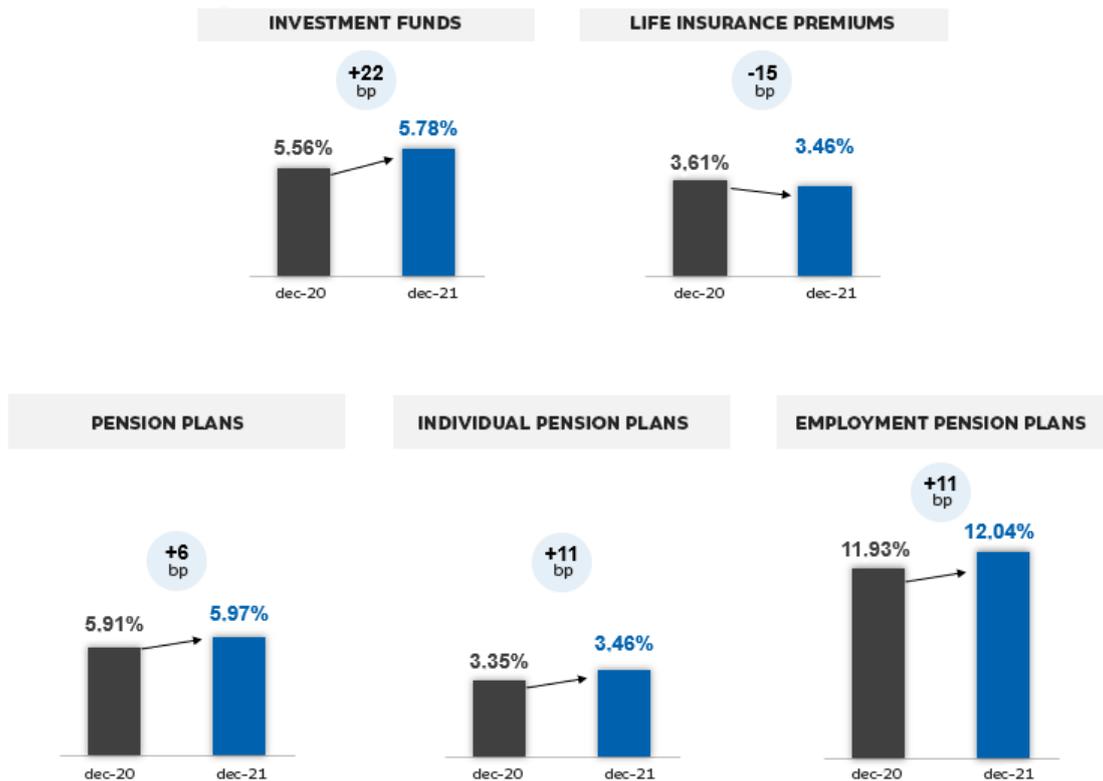
Figures expressed in billions of euros.

Contribution to recurrent revenues:

The assets under management and insurance account for **43% of the Group's recurrent revenues** and **47% of the retail customer funds** managed by the Entity, giving rise to one of the most diversified mix of savings and income generation in the Spanish banking system.



Ibercaja achieved market share gains in the most significant segments:



Note: INVERCO, with the publication of the April investment fund statistics, standardised the criteria for exclusion from the assets of funds that invest in the manager's own funds (funds of funds). This change led to a decrease in the system's overall net worth and a readjustment of quotas, bringing Ibercaja Gestión's shareholding at the end of December 2020 to 5.56%.

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 component companies. In this way, the Financial Group promotes different actions linked to governance, regulatory adaptation, risk management and the development of the sustainable products business, having achieved the following **sustainability achievements in 2021**:

Governance:

- The Financial Group forms part of Ibercaja's **Reputation and Sustainability Committee** to manage the sustainability strategy with a consolidated vision.
- **New policies** relating to sustainability have been developed and approved:
 - **Sustainability Policy**, to evidence and formalise the Financial Group's commitment to sustainable development and value creation through its activity and to establish the global action framework for the Group in matters of sustainability, containing the commitments voluntarily assumed to promote long-term sustainable, inclusive and environmentally-friendly growth, with a long-term vision¹.
 - **The Sustainability Risk Integration Policy**, which establishes the principles, processes and governance framework, governing ESG risk integration in the investment decisions.

¹ In compliance with the provisions regarding transparency in the incorporation of sustainability risks in investment management of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (SFDR).

- **Exclusions Policy**, to ensure that the investment policies are not exposed to unethical, irresponsible or unsustainable activities, and to contribute to the attainment of the UN Sustainable Development Goals (SDGs) in the framework of the ESG Risk Integration Policy.
 - **Adverse Incident Policy** for identifying, analysing and managing the impacts of the investment decisions that may negatively affect sustainability factors (EU Regulation 2019/2088)².
 - **Implication Policy**, including the general principles, criteria and procedures to foster the long-term involvement of shareholders in listed companies³.
- In addition, the Financial Group already had an **ESG Committee** to promote the implementation of responsible investment strategies in asset management.
- As a sign of the commitment of the Financial Group and its management companies to sustainable investment, in 2021, Ibercaja Gestión adheres to the **United Nations Principles for Socially Responsible Investment (UNPRI)**, to which Ibercaja Pensión had already adhered in 2011.
- In 2021, both managers signed up for the Net Zero Asset Managers initiative to achieve CO2 neutrality for themselves and their portfolios by 2050 and joined the **Carbon Disclosure Project** engagement platform. This is an independent non-profit organisation that maintains the world's largest database of corporate climate change information and enables investors to manage their environmental impacts better.

² Pursuant to Art. 4.1.a and 4.2 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (SFDR).

³ In compliance with the requirements of article 224 bis of the Consolidated Text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, introduced by Act 5/2021, of 12 April, amending the Consolidated Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.

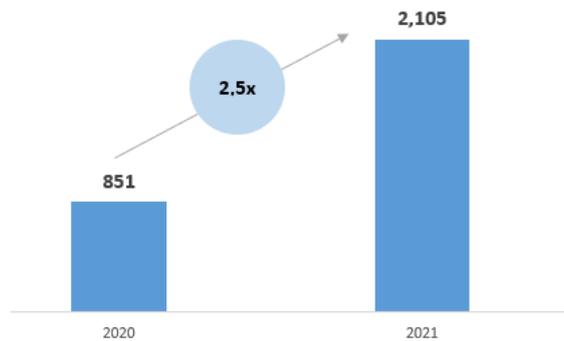
ESG risk management:

- Identification of Material Sustainability Risks (**physical and transitional**).
- Selection of tools to provide **ESG data** for use by all companies, facilitating investment decision-making and regulatory reporting.

Business development:

- **Launch of new sustainable products:**
 - Two investment funds, one pension plan and one SICAV that meet sustainability characteristics (*).
 - Two sustainable leasing products: "Leasing Sustainable Crops" and "Leasing Photovoltaic Energies".
 - In addition, pending launch in early 2022, both a savings insurance and a discretionary management portfolio promoting sustainability have been developed.
- Ibercaja is thus already providing **sustainable investment solutions** to the tune of 2.105 billion at the end of 2021:

ESG investment trend (million euros)



(millions of euros and number)		Equity	Δ Equity	Unitholders
PENSION PLANS		669	350	48,052
Sustainable Confidence	Mixed fixed income	303	214	25,544
Sustainable and Solidarity	Mixed equities	310	119	18,819
Sustainable Europe	Equities	43	4	2,563
Megatrends (*)	Equities	13	13	1,126
INVESTMENT FUNDS		1,432	900	72,942
Sustainable and Solidarity	Mixed equities	825	548	36,651
Megatrends	Equities	504	249	32,522
New Energy (*)	Equities	54	54	2,883
Sustainable Fixed Income (*)	Sustainable fixed income	49	49	886
SICAV		4	4	175
Asguard (*)		4	4	175
Total		2,105	1,254	121,169

(*) New products launched in 2021.

- A business plan for sustainable products has also been designed.

Regulatory adaptation:

- Adaptation to the **Disclosure Regulation**:
 - Policy development.
 - Adaptation of pre-contractual information.
 - Disclosure of ESG obligations on websites.
- Adaptation to the Directive on **encouraging long-term** shareholder engagement
 - Since 2021, asset managers have had a global **proxy advisor** who advises them on exercising their voting rights based on ESG criteria.

Solidarity activity:

- This activity has been undertaken intensively in 2021 through Ibercaja **Sustainable and Solidarity FI and Ibercaja Sustainable and Solidarity Pension Plan**. To this end, a **Steering Committee and a Technical Committee** have been set up to steer and supervise the distribution of funds and the internal and external communication of the initiative. In 2021 it distributed **585,000 euros in three major items**:
 - **Five major projects received a total of 460,000 euros**:
 - Unicef's "Protecting the most vulnerable children from the effects of the COVID-19 pandemic in Senegal with basic supplies".
 - Cruz Roja's "Improving the employability of people in a situation or at risk of social exclusion and facilitating their integration in the workplace and active inclusion processes".
 - LG Smart Green's "Reforestation and ecosystem recovery in Alpedroches (Guadalajara) in the Alto Tajo".
 - Fundación Oxígeno's "Micro-plastics, macro-litter. Environmental education and volunteering to improve our rivers and beaches".
 - Caritas' "RE- Fashion. We recycle clothes, we incorporate people in the workplace".
 - **Through their votes**, the unitholders of the Plan and Fund had the opportunity to distribute the grants with varying amounts among these projects.
 - Six projects of small organisations working in the fields of disability, illness, social exclusion and environmental protection received a total of 45,000 euros.

- Twelve Food Banks in Zaragoza, Huesca, Teruel, Guadalajara, Rioja, Burgos, Badajoz, Madrid, Barcelona, Lleida, Valencia and Seville received 80,000 euros to meet urgent needs.

Management of collective investment undertaking

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

The **assets managed by Ibercaja Gestión, 18,367 million euros**, were up by 20.5% vs 15.7% of the sector, achieving a new record in assets under management. Renewed investor confidence and positive developments in the financial markets contributed to this excellent performance.

- **Net contributions** totalled 2,337 million euros, more than 100% higher than in 2020, making it the fifth banking group with the best fund gathering figures in Spain during the year, 9.1% of the industry's total.
- **The weighted average return** was 5.0%; 77% of the funds managed by Ibercaja Gestión ended the year with positive returns and 100% in the range of profiled funds.

The **market share, 5.78%** (source: INVERCO), reached a new all-time high, having increased by **22 basis points** since the previous December. In the last five years, assets under management have grown by 76.6% and, in the last ten years, the volume invested in funds by the Bank's customers has quadrupled. The Management Company consolidates its position in the **sixth Group in the sector ranking**.

Trends in assets and market share in investment funds:



Ibercaja Gestión has **63 investment funds** adapted to any market situation and to different investor profiles. In addition, it manages **13 SICAVs in Spain** with a volume of **72 million euros** and maintains a **management agreement for the Luxembourg-domiciled SICAV**, Ibercaja Global Internacional, which has assets of 45 million euros.

The **increase in the weight of absolute return funds**, which increased their volume by 113.5% in 2021, and the positive performance of **equity funds**, which grew by 30.7% in a very favourable year for the stock markets, stand out in the changes in the weight of the different families in the total assets under management.

Distribution of investment fund assets by type (source: INVERCO)

	2021		2020		2019	
	€Mn	%	€Mn	%	€Mn	%
Fixed income funds	6,611	36.0	5,595	36.6	4,841	34.6
Equity funds	3,061	16.7	2,341	15.4	2,262	16.2
Mixed funds	5,757	31.3	5,378	35.3	4,554	32.6
Global funds	46	0.3	47	0.3	135	1.0
Guaranteed funds	647	3.5	835	5.5	967	6.9
Absolute return funds	2,245	12.2	1,052	6.9	1,222	8.7
Total	18,367	100.0	15,248	100.0	13,981	100.0

The **focus on diversification**, through portfolios of profiled funds (funds of funds combining investment in bonds and equities), combined with the demand for **investment solutions governed by ESG criteria** were the **key growth drivers in the year**. The portfolios increased their assets by 42%, while the funds managed with ESG criteria multiplied by 2.7 times the 2020 volume at the end of the year. Within the range of sustainable solutions, Ibercaja Sostenible y Solidario FI has consolidated its position as one of the manager's largest funds, with more than 36,000 participants and 825 million in assets, which has enabled it to support various social and environmental projects. In 2022, the range of sustainable solutions will be further boosted with two new launches at the beginning of the year: Ibercaja Confianza Sostenible FI and Ibercaja Infraestructuras FI.

In February, two funds were launched, Ibercaja Renta Fija Empresas FI and Ibercaja Diversificación Empresas FI, designed to channel the stable surplus liquidity of companies and institutions. The objective of both is to enhance the returns, with controlled volatility, obtained in traditional liquidity management instruments. These funds were well received by this type of customer, with inflows of more than 121 million euros.

In the 2021 edition of the **Expansión-AllFunds Bank** awards, Ibercaja Gestión was recognised as "Best Asset Allocation Manager" and was a finalist in the "Best National Manager" and "Best Fixed Income Manager" categories.

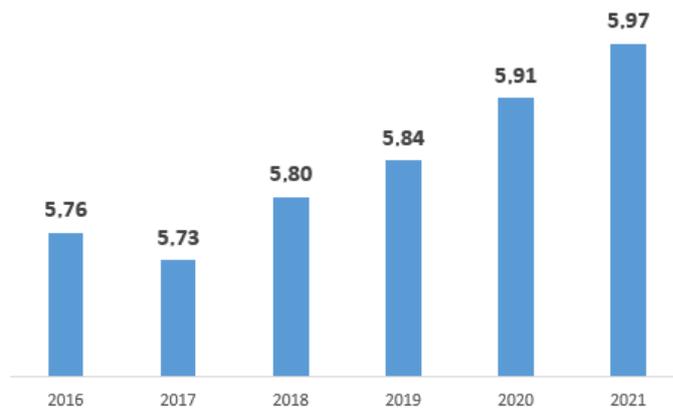


Pension plan management

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.

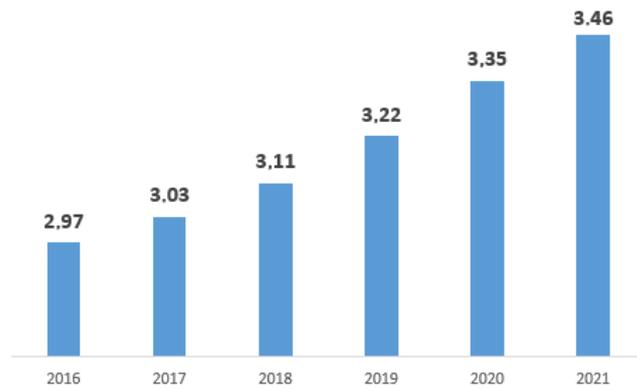
The **assets managed** at year-end, **7,640 million euros**, were 9.0% up on 2020 (sector 8.0%). The **market share** reached an all-time high of **5.97%** after adding **6 basis points during the year**, and the Management Company climbed to **fourth position** in the sector ranking (source: INVERCO).

Trend in pension plan market share:



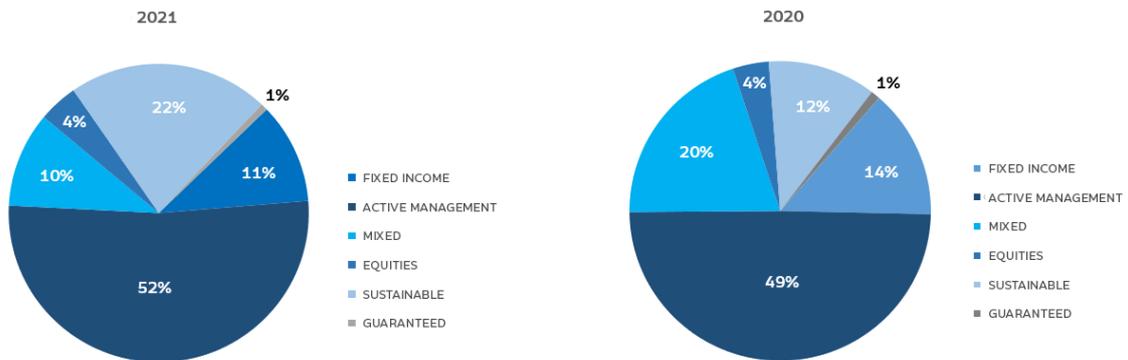
Savings managed in **individual system pension plans** increased by 12.3% to **3,090 million euros**, significantly above the variation experienced by the sector (+8.9%). Customer contributions amounted to 102 million euros in a context marked by reducing the legal limit for tax-deductible annual contributions. The **market share, 3.46%**, advances **11 basis points** from December 2020, moving the company to **sixth in the sector ranking** (source: INVERCO). The number of customers with individual plans increased by 6,645, reaching 244,165 by the end of 2021.

Trend in personal pension plan market share:



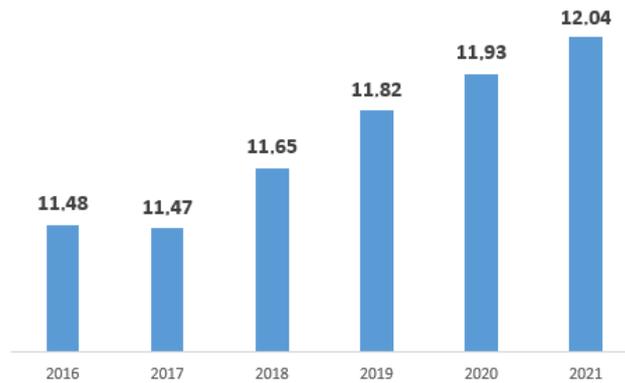
In the **distribution of individual pension plans by type**, the **substantial expansion of products with a sustainable profile** stands out, accounting for 22% (670 million) of total assets, compared to 12% in 2020. **The active management range consolidated with 52% of the volume** and the weight of fixed income and guaranteed plans continued to decline, with 12% of the total, down from 15% a year ago.

Distribution of individual pension plans by type:



Assets managed in **employment plans** amounted to **4,548 million euros**, up 6.8% on 2020 (sector -5.9%). The **market share**, **12.04%**, adds **11 basis points** and the company consolidates its position in **third place** among Spanish fund managers (source: INVERCO). This system comprises 69,091 unitholders through 15 plans. Ibercaja Pensión administers two of the ten largest employment plans in the country.

Work pension plan market share trend:



In the 2021 edition of the **Expansion All Funds Awards**, Ibercaja Pensión was a finalist in the category of best pension fund manager, the sixth consecutive time it has been nominated, having won the award on four occasions. The Sustainable and Solidarity PIP was also a finalist for the fourth consecutive year in the "Best Solidarity Fund" category.



Ibercaja Pensión

XXXIII FUND AWARDS 2021 EXPANSION-ALLFUNDS BANK
Finalist Best National Pension Fund Manager 2020



Ibercaja Sustainable and Solidarity Pension Plan

XXXIII FUND AWARDS 2021 EXPANSION-ALLFUNDS BANK
For the fourth year running:
Finalist in the Best Solidarity Fund category

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 S.A.U.** specialises in life insurance, with a proven track record in the bancassurance business since 1996. The Entity 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 volume of technical provisions of the insurer, 6,775 million euros at the end of 2021, represents a market share of 3.46% (source: ICEA). The solvency ratio is well above the legal limit of 100%, reaching 265% in December 2021.
- **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.

LIFE-SAVINGS INSURANCE

Ibercaja Vida produces an extensive range of life savings products: systematic savings insurance, investment savings (life annuities, temporary annuities, capital plans and insured pension plans) and unit-linked. The amount of premiums and the number of policies are shown in the table below:

	2021	2020	2019
No. policies	446,418	489,335	531,554
Savings insurance premiums (€ million)	826	884	862

Mathematical provisions for life insurance savings, 6,643 million euros, declined 3.4%, impacted by the low-interest-rate environment. Systematic savings insurance accounts for slightly less than 40% of the total due to the diversification towards link products, given policyholders' need to make their assets profitable in the current financial context. As a result, the Unit Linked balance at the end of December 2021 will reach a volume of 1,690 million euros, almost double that of 2020. The market share in this segment was 9.95%. The portfolio of investment savings products, mainly annuities and life annuities, amounted to 2,235 million euros. As a result of the temporary closure to marketing, given the current scenario of negative interest rates and the inherent loss ratio of the product, the managed volume decreases by 7.1% in 2021.

Distribution of mathematical provisions for life insurance savings:

	2021		2020		2019	
	€Mn	%	€Mn	%	€Mn	%
Systematic savings insurance	2,531	38.1	3,425	49.8	4,243	58.3
Savings and investment	2,235	33.6	2,404	35.0	2,509	34.5
Unit Linked	1,690	25.5	850	12.3	314	4.3
Other	187	2.8	199	2.9	211	2.9
Total	6,643	100.0	6,878	100.0	7,277	100.0

RISK INSURANCE

The **risk insurance premiums** brokered by Ibercaja Mediación, **284 million euros**, grew by 3.0% compared to the previous year and policies totalled 983,032.

- **Life insurance premiums** increased by 2.6% to **78 million euros**. Ibercaja Vida, with 73 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. New production is up 53% year-on-year.

(€ million)	2021	2020	2019
Life insurance premiums	78	76	78
. Of which: Ibercaja Vida (*)	73	71	72

(*) In addition, Ibercaja Vida produces premiums of 3 million euros in group risk insurance linked to the pension plan for Ibercaja Banco employees.

- **Non-life insurance premiums, 206 million euros**, increased 3.1%. The boost in activity is the result of the commercial effort and the alliance with Caser to distribute this type of insurance through the branch network. New production associated with the agreement with Caser increased 45.6%, while the backlog rose 6.6%. The most noteworthy advances were in death insurance (+19.5%), civil liability (+9.5%) and home insurance (+5.8%). The market share in non-life insurance premiums, at 0.54%, remains at similar levels compared to 2020 (source: in-house creation based on data published by ICEA).

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

Ibercaja Mediación has promoted various **actions throughout 2021 to boost the non-life insurance business:**

- "Yavoioyó", home insurance with specific coverage for second homes.
- Rent protection, insurance that protects the owner of a rented property or premises against rent default.

- Inmuebles Flexible, aimed at Communities of Owners, which includes new coverage and the improvement and extension of some of the existing ones.
- In line with Ibercaja's sustainable business strategy, Caser Auto insurance has been adapted to the needs of electric vehicles, in addition to the inclusion of the Autohelp service.

Leasing and Renting

Ibercaja Leasing y Financiación S.A. specialises in financing productive activities through leasing and renting. It provides the branch network with products for SMEs and professionals to finance their fixed-assets investments, offering renting to companies, the self-employed, and individuals.

The **outstanding risk**, **562 million euros**, remains stable compared to 2020. The **market share** amounts to **2.86%** (source: Spanish Leasing and Renting Association). The **amount of new contracts** reached **247 million euros**. Of the total number of new operations, 56.21% were for financing non-industrial vehicles, 22.58% for industrial vehicles, 15.50% for machinery, 2.21% for computer equipment and the rest (3.50%) for real estate, furniture and other 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 leased vehicles totals 4,765 units.

The **default ratio** of Ibercaja Leasing y Financiación S.A., **1.93%**, is significantly lower than the average for financial credit institutions (6.56% at November 2021). In turn, the **coverage ratio** stood at **69%** of doubtful balances.

The Company's commitment to caring for the environment is evident in the commercial campaigns carried out during the year. The sustainable mobility offer has been boosted by offering customers the possibility of contracting 100% electric vehicles, totally ecological and with zero emissions, making a wide range available to cover different needs. The marketing of **two new sustainable products has also been launched**: the **leasing of sustainable crops**, aimed at financing investment in farms that optimise water consumption and allow higher crop yields, and the **leasing of photovoltaic energies**, which facilitates the financing of investments in energy efficiency installations initially intended for self-consumption.

Ibercaja Leasing has obtained the prize awarded by the Spanish Leasing and Renting Association for the most sustainable operation carried out in November 2021 in relation to the sustainable crops product.

5

Significant information
of the Ibercaja Group:
main aggregates

5.1 Highlights for the period at the Ibercaja Group

102-7, 102-10, 103-1, 103-2, 103-3

In a complex context for business development, the Group's specialisation strategy, the strength of its hallmarks and the quality of its balance sheet have proven their worth.

*In the first year of the "Desafío 2023" plan, Ibercaja's commercial activity has been very dynamic, achieving **notable advances in key segments** for the business strategy, such as **asset management, insurance distribution** and **company financing**.*

- **Retail funds**, 70,163 million euros were up 7.3% thanks to **asset management and insurance**, whose volume **grew** 12.9%, bringing its share of total managed savings to 47.1%.
- The **assets of the investment funds** managed by Ibercaja Gestión **maintained their upward trend**, totalling 18,367 million euros, with an increase of 20.5% over the year, above the 15.7% recorded by Spanish CIIs as a whole. Contributions, 2,337 million euros, were double those of a year earlier, and the market share, 5.78%, was up 22 basis points.
- The volume under management in **pension plans** increased by 9.0%, allowing the market share of 5.97% to add **6 basis points**. In **individual and work plans**, the share of each of them rises by **11 basis points**.

- The **sustainable and supportive investment**, materialised in investment funds and pension plans, **multiplies its assets by 2.5 times in one year**, demonstrating the Group's commitment to sustainability.
- The **credits and loans being arranged, 5,421 million euros**, recovered to **pre-pandemic levels** and almost 60% of them are allocated to companies. Lending for house purchases has been revitalised in recent months so that new production in the fourth quarter was more than 70% higher than the average of the first three quarters, stabilising the portfolio in the latter part of the year. Also noteworthy was the strong dynamism of the volume of outstanding loans, 15.7% higher than in 2020.
- The new Corporate Banking Area has given a **significant commercial boost to the productive activities business**. Standard loans to companies grew 6.9%, increasing the market share by eight basis points in the year. Ibercaja, in collaboration with experienced consultancy firms, has made available to customers an advisory service to access funds from the NextGeneration EU plan to take advantage of the investment opportunities that these funds represent.
- **New life and non-life premium income rose** 33% year-on-year to **66 million euros**.

The Group reported a **net profit** of **151 million euros, 127 million more than the previous year**. Typical banking revenues grew 2.5%, thanks to the progress in the asset management business, while provisions for credit and real estate risk normalised after the extraordinary provisions made in 2020 to cover the potential economic impact of the pandemic on the loan

- The interest margin reflects the repricing of the mortgage portfolio due to the decline in the yield curve and the lower contribution of debt securities. Fees increased 16.9% due to the excellent performance of off-balance-sheet managed savings. As a result, **overall recurrent revenues increase by 2.5% and exceed the stability target for 2021**.
- Recurrent operating expenses rose 5.4% year on year. **In the coming months, the cost base will include the effect of the Redundancy Plan** signed by the Entity with the workers' representatives in December 2020. The departures of the employees covered by the redundancy programme will take place progressively until June 2022, so it will be a catalyst for profitability in the coming year.
- Write-offs of foreclosed loans and real estate, at 114 million euros, were 119 million euros lower than in the previous December due to lower NPL entries and because an extraordinary provision of 90 million euros was set aside in 2020 to cover the potential impact on the loan portfolio of the economic effects of COVID-19. The **cost of risk falls to 35 basis points**, which is significantly below the cost, 71 basis points, of 2020.
- The dividend distribution of 98.14 million euros, which the Board of Directors will propose to the General Meeting of Shareholders, represents a **pay-out of 65%**.

*The reduction of non-performing assets on the balance sheet continues without the weak economic environment having translated into a decline in the credit quality of lending, which is highly hedged. The bank maintains the **strength of its capital ratios** with a **CET1***

- The **non-performing assets** decrease by **29.2%**, compared to the change, **-4.7%**, in **the sector** (latest information as at November), with the NPL ratio falling by 91 basis points to 2.30%. The positive gap with respect to credit institutions as a whole widened to 199 basis points. The **coverage ratio of non-performing exposure** rose by over 11.4 percentage points to **75.31%**.
- The **aggregate of problem exposure, doubtful and foreclosed assets** was reduced by 373 million euros. The **problem asset ratio**, **3.97%**, has fallen by 110 basis points since December 2020. The **coverage ratio** of these assets, **68.79%**, rises by almost seven percentage points.
- The Group has a **sound funding structure** based on the deposits of retail customers, who account for **79.8%** of outside funding, so the loan-to-deposit ratio (LTD) ratio is below 100%. The **Group's liquid assets** represent **26.0%** of the **balance sheet** and comfortably cover all wholesale debt maturities.
- The **CET1 fully loaded ratio** added **12 basis points** to **12.71%**, exceeding the Group's medium-term target. The total capital ratio is 17.43%, one of the highest in the Spanish banking system. These ratios are above the PRES 2021 requirements and those that will come into force in March 2022.

Key indicators

FIGURES ROUNDED TO MILLION EUROS
AND %

BALANCE SHEET	31/12/2021	31/12/2020	Change %
Total assets	58,631	58,401	0.4
Gross loans and advances to customers	31,195	31,590	(1.2)
Performing loan portfolio exc. reverse repurchase agreements	28,862	28,956	(0.3)
Total retail funds	70,163	65,411	7.3
Net equity	3,270	3,218	1.6
Retail business volume	99,025	94,367	4.9

RESULTS (thousands of euros)	31/12/2021	31/12/2020	Change %
Interest margin	492,826	533,673	(7.7)
Gross income	952,260	1,001,822	(4.9)
Profit before write-downs	341,038	283,316	20.4
Profit/(loss) attributed to the parent	150,985	23,602	539.7

EFFICIENCY AND PROFITABILITY	31/12/2021	31/12/2020	Change
Recurrent cost-to-income ratio (ordinary expenses/recurrent revenues)	64.2%	62.5%	+1.7 p.p.
ROA (profit attributable to the parent company/total average assets)	0.26%	0.04%	0.22 p.p.
RORWA (profit attributable to the parent company/APR)	0.84%	0.13%	0.71 p.p.
ROE (profit attributable to the parent company/average own funds)	5.2%	0.8%	4.4 p.p.
ROTE (profit attributable to the parent company/average tangible own funds)	5.7%	0.9%	4.8 p.p.

RISK MANAGEMENT	31/12/2021	31/12/2020	Change
Non-performing balances (loans and advances to customers)	718	1,013	(29.2) %
Non-performance rate of loans and advances to customers (%)	2.3%	3.2%	(0.9) p.p.
Ratio of distressed assets (%)	4.0%	5.1%	(1.1) p.p.
Coverage of non-performing risks	540	647	(16.5) %
Coverage of non-performing risks (%)	75.3%	63.9%	11.4 p.p.
Coverage of exposure to distressed assets (%)	68.8%	62.2%	6.6 p.p.

LIQUIDITY	31/12/2021	31/12/2020	Change
Liquid assets / Total assets (%)	26.0%	25.6%	0.4 p.p.
Loan-to-deposit ratio (LTD)	78.2%	81.1%	(2.9) p.p.
LCR ratio (%)	452.0%	468.1%	(16.1) p.p.
NSFR ratio (%)	152.2%	151.5%	0.7 p.p.

SOLVENCY	31/12/2021	31/12/2020	Change
CET1, phase-in (%)	13.41%	13.62%	(0.21) p.p.
Solvency ratio, phase-in (%)	18.12%	18.27%	(0.15) p.p.
Leverage ratio, phase-in (%)	6.01%	6.26%	(0.25) p.p.
CET1, fully loaded (%)	12.71%	12.59%	0.12 p.p.
Total capital, fully loaded (%)	17.43%	17.26%	0.17 p.p.
Leverage ratio, fully loaded (%)	5.75%	5.85%	(0.10) p.p.

ADDITIONAL INFORMATION	31/12/2021	31/12/2020	Change %
No. Group employees	4,880	5,307	(8.0)
No. of branches	914	1,031	(11.3)

5.2 Analysis of the main balance sheet figures

102-7, 103-1, 103-2, 103-3

Retail funding was driven by asset management and life insurance, while lending to productive activities increased and asset quality indicators strengthened.

Key figures on the consolidated balance sheet:

	Figures in thousands of euros			
	31/12/2021	31/12/2020	CHANGE	CHANGE (%)
Cash and credit institutions	6,749,981	7,884,260	(1,134,279)	(14.4)
Loans and advances to customers	30,655,026	30,942,404	(287,378)	(0.9)
Securities portfolio	18,214,267	16,464,946	1,749,321	10.6
Tangible assets	1,004,091	960,967	43,124	4.5
Intangible assets	269,167	237,226	31,941	13.5
Other assets	1,738,877	1,910,987	(172,110)	(9.0)
Total assets	58,631,409	58,400,790	230,619	0.4
Deposits from credit institutions and central banks	6,616,302	6,579,022	37,280	0.6
Customer deposits	38,268,280	37,881,253	387,027	1.0
Debt securities issued	1,316,321	1,340,670	(24,349)	(1.8)
Liabilities under insurance contracts	7,121,494	7,521,867	(400,373)	(5.3)
Provisions	268,943	393,100	(124,157)	(31.6)
Other liabilities	1,769,668	1,466,458	303,210	20.7
Total liabilities	55,361,008	55,182,370	178,638	0.3
Net equity	3,270,401	3,218,420	51,981	1.6
Total equity and liabilities	58,631,409	58,400,790	230,619	0.4

Assets

The **total assets** of the consolidated balance sheet amounted to **58,631 million euros**, compared to 58,401 million euros in December 2020; the 0.4% increase was mainly due to the growth in the securities portfolio.

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 **30,655 million euros**, 0.9% less than at year-end 2020. In gross terms, i.e., without value adjustments for impairment of assets and other impairments, the loan portfolio amounted to 31,195 million euros. "Healthy" lending, at 28,862 million euros, excluding non-performing assets and reverse repos, declined by 93 million euros or 0.3% year on year. The profile of the Group's portfolio is low risk, with home loans accounting for 63% of the total. Without losing this specialisation, the Bank is progressively increasing its share of corporate loans, representing 28% of the total performing lending balance.

Distribution of loans and advances to customers by purpose:

	Figures in thousands of euros			
	31/12/2021	31/12/2020	Change	Change (%)
Loans to households	19,818,759	20,382,751	(563,992)	(2.8)
Housing	18,100,029	18,614,885	(514,856)	(2.8)
Consumer loans and other	1,718,730	1,767,866	(49,136)	(2.8)
Corporate loans	8,015,693	7,497,607	518,086	6.9
Real estate development	973,401	940,570	32,831	3.5
Non-real estate productive activities	7,042,292	6,557,037	485,255	7.4
Public sector and other	1,027,984	1,075,429	(47,445)	(4.4)
Gross loans, ex impairments and reverse repos	28,862,436	28,955,787	(93,351)	(0.3)
Reverse repurchase agreements	1,615,394	1,620,857	(5,463)	(0.3)
Impaired assets	717,621	1,012,938	(295,317)	(29.2)
Gross loans and advances to customers	31,195,451	31,589,582	(394,131)	(1.2)
Impairment losses and others	(540,425)	(647,178)	106,753	(16.5)
Loans and advances to customers	30,655,026	30,942,404	(287,378)	(0.9)

The **normal loans to companies** amounted to 8,016 million, an increase of 6.9%. The market share of credit to non-financial corporations climbed eight basis points to 1.5%. The **financing of non-real estate productive activities** rose by 7.4%, due to the boost given to the corporate business, a key element in Ibercaja's strategy of diversifying its credit mix. Although of reduced importance, exposure to real estate development increased by 3.5%, in line with the reactivation of this sector in the residential sector. **Home loans** declined by 2.8%. Its main component, **home loans**, dipped by 2.8%. New production is still insufficient to compensate for natural maturities of the portfolio and higher early redemptions because of the accumulated savings pool and the level of retail deposit rates. However, there was a clear recovery in the last months of the year due to the boom in formalisations, so the portfolio in the fourth quarter remained virtually unchanged from the third quarter. In turn, **consumer credit and other financing to households**, with a limited weight in overall investment, fell by 2.8% due to a 4.4% decline in consumer credit, in an environment in which household spending is still recovering slowly.

Loans and credits being arranged totalled 5,421 million euros, reaching pre-pandemic levels. New production to companies totalled 3,188 million euros, lower than the figure obtained in 2020 due to the base effect, since last year, it was enormously boosted by the granting of ICO credit lines partially guaranteed by the State with which companies stockpiled liquidity to mitigate the economic effects of COVID-19. The loans arranged for house purchases amounted to 1,431 million euros, similar to last year's amount. It is worth noting that they are revitalising after the sluggishness of previous months so that new production in the fourth quarter was more than 70% higher than the average granted during the first three quarters of 2021. In terms of geographic markets, Madrid and the Mediterranean Arc accounted for more than 51% of the year's new loans, while the Traditional Area accounted for 34%. In addition, the arrangement of working capital loans for companies exceeded 7,450 million, 15.7% more than in December 2020.

Asset quality indicators (non-performance rate, foreclosed assets and coverage)

	thousands of euros and %	
	31/12/2021	31/12/2020
Non-performing loans and advances to customers	717,621	1,012,938
Loans and advances to customers, gross	31,195,451	31,589,582
Non-performance rate of loans and advances to customers (%)	2.30%	3.21%
Distressed assets (non-performing loans and advances to customers + repossessions)	1,259,862	1,632,465
Exposure (loans and advances to customers + repossessed assets)	31,737,692	32,209,109
Problem asset ratio (%)	3.97%	5.07%
Non-performing loans and advances to customers	717,621	1,012,938
Coverage of non-performing risks	540,425	647,178
Coverage of non-performing risks (%)	75.31%	63.89%
Foreclosed assets (gross carrying amount)	542,241	619,527
Coverage of foreclosed assets	326,197	367,413
Coverage ratio of foreclosed assets (%)	60.16%	59.31%
Distressed assets (non-performing loans and advances to customers + repossessions)	1,259,862	1,632,465
Coverage of Problem assets	866,622	1,014,591
Coverage rate of Problem assets (%)	68.79%	62.15%
Distressed assets (non-performing loans and advances to customers + repossessions)	1,259,862	1,632,465
Equity and problem asset coverage	3,770,479	3,825,221
Texas Ratio (%)	33.41%	42.68%

The **asset quality indicators** are evolving favourably without the weakness of economic activity in some sectors and the maturity of most of the mortgage moratoriums being reflected in their trajectory. Impaired loans and advances to customers, at 718 million euros, declined 29.2% in the year due to the slower pace of NPL entries (down 26%) and the sale of a 51 million-euro portfolio of non-performing loans. Meanwhile, the volume of recoveries remained stable at 22% of the initial balance of non-performing loans. The contraction of impaired assets in Ibercaja has been significantly higher than that of the sector (-4.7% according to the latest statistical information from the Bank of Spain at the end of November).

The NPL ratio, 2.30%, is one of the lowest in the Spanish banking system. This ratio fell by 91 basis points compared to the end of 2020, widening the favourable spread vis-à-vis all banks to 199 basis points (130 basis points at the end of 2020). The coverage ratio of non-performing loans rose from 11.4 p.p. to 75.31%, one of the highest among comparable institutions.

The **foreclosed real estate portfolio**, recorded under the balance sheet headings investment property, inventories and non-current assets held for sale, totalled **542 million euros gross**, down 12.5% on December 2020, mainly as a result of the recovery in sales, up 52% on the previous year, following the upturn in the real estate market. Land sales amounted to 100 million, 56% of the total. The performance of inflows was also more favourable, falling by 10% year on year. The coverage of all real estate is 60.16%, with land coverage reaching 68.43%. The net value of foreclosed assets, at 216 million euros, decreased by 14.3%, representing only 0.4% of the balance sheet.

Problem assets, amounting to **1,260 million euros**, the sum of non-performing loans and advances to customers and foreclosed properties, fell 373 million euros or 22.8% in relative terms. Excluding hedges, net problem assets, at 393 million euros, declined 36.4% to 0.7% of assets. The ratio of problem assets, 3.97%, fell by 110 basis points during the year and the coverage ratio amounted to 68.79%, up almost seven percentage points in December 2020. The Texas ratio, which relates non-performing assets to equity and coverage, decreased to 33.41%, thus improving by 9.3 percentage points in the year.

The Group's refinancing and debt restructuring policy aims to help borrowers experiencing temporary financial difficulties meet their obligations and, where possible, improve risk quality by securing additional collateral. **Refinanced loans** amounted to 539 million euros, down 26.9% on year-end 2020 and accounting for only 1.7% of gross loans and advances to customers. 61.1% of refinanced loans are classified as non-performing, and their coverage is 42.7%. On 20 May 2021, Ibercaja adhered to the Code of Best Practices (CBP) to renegotiate guaranteed financing in Royal Decree-Law 5/2021, of 12 March, on extraordinary measures supporting business solvency in response to the COVID-19 pandemic. The CBP sets out the conditions under which financial institutions will provide debtors with the measures available to companies and the self-employed to renegotiate the conditions of ICO-COVID financing operations. At the end of 2021, the impact of these measures was very low, as only 6.8 million euros of deferrals were granted and there were no requests from customers in relation to the other measures envisaged in the CBP.

Regarding the loan portfolio distribution **by stage**, 5.0% of exposure is included in stage 2 (7.3% for all important Spanish institutions at the end of September), and its degree of coverage is 7.1%. This low level responds to the mortgage bias of Ibercaja's portfolio and a prudent policy of risk concession.

The **Group's portfolio of fixed-income securities, shares and participations in companies** amounts to **18,214 million euros**, of which 7,314 million euros correspond to the insurance business.

The **portfolio affected by banking activity**, 10,901 million euros, increased by 1,992 million euros in the year.

- The **ALCO portfolio** managed by the parent company increased by 2,023 million euros to 10,462 million euros due to acquisitions, mainly Spanish public debt, to restore it after the sale of securities in 2020 and to make the excess liquidity on the balance sheet profitable. This portfolio is made up of low-risk bonds, mainly Spanish government debt (63%) and Sareb bonds (16%), with an average duration, including coverage, of 5.3 years. 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. According to the accounting classification, 94% of these financial assets are classified at amortised cost.
- **Equity**, 403 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 27 million euros.

The **portfolio assigned to insurance activity**, 7,314 million euros, declined by 243 million.

- **Fixed income**, 5,603 million euros, mainly Spanish public debt and that of credit institutions, decreased by 1,099 million, mainly due to the transfer from systematic savings insurance to Unit Linked. These assets are mainly classified as "Financial assets at fair value through other comprehensive income".

- **Equity**, 1.711 million euros, rose by 856 million euros, owing to Ibercaja Vida's increased investment in units in investment funds that are managed jointly with liabilities under insurance contracts (unit-linked) measured at fair value.

Details of the securities portfolio

BY ACCOUNTING CLASSIFICATION	Figures in thousands of euros			
	31/12/2021	31/12/2020	Change	Change (%)
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,666,941	852,179	814,762	95.6
Debt securities	0	28,009	(28,009)	---
Equity instruments	1,666,941	824,170	842,771	102.3
Financial assets at fair value through profit or loss	7,451	8,602	(1,151)	(13.4)
Debt securities	7,451	8,602	(1,151)	(13.4)
Financial assets at fair value through other comprehensive income	6,464,034	7,023,328	(559,294)	(8.0)
Debt securities	6,118,358	6,669,456	(551,098)	(8.3)
Equity instruments	345,676	353,872	(8,196)	(2.3)
Financial assets at amortised cost	9,974,513	8,474,312	1,500,201	17.7
Investments in joint ventures and associates	101,328	106,525	(5,197)	(4.9)
Total securities portfolio	18,214,267	16,464,946	1,749,321	10.6

BY ACTIVITY AREA	Figures in thousands of euros			
	31/12/2021	31/12/2020	Change	Change (%)
Banking business	10,900,580	8,908,586	1,991,994	22.4
Of which: fixed income - ALCO portfolio	10,462,235	8,439,326	2,022,909	24.0
Of which: fixed income - subsidiary portfolio	34,932	39,280	(4,348)	(11.1)
Of which: equities	403,413	429,980	(26,567)	(6.2)
Insurance business	7,313,687	7,556,360	(242,673)	(3.2)
Of which: fixed income	5,603,155	6,701,773	(1,098,618)	(16.4)
Of which: equity (Unit Linked)	1,710,532	854,587	855,945	100.2
Total securities portfolio	18,214,267	16,464,946	1,749,321	10.6

The **asset balance with central banks, credit institutions and cash** is 6,750 million euros. The decrease in the year of 1,134 million euros, mainly concentrated in the heading "cash balances at central banks", is basically due to the aforementioned purchases of fixed-income securities.

Liabilities to central banks and credit institutions amounted to 6,616 million euros, 0.6% more than in December 2020. At 5,871 million euros, funding from the ECB increased by 500 million euros, mainly due to the allotment of 559 million euros in the TLTRO III auction in March 2021. At 745 million euros, deposits from credit institutions fell by 463 million euros, mainly due to a decrease of 412 million euros in time deposits and a decrease in the volume of repurchase agreements with other institutions.

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

	Figures in thousands of euros			
	31/12/2021	31/12/2020	Change	Change (%)
Cash and cash balances at central banks and other demand	6,388,624	7,572,609	(1,183,985)	(15.6)
Credit institutions (financial assets at amortised cost)	361,357	311,651	49,706	15.9
Cash and credit institutions	6,749,981	7,884,260	(1,134,279)	(14.4)
Central bank deposits	5,871,128	5,371,202	499,926	9.3
Deposits from credit entities	745,174	1,207,820	(462,646)	(38.3)
Deposits from central banks and credit institutions	6,616,302	6,579,022	37,280	0.6

The **tangible assets** amount to 1,004 million euros, an increase of 43 million euros since December, due to an increase of 18 million euros in property, plant and equipment for own use, as well as in operating leases and investment property of 16 million euros and 9 million euros, respectively. **Intangible assets**, 269 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 32 million in this heading.

The **tax assets**, 1,304 million euros, decreased by 3.1%, due to a 3.3% decrease in deferred tax assets, because of their offset in the corporate income tax for 2021.

Equity and liabilities

Customer deposits ended the year with a balance of **38,268 million euros**, 1.0% higher than at the end of 2020. This change resulted from a 2.7% increase in retail deposits, partially offset by the maturity of 525 million euros of covered bonds and the lower repurchase agreements. The increase in retail deposits, sight savings and traditional time deposits without covered bonds or repos was significantly lower than a year earlier when it reached 10.4%. Companies have made use of the liquidity accumulated, taking advantage of the ICO guarantee lines, and household deposits have significantly moderated their pace of growth as uncertainty has been reduced and as a result of the Bank's strategy of diversifying savings towards other financial assets with higher expected returns for the customer.

The **debt securities issued**, **1,316 million euros**, decreased by 24 million euros due to the combined effect of the maturity of securitisation liabilities and the issuance of senior preferred debt, eligible for MREL requirements, for 50 million euros.

Liabilities under insurance or reinsurance contracts, **7,121 million euros**, declined 5.3% due to the negative impact of low-interest rates on the performance of life savings insurance and the strategy of the Entity to encourage the transfer to unit-linked.

The **retail funds** under management on and off the balance sheet, **70,163 million euros**, increased 7.3%. In addition to the increase mentioned above in retail deposits, asset management and insurance grew 12.9% to 33,031 million euros. This item accounted for 47.1% of the Bank's total customer funds and 80% of the year-on-year increase.

Details of total retail customer funds

	Figures in thousands of euros			
	31/12/2021	31/12/2020	Change	Change (%)
Retail deposits	37,131,170	36,165,311	965,859	2.7
Demand deposits	34,673,081	33,014,125	1,658,956	5.0
Term deposits (exc. mortgage-backed bonds)	2,458,089	3,151,186	(693,097)	(22.0)
Asset and insurance management	33,031,334	29,245,650	3,785,684	12.9
Total retail funds	70,162,504	65,410,961	4,751,543	7.3

Provisions on the liability side of the balance sheet, **269 million euros**, comprise funds for pensions and similar commitments, outstanding labour costs and other provisions. The net change of 124 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 **3,270 million euros**, 52 million more than at year-end 2020. The 93 million-euro growth in shareholders' equity offset the 41 million-euro decrease in "Accumulated other comprehensive income".

5.3 Income statement

103-1, 103-2, 103-3

Ibercaja achieved a net profit of 151 million euros, a considerable improvement on the figure for the previous year.

Main headings of the income statement:

	Figures in thousands of euros			Change (%)
	31/12/2021	31/12/2020	Change	
Interest margin	492,826	533,673	(40,847)	(7.7)
Net fees and commissions and exchange differences	438,543	374,987	63,556	16.9
Recurrent revenues	931,369	908,660	22,709	2.5
Gains/(losses) on financial assets and liabilities	46,662	119,165	(72,503)	(60.8)
Other operating profit/(loss)	(25,771)	(26,003)	232	(0.9)
Other operating income and expense	(40,902)	(31,790)	(9,112)	28.7
Dividends	9,542	5,208	4,334	83.2
Earnings at equity-accounted entities	5,589	579	5,010	-
Gross income	952,260	1,001,822	(49,562)	(4.9)
Operating expenses	(611,222)	(718,506)	107,284	(14.9)
Profit before write-downs	341,038	283,316	57,722	20.4
Provisions, impairment and other write-downs	(126,951)	(225,830)	98,879	(43.8)
of which: COVID-19 write-downs	-	(90,124)	90,124	-
Other gains/(losses)	686	(4,016)	4,702	(117.1)
Profit/(loss) before tax	214,773	53,470	161,303	301.7
Taxes	(63,788)	(29,868)	(33,920)	113.6
Consolidated profit/(loss) for the year	150,985	23,602	127,383	539.7
Profit/(loss) attributable to the Parent	150,985	23,602	127,383	539.7

The **interest margin** totalled 493 million euros, down 7.7% year-on-year, mainly due to the decline in revenues from lending, the lower contribution from the fixed income portfolio and the lower contribution from the Group's insurance business. Part of this impact, caused by the low-interest rates, has been offset by the lower cost of retail and wholesale funding and the favourable conditions of the financing obtained from the ECB in the TLTRO III auction. In this respect, the Bank, considering the trend in eligible credit and business projections, has accrued interest at -1%.

Revenues from lending fell 14.1%, mainly due to lower unit yields. The average rate, at 1.19%, contracted 17 basis points from 2020 as a result of the repricing of the mortgage portfolio following the decline in the 12-month Euribor, lower market interest rates on corporate financing and the high volume of ICO loans formalised with a reduced yield to which the cost of the guarantee is imputed. It should be noted that the mortgage portfolio has already fully reflected the decline in the benchmark.

The **retail saving cost** fell due to the lower balance and rate of term deposits and the charging of negative interest, in certain circumstances, on credit balances on demand accounts.

The yield on loans and advances to customers fell 17 basis points year-on-year to 1.19%, while the cost of retail savings fell one basis point to -0.02%, bringing the **customer spread** to 1.21%, 16 basis points lower than the 1.37% recorded at the end of 2020.

The **yield on the fixed income portfolio** is 34 million euros and represents 6.2% of interest income. The year-on-year decrease, 23 million, is due to the decrease in the average return (0.34% vs 0.66% in 2020) due to the rotation of securities following sales in 2020.

The **cost of wholesale issues** amounted to 33 million, 37.8% less than in 2020, due to the maturity of non-renewed mortgage covered bonds and because until July 2020 part of the subordinated wholesale debt issued in 2015 remained on the balance sheet and was refinanced last year by another lower-cost issue.

The **Group's balance sheet spread** stood at 0.85% at the end of 2021, 11 basis points lower than the previous year.

Breakdown of interest margin:

(figures rounded to millions of euros)	2021			2020			Change 21/20		
	Balance average	Perf Cost	Perf Cost (%)	Balance average	Perf Cost	Perf Cost (%)	Effect volume	Effect rate	Change net
Financial intermediaries	7,912	67	0.85	6,234	54	0.87	15	(1)	13
Loans and advances to customers	28,862	343	1.19	29,400	399	1.36	(7)	(49)	(56)
Fixed income portfolio	9,969	34	0.34	8,526	57	0.66	10	(32)	(23)
Income from insurance activity	7,519	105	1.40	7,634	122	1.60	(2)	(15)	(17)
Other assets	3,603	1	---	3,685	1	---	0	(1)	(1)
ASSETS (c)	57,865	550	0.95	55,479	633	1.14	27	(110)	(83)
Financial intermediaries	6,792	24	0.35	5,085	30	0.58	10	(16)	(6)
Retail deposits (b)	35,924	(7)	(0.02)	34,333	(3)	(0.01)	0	(4)	(4)
Wholesale issues	2,588	33	1.26	3,254	53	1.61	(11)	(9)	(20)
Costs of insurance activity	7,291	2	0.02	7,632	15	0.20	(1)	(13)	(14)
Other liabilities	5,270	5	---	5,175	4	---	0	1	1
LIABILITIES (d)	57,865	57	0.10	55,479	99	0.18	4	(46)	(42)
Customer spread (a-b)			1.21			1.37			
Balance sheet spread (c-d)			0.85			0.96			

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 include negative interest on financial intermediaries' balances on the assets side.

Net fees and exchange differences totalled 439 million euros, 16.9% more than in 2020. Marketing and asset management fees rose 25.5%, due to the higher volume of assets under management in off-balance-sheet products and the increase in success fees, because of the excellent performance of the markets in the year. Fees from banking activity increased 3.3%, mainly due to the 8.9% rise in collection and payment services fees, while those associated with securities trading and contingent liabilities and commitments declined.

Net fees and commissions:

	Figures in thousands of euros			
	31/12/2021	31/12/2020	Change	Change (%)
Fees for contingent liabilities and commitments	11,366	12,002	(636)	(5.3)
Collection and payment services fees	123,161	113,084	10,077	8.9
Securities services fees	49,581	38,992	10,589	27.2
. Administration, custody and trading of securities	7,954	9,241	(1,287)	(13.9)
. Asset management	41,627	29,751	11,876	39.9
Non-bank financial product marketing fees	254,860	206,590	48,270	23.4
Other fees	18,527	20,103	(1,576)	(7.8)
Fees received	457,495	390,771	66,724	17.1
Fees paid	(19,509)	(16,636)	(2,873)	17.3
Exchange differences	557	852	(295)	(34.6)
Net fees and commissions and exchange differences	438,543	374,987	63,556	16.9
Fees for marketing and asset management	288,925	230,218	58,707	25.5
Banking fees and commissions	149,618	144,769	4,849	3.3

Recurrent revenues, the aggregation of the interest margin and net fees and commissions, were **2.5% higher at 931 million euros**. The excellent performance of fees, especially those linked to asset management, offset the decline in the interest margin, basically affected by the trend in the yield curve, which put pressure on the performance of the credit and fixed income portfolios. Recurrent revenues amounted to 243 million euros in the fourth quarter, 5.4% more than in the same quarter of 2020 and above pre-pandemic levels, thanks to the commercial dynamism focused particularly on asset management.

The **dividend income** amounted to **10 million euros**, compared to 5 million euros the previous year. The increase is explained by the Caser stake (3.5 million euros) and by the fact that in 2020 many companies suspended dividend distributions for reasons of prudence in view of the COVID-19 crisis.

Gains from lending transactions stood at **47 million euros**. This mainly includes realised capital gains of 33 million euros on the forward sale in 2020 of a national public debt securities portfolio, which became effective in the first quarter of 2021. Compared to a year earlier, the decrease is due to the fact that 115 million euros of capital gains were recognised in 2020 on the part of the cash sale of the debt mentioned above portfolio at amortised cost.

The **net of other operating income and expenses** in the income statement includes, inter alia, income and expenses from insurance and reinsurance contracts, income and expenses from non-financial activities and contributions to the Deposit Guarantee Fund (51.8 million euros), to the National Resolution Fund (13.8 million euros) and the expense of the asset benefit from the conversion of deferred tax assets into a receivable from the Spanish tax authorities (2.7 million euros). In 2021 this heading shows an **expenditure of 41 million euros, compared to 32 million euros a year earlier**. The higher expense was mainly due to the 15 million euros recorded in 2020 under "Other operating income" for signing the novation agreement amending the non-life insurance distribution contract with Caser.

The **results of entities accounted for using the equity method** amount to **6 million euros**. The improvement compared to a year earlier comes from the result of Rioja Nueva Economía, following the sale of its subsidiary Energía de Alternativas Eólicas Riojanas.

Gross income was **952 million euros**, 4.9% lower than at the end of 2020. The contraction was due to lower net trading income, as recurrent revenues rose 2.5% year on year to account for 98% of gross income.

Operating expenses, **611 million euros**, were down 14.9%. Excluding the impact of the costs arising from the ongoing Redundancy Proceedings (151 million euros endowed in 2020 and 12.8 million euros of additional cost in 2021), the **recurring expenses**, **598 million euros**, increase by 5.4%, returning to 2019 levels once the operating cost-saving measures adopted in 2020 by COVID-19 have been finalised.

Personnel expenses, excluding one-offs, increased by 31% due to the achievement of certain variable remuneration targets in 2021 and the accrual of the multi-year incentive plan (ILP). The cost savings from the redundancy programme will materialise progressively, as the redundancies of employees under the plan are being staggered until they end in June 2022. At December 2021, there have been 525 departures out of the 750 approved and the closure of 117 branches out of the 199 planned.

Other administrative expenses and write-downs increased by 9.3% due to the slowdown in projects and activities in 2020 as a result of the emergence of COVID-19 and the launch of the Strategic Plan, which has increased the cost of external services and technical reports associated with the implementation of the various initiatives envisaged therein.

Breakdown of operating expenses:

	Figures in thousands of euros			
	31/12/2021	31/12/2020	Change	Change (%)
Wages and salaries	(270,847)	(263,920)	(6,927)	.26
Social security contributions	(68,638)	(68,660)	22	0.0
Contribution to pension funds and insurance policies	(17,667)	(17,698)	31	(0.2)
Severance payments	(16,333)	(151,072)	134,739	(89.2)
Other staff costs	(1,698)	(1,218)	(480)	39.4
Personnel expenses	(375,183)	(502,568)	127,385	(25.3)
Buildings, installations and office equipment	(27,668)	(26,484)	(1,184)	4.5
Systems maintenance, licences, IT development and software	(21,879)	(22,239)	360	(1.6)
Communications	(12,154)	(10,864)	(1,290)	11.9
Advertising and publicity	(5,771)	(5,003)	(768)	15.4
Charges and taxes	(18,170)	(20,221)	2,051	(10.1)
Other management and administration expenses	(83,424)	(68,209)	(15,215)	22.3
Other general administrative expenses	(169,066)	(153,020)	(16,046)	10.5
Depreciation and amortisation	(66,973)	(62,918)	(4,055)	6.4
Operating expenses	(611,222)	(718,506)	107,284	(14.9)
Recurring operating expenses	(598,380)	(567,465)	(30,915)	5.4
Staff costs ex WAP costs	(362,341)	(351,527)	(10,814)	3.1
Other general admin. expenses + depreciation and	(236,039)	(215,938)	(20,101)	9.3

The **cost-to-income ratio**, defined as the quotient of recurring operating expenses and gross income, stood at **62.8%**. The **recurrent efficiency ratio**, measured as recurring expenses over recurrent revenues, is **64.2%**.

Before write-downs, the recurring income was **333 million euros**, 2.4% less than a year earlier, as the increase in recurrent revenues did not fully offset the increase in operating expenses.

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, 127 million euros, reduced by 43.8% in relation to 2020.

The **provisions for loans and foreclosed real estate**, **114 million euros**, amount to 119 million less than in 2020, as a non-recurring provision of 90 million euros was set up in the previous year to cover the potential impact of the economic effects associated with COVID-19. Stripping out this extraordinary provision, the decrease was 20.1% due to lower entries in NPLs. The **Group's cost of risk**, calculated as the ratio of credit and real estate impairments to average exposure, was **35 basis points**, lower than the normal cost for 2020 as a whole of 43 basis points.

The heading **provisions** includes provisions for pensions, litigation, pending tax litigation, commitments and guarantees given and other provisions. It records a **charge of 6 million euros** basically for contingencies related to interest rate floor clauses and mortgage loan expenses, in contrast to the release of 14 million euros in 2020, due to the reversal of a provision set up in 2019 associated with the repurchase of subordinated bonds and the expiry of a contingency linked to labour costs.

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 recorded an **income of 0.7 million euros**, compared to a loss of 4 million euros in 2020. The improvement is due to the higher result from the disposal of assets as a result of the economic recovery.

The Group's **pre-tax profit** amounted to **215 million euros**. After deducting the amount paid in corporate income tax, the **net profit attributable to the parent company** is **151 million euros**, 127 million more than in 2020.

The **ROTE** (ratio of net income to average tangible equity) reached **5.7%**, compared to 0.9% in 2020.

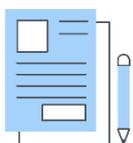
5.4 Funding and liquidity structure

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 source have of financing are balanced and well-diversified, anticipating fund needs to honour its obligations as these fall due without conditioning its investment activity to the climate of wholesale financing markets.

The basic principles governing **this strategy** are: active management through an **ongoing monitoring system**, based on internal limits and indicators documented in the Liquidity Manual; establishing **measures and actions to respond to crisis scenarios (contingency plan)**, harnessing the various alternatives offered by the market to diversify investments in relation to their duration and ensure an appropriate mix of highly-liquid instruments; and maintaining a significant **guarantee asset buffer at the ECB** to cover possible tensions.

Liquidity risk is measured by taking into account the **estimated cash flows from assets and liabilities** and any **additional collateral or instruments** that may be needed so as to ensure alternative sources of liquidity. **Short, medium and long-term outlooks** are prepared to gauge financing needs and limit compliance. These forecasts take into account the latest macroeconomic trends because of their impact on the performance of the assets and liabilities shown on the balance sheet and contingent liabilities and derivative products. Liquidity risk is also controlled by establishing **exposure limits**, within ranges compatible with the approved policies.



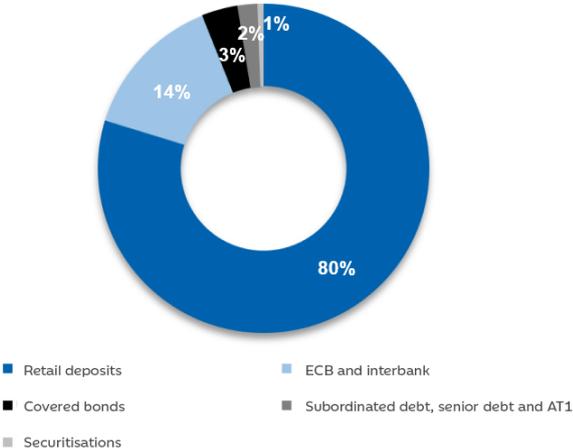
Note 3.8. to the **annual accounts for 2021** provides a more detailed explanation of the **Bank's strategy and policies for managing liquidity risk**, as well as the associated measurement and control procedures.

Retail customer deposits are the **main source of outside funding, accounting for 79.8% of the total**. The loan to deposit ratio (LTD) stands at 78.2%. It declined by 2.9 percentage points during the year, mainly due to a 2.7% increase in retail deposits.

Wholesale funding supplements funding obtained from individuals and companies. It is centred on the medium and long term and includes repos and balances held by the Group at the ECB, mortgage bonds, securitisations, subordinated liabilities and other issues.

The **central bank deposits, 5,871 million euros**, came entirely from TLTRO III tenders. Ibercaja has borrowed an additional 559 million euros this year to the 5,400 million at the end of 2020. As a result, its weight in total outside funding has risen from 11.6% in December 2020 to 12.6% at 31 December 2021.

Breakdown of funding structure



Deposits from credit institutions, 745 million euros, accounted for 1.6% of borrowed funds, compared with 2.6% at the end of 2020. The decline of 463 million euros was due to a reduction of 412 million euros in term deposits and a decrease in the volume of repurchase agreements with other institutions.

Customer deposits, 82.2% of total funding (82.1% in December 2020), increased by 1.0% from 37,881 million euros at the end of the previous year to **38,268 million euros** in December 2021. The change was due to a 2.7% rise in retail deposits, partially offset by the maturity of 525 million euros of special mortgage covered bonds and lower repurchase agreements.

Debt securities issued, 1,316 million euros, decreased 1.8% to 2.8% of borrowings, compared to 2.9% in 2020. The decrease of 24 million euros was due to the combined effect of the maturity of securitisation liabilities and the issuance of senior preferred debt, eligible for compliance with MREL requirements, for 50 million euros.

Composition of outside funding:

Figures in thousands of euros and %	31/12/2021		31/12/2020		Change	
	BALANCE	%	BALANCE	%	BALANCE	%
Central bank deposits	5,871,128	12.6	5,371,202	11.6	499,926	9.3
Deposits from credit entities	745,174	1.6	1,207,820	2.6	(462,646)	(38.3)
Customer deposits	38,268,280	82.2	37,881,253	82.1	387,027	1.0
. Of which: retail deposits	37,131,170	79.8	36,165,311	78.4	965,859	2.7
Debt securities issued	1,316,321	2.8	1,340,670	2.9	(24,349)	(1.8)
AT1 issue	350,000	0.8	350,000	0.8	---	---
OUTSIDE FUNDING	46,550,903	100.0	46,150,945	100.0	399,958	0.9
Retail financing	37,131,170	79.8	36,165,311	78.4	965,859	2.7
Wholesale financing	9,419,733	20.2	9,985,634	21.6	(565,901)	(5.7)

The **available liquidity, 15.25 billion euros**, represents 26.0% of assets. Taking into account the issuance capacity of covered bonds and covered bonds, 8,776 million, the **total liquidity available** is 24,027 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 **452.0%**, well clear of the 100% regulatory requirement. The **NSFR** ratio is **152.2%**. 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:

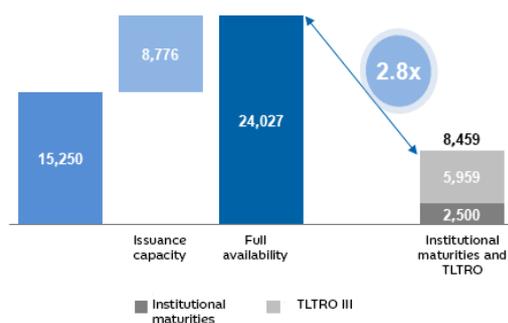
Figures in thousands of euros and %	31/12/2021	31/12/2020
Cash and central banks	6,183,416	7,319,717
Available in policy	1,050,679	891,981
Eligible assets not included in the policy	7,590,280	6,421,078
Other assets not eligible for ECB	425,796	326,665
AVAILABLE LIQUIDITY	15,250,171	14,959,441
Issuance capacity for mortgage covered and public-sector covered bonds	8,776,402	8,379,866
TOTAL AVAILABLE LIQUIDITY	24,026,573	23,339,307
Available liquidity/total assets (%)	26.0%	25.6%
Loan-to-deposit ratio (%)	78.2%	81.1%
LCR (%)	452.0%	468.1%
NSFR (%)	152.2%	151.5%

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 Entity 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, 24,027 million euros, covers 2.8 times the debt maturities and the amount taken in the TLTROs III auction.

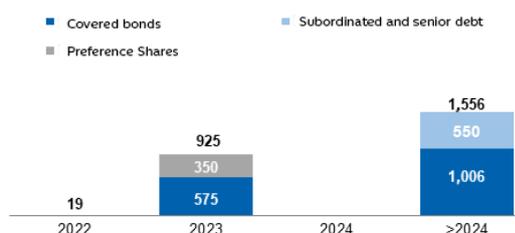
Liquid assets and funding capacity

€Mn - December 2021



Institutional maturities

€Mn - December 2021



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.

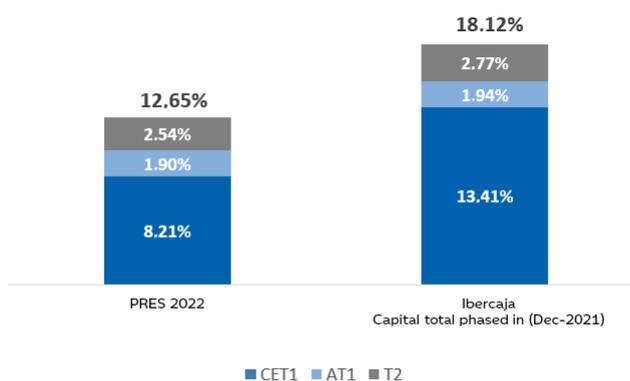
5.5 Capital management

Solid solvency ratios well above regulatory requirements and exceeding medium-term targets.

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. Above and beyond minimum regulatory capital requirements, the Group sets itself a capital target that exceeds actual needs and it forecasts capital sources and consumption on the basis of business performance and expected results in the midterm.

Based on the expected changes in Ibercaja Banco's capital and solvency ratios, Ibercaja Banco will be able to cope with potential stress scenarios. However, in the event that an extraordinarily adverse change in the macroeconomic climate, in applicable regulations or in the banking business requires the Group to resort to alternative capital sources in order to cover a possible shortfall, the Group, following the European Banking Association (EBA) guidelines and recommendations, as well as the provisions of Law 11 of 18 June 2015, on the recovery and resolution of credit institutions and investment firms, has defined a recovery plan aimed at prevention and at guaranteeing its capacity to respond accordingly to any possible deterioration in its solvency or funding capacity.

In February 2022, Ibercaja has received the decision regarding the new minimum prudential capital requirements from the European Central Bank once the results of the Supervisory Review and Evaluation Process (SREP) are known.



This decision means that Ibercaja Banco must maintain, from 1 March 2022, 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%).

The Ibercaja Group's total capital at 31 December 2021 amounts to 3,270 million euros and represents a **total capital ratio** of **18.12%**. The **phased-in CET1 ratio**, which measures the relationship between Tier 1 capital and risk-weighted assets, was **13.41%**. Based on the PRES in force from 2022, these capital levels imply an excess of CET1 and total Capital of 5.47 and 5.20 percentage points, respectively. The **ratio pay-out, 65%**, is one of the highest in the Spanish banking system.

Solvency performance and key indices

(Figures rounded to million euros and %)	Phased in		Fully loaded	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Tier 1 capital	2,770	2,835	2,640	2,640
Common Equity Tier 1	2,420	2,485	2,290	2,290
Additional Tier 1 capital	350	350	350	350
Tier 2 capital	500	500	500	500
Total Capital	3,270	3,335	3,140	3,140
Risk-weighted assets	18,052	18,248	18,014	18,191
RWA density (RWAs/total assets)	30.79%	31.25%	---	---
Tier I (%)	15.35%	15.53%	14.65%	14.51%
CET1 (%)	13.41%	13.62%	12.71%	12.59%
AT1 (%)	1.94%	1.92%	1.94%	1.92%
Tier 2 (%)	2.77%	2.74%	2.78%	2.75%
Total capital ratio (%)	18.12%	18.27%	17.43%	17.26%
Leverage ratio (%)	6.01%	6.26%	5.75%	5.85%
MREL ratio based on RWA (%)	18.39%	18.27%		
MREL ratio based on LRE (%)	7.21%	7.36%		

In terms of fully loaded, the **total capital ratio** increased by 17 basis points to **17.43%**, one of the highest in the sector, while CET1 rose to **12.71%**, both ratios exceeding the Bank's medium-term target. The **increase in the year in CET1 was 12 basis points**, due to the decrease of 1% in risk-weighted assets, mainly due to the contraction of non-performing loans.

The **leverage ratio** shows the ratio of a credit institution's capital to assets, irrespective of the degree of riskiness of those assets. The 3% leverage ratio requirement, set by the EU Banking Reforms that came into force on 27 June 2019, has become mandatory on 28 June 2021.

In September 2020, in the context of the COVID-19 crisis, the ECB allowed credit institutions to temporarily exclude certain exposures to central banks from the denominators of their leverage ratios, an option taken up by Ibercaja. In June 2021, the ECB extended this measure until the end of March 2022 so that, as at 1 April 2022, exposures to central banks will again have to be included in the leverage ratio.

At the end of 2021, the **fully-loaded leverage ratio of the Ibercaja Group** far exceeds the minimum requirement, reaching 5.75%.

The new Bank Recovery and Resolution Directive (BRRD2) sets 1 January 2024 as the date for compliance with the **MREL requirements** and sets an intermediate requirement to be met by 1 January 2022. Both are to be expressed as a percentage of risk-weighted assets and leverage ratio exposure.

According to the Bank of Spain's notification of the latest decision of the Single Resolution Board, the Group must have **as at 1 January 2024**, a percentage of own funds and eligible liabilities of **18.59% of risk-weighted assets (21.09% including the combined requirement of capital buffers)**. The requirement in terms of leverage ratio was **5.21%**. The intermediate requirement at 1 January 2022 is 15.38% with respect to risk-weighted assets (17.88% including the combined capital buffer requirement) and 5.21% in terms of the leverage ratio. The Ibercaja Group's MREL ratio at December 2021 amounts to **18.39% of risk-weighted assets and 7.21% of leverage ratio exposure, levels above those required at 1 January 2022**. The requirements established for 1 January 2024 are aligned with the Bank's financing and capital plan.

According to the definition of Distributable Items in the CRR, the balance of Distributable Items, at the individual level of Ibercaja Banco as at 31 December 2021, amounts to **380 million euros**.

6

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



6.1 Sustainability strategy

102-12, 102-15, 102-16, 102-19, 102-20, 102-21, 102-26, 102-28, 102-30, 102-31, 102-32, 102-43, 102-44, 103-1, 103-2, 103-3, 305-3, 201-2

Ibercaja is committed to ensuring that its business objectives promote sustainable development, integrating environmental, social and good governance aspects into its strategy and business decision-making.

Events such as the **Paris Agreement of 2015** on climate change, the pandemic we are experiencing and the ensuing economic crisis have marked a turning point in our societies, which are moving decisively towards the **new socio-economic paradigm of sustainability**. This is a challenge that banks, in particular, key players in the economy, must take up. We play a leading role in the change towards a sustainable world and our decisions are based on its impact on the climate, the social changes that are taking place, and the governance of companies and institutions. At Ibercaja, we not only move towards sustainability, we actively promote it.

CHALLENGE

*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.***

Since the start, Ibercaja has been an entity 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.

CORPORATE PURPOSE

*"Help people build their life story
because it will be our story"*

In carrying out its financial activity, Ibercaja is very mindful of its **Corporate Purpose**: *"Helping people to build the story of their lives"*, and is aware that its actions must promote a balance between economic growth, social cohesion and the preservation of the environment. Ibercaja is a signatory to the ten principles of the Global Compact, is firmly committed to the Sustainable Development Goals of the 2030 Agenda, and is a signatory to the **United Nations Principles for Responsible Banking** to advance in the configuration of a sustainable banking system.

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 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.



Ibercaja's sustainability strategy is based on five cornerstones:



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



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



PEOPLE: The company is committed to the integral development of its employees, providing them with the necessary training for the new context and promoting the reconciliation of work, personal and family life.



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



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 for and promotion of **ethics and good governance**.



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



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



Promotion of the **personal and professional development** of employees.



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



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



Contribution to **social integration**.



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 manage sustainability adequately.



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

- **The Sustainability Communication Working Group**, with a cross-cutting function, aims to define messages and plan contents and channels to achieve a greater scope and effectiveness of said communication.
- **Family Responsible Company Committee**, responsible for implementing the FRC plan to ensure a healthy balance between the personal, family and working lives of employees. Ibercaja has earned the FRC (Family Responsible Company) badge, which certifies its 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.

Given the relevance that sustainability has for the Entity, within the new Strategic Plan defined for 2021-23, the **Purpose and Sustainability Initiative** has been established, an **enabling transversal line of work**, with the **Steering Committee** as a sponsor, to integrate Corporate Purpose into our culture and sustainability into the organisation's strategy. For the latter objective, cross-cutting and multidisciplinary teams are working on the following lines of action:



1. ESG Risk Management

To identify, integrate, manage and control ESG risks, advancing prudent risk management in line with supervisory expectations and commitments.

An **Action Plan for climate and environmental 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. 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. Regarding **Credit Risk**, work has been done to align the approval processes with the requirements of the new EBA Guidance on Loan Origination and Monitoring. Progress has also been made in the development of a **mapping of climate and environmental risks**, which will allow for a better understanding of these risks and their transmission channels to prudential risks. More detailed information on these aspects is included in chapters 6.12. and 7 of this consolidated directors' report.



2. Sustainable Business Strategy

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.

This year, an **impact analysis** was carried out to detect the main risks and opportunities related to climate change, and the framework of the **GSA business strategy** to be undertaken in the coming years was designed to respond to the main expectations and needs of our customers in terms of sustainability. Progress has also been made in the **communication and awareness of our customers** in sustainability to accompany them in the transition to a decarbonised economy.

Also, in 2021, the **offering of ESG products** has been expanded, both in investment and financing. In financing products, the focus has been on supporting energy efficiency improvements and access to Next Generation grants. In addition, to accompany our clients on this path to sustainability, various agreements have been signed (**Extremadura Avante Agreement and IDEA Agreement**) focusing on the energy efficiency of buildings. A **collaboration agreement, ACIERTA ASISTENCIA**, has also been signed for advice, management and energy efficiency works.

More complete information on the sustainable business strategy can be found in chapter 6.3. of this report.



3. Communication and Sustainable Impact

Creating a framework of permanent and continuous communication over time with our stakeholders reinforces the Ibercaja Group's commitment to sustainability and transparency.

In 2021, holding the **1st Ibercaja Planet Week**, an initiative carried out from 18 to 24 October, coinciding with the celebration of the **International Day for Combating Climate Change**, was a highlight. The aim has been to accompany **customers, employees and society** on the road to sustainability. Under the slogan **Protecting the environment and fighting climate change**, various business conferences, round tables, volunteer actions, publications in the sustainability blog, competitions, eco-advice, etc., were organised nationwide, achieving wide dissemination and repercussions among customers, employees and society.

A **proactive sustainability communication** has been maintained during the year, with 26 press releases, nine communication reports in the written media, 15 collaborations with media experts and the organisation of several sustainability events. In addition, we actively participated in celebrating the 2nd anniversary of the signing of the Principles of Responsible Banking.



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.

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, to accompany them on the necessary path towards the integration of ESG aspects in their business and help them, with training and support, to align their activity with the Sustainable Development Goals. A **specific line of sustainability training** has also been prepared for both companies and individuals. In addition, a new line of work has been developed to implement **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.

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**", containing 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:

BUSINESS MODEL AND STRATEGY	RISK GOVERNANCE AND APPETITE	RISK MANAGEMENT	DIVULGATION
Business environment Business strategy	Governing bodies Risk appetite framework Business structure Information	Risk management framework Credit risk Operational risk Market risk Scenario analysis and stress test Liquidity risk	Disclosure Policies and Procedures

ACT NOW

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

This year, Ibercaja has informed the ECB of the **steps** taken to integrate climate risks, as well as its **action plan** to respond to supervisory expectations regarding the management and communication of climate and environmental risks. This plan has been approved by the Board of Directors, the Management Committee and the Sustainability Committee of Ibercaja and has been assessed by the supervisor as being both **adequate** in terms of content and feasibility. Implementation has started in 2021 and will continue throughout the strategic cycle.

Ibercaja's commitments to sustainability

Net Zero Banking Alliance (NZBA)

In April 2021, Ibercaja signed, as 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** initiative in 2021, with the commitment to achieve neutrality of their own and their portfolios' CO2 emissions by 2050 at the latest.

In 2021, all of our direct emissions will have been offset, thus achieving **neutrality of Scope 1 and 2 emissions** for the first time.

This year we began to analyse the carbon footprint of the loan portfolio in order to make progress in its measurement for the establishment of decarbonisation objectives and action plans.

Principles of Responsible Banking

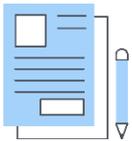
Ibercaja has been a signatory since 2019 of the **United Nations Principles for Responsible Banking**, as a framework for action for a financial system that acts as a lever for sustainable development.



THE PRINCIPLES TO WHICH WE ARE COMMITTED ARE:

- 1. Alignment** of our commercial strategy with SDGs
- 2. Impact:** increase our positive and reduce our negative impacts; manage ESG risks

3. **Customers:** responsible action and promote sustainable practices and activities
4. **Stakeholders:** active listening, participation and collaboration with stakeholders to achieve ESG objectives
5. **Corporate governance and goal setting:** 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.



***Chapter 6.11** explains how we have made progress in implementing these Principles during 2021.*

UNEP-FI

The Bank also 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 positively impacts people and the planet.

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 section 6.12. of this Management



Other sustainability commitments

Ibercaja has adhered to, among others, the following initiatives that reflect its commitment to sustainability:

- Since 2005, Ibercaja has prepared its Annual Report in line with the GRI (**Global Reporting Initiative**) standards, providing accurate 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 participates in the **Sectoral Sustainable Finance Group and in the Sustainability Observatory**, coordinated by CECABank, in which legislative progress and supervisory expectations in sustainability are analysed to identify the applicable requirements and provide a response through action plans.
- It aligns with the **Sustainable Development Goals** of the 2030 Agenda, also supporting their internal and external distribution.
- 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.

- **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.
- 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.
- In 2019, the Entity obtained the **FRC certificate** as a **Family Responsible Company**, awarded by Fundación Más Familia. This certification recognises companies committed to the well-being of their employees and promotes the active management of work-life balance and equality.
- As a sign of the commitment of the Financial Group and its managers to sustainable investment, in 2021, **Ibercaja Gestión has adhered 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.

6.2 Our contribution to Sustainable Development Goals

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, the 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.

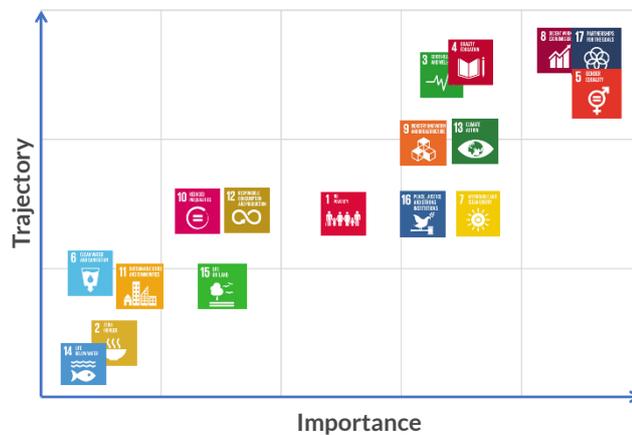
BUSINESS STRATEGY OF COMPANIES

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, an SDG materiality analysis was carried out to identify the SDGs that Ibercaja has the greatest capacity to influence, broaden their impact, and 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 relates the importance of the Goals and makes visible those SDGs that are most relevant for Ibercaja**, where the contribution can be more significant.



Ibercaja prioritises the following objectives



Among the main projects carried out in Ibercaja throughout 2021 that have contributed the most to achieving these SDGs are the following:



efr certification as a family responsible company.

More than **100 measures for work-life balance and social benefits** for the people who make up the Entity.

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 internal communication channel **Ibercaja with you**, from which healthy habits and information in this area are promoted.

Pandemic contingency plan, in order to protect the health of customers and employees



In-house training for the largest number of professionals in 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 online 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.



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 Entity, eliminating barriers to achieving gender equality.

Work-life balance measures allow all employees to balance 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 in the labour market** of people with disabilities or at risk of exclusion.

Internship programme for university students with the Human Age Institute Foundation focused on **disabled students**.

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.



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.

Cash Back Service to enable our customers to withdraw cash in shops.



Ibercaja's environmental policy, updated in 2021, 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.

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.



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 to contribute to the necessary transition towards a more sustainable economy and position 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

102-6, 102-7, 102-43, 102-44, 103-1, 103-2, 103-3, 201-2, 305-3

Customers are the heart of the Entity'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 the business strategy with the **United Nations Principles for 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 particular 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.

Impact analysis

In order to achieve sustainable development for all 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. Since its origins, Ibercaja has always been an institution with a **clear social calling, contributing to the development of the territories** in which it operates and placing **people at the centre** of its decisions, which is the hallmark of its way of banking.

Since their approval in 2015, Ibercaja has been closely watching the **Sustainable Development Goals**. Therefore, the main contributions that the Bank can make to the goals were identified, taking into account all 169 targets. **Ibercaja has set social and environmental objectives** that are part of the FRC work-life balance plan, its Environmental Management System, as well as the new Desafío 2023 Strategic Plan, within the Purpose and Sustainability initiative; **objectives that will help us boost our positive impacts and reduce our negative ones**.

To respond to the commitment to align commercial strategy with the Principles of Responsible Banking, in 2020, Ibercaja initiated an **analysis of the impacts that climate risks** could have in Spain.

The aim of this study is to analyse the main impacts of climate change, especially in the areas where Ibercaja carries out its activities, in order to **identify the main risks and opportunities** and establish objectives in those areas in which the Institution can make a greater contribution to sustainable development, accompanying its customers.

Now Ibercaja has placed special emphasis on **climatic and environmental factors**, due to the **urgency of the start of actions in this regard, in accordance with supervisory expectations, and due to the greater regulatory development in this regard.**

Two types of risks associated with climate change are defined:

- **Physical risks**, which arise from the direct effects of climate change, such as increases in the frequency and intensity of extreme weather events and changes in the balance of ecosystems. These risks can manifest themselves acutely (in the form of specific events such as floods or storms) or chronically (changes in weather patterns).
- **Transition risks**, linked to the transformation to a decarbonised economy, stem from regulatory changes (political and legal risks, such as strict limits on carbon and other greenhouse gas emissions) and technological changes (e.g. all-electric transport systems) required to achieve the decarbonisation goal, as well as market and reputational risks.

A qualitative analysis of sustainability factors has been carried out, focusing on climate-related risks and paying special attention to the impact on those risks considered to have the greatest impact on the Bank's area of operation and in

Fifty-nine per cent of recurrent revenues is in the form of net interest income. This income originates from loans and advances to customers, which account for 53% of our assets. Retail lending is the most important component of the Bank's lending business. The mortgage portfolio is particularly notable within this segment, as it accounts for more than 32% of the loan portfolio. For this reason, **an analysis of the climate risks of real estate collateral** has been undertaken using reports provided by Sociedad de Tasación.

In the assessment of **transition risk**, the results reveal that the energy ratings of the properties in Ibercaja's portfolio are in line with the national housing stock in Spain (according to the Observatory 2030 Guide - CSCAE, Higher Council of Architects' Associations of Spain), with a higher percentage of homes rated as sustainable (categories A and B) standing out in Ibercaja's portfolio.

From this analysis, we derive considerations for the ESG business strategy, which encourages investment in sustainable housing and the financing of energy efficiency improvements that can be undertaken in our customers' homes.

Encouraging energy efficiency improvements in our housing financing portfolio, as well as a business opportunity, will help reduce the carbon footprint of our business and contribute to the transition to a more sustainable economy.

The second segment with the largest volume is the financing of **productive activity (corporate segment)**, accounting for more than 12% of the loan portfolio volume. For this reason, an analysis of Ibercaja's portfolio has been carried out using a tool designed by ECODES (Ecology and Development Foundation), a national benchmark in sustainability and climate change, in collaboration with the Statistics Service of the Autonomous University of Barcelona, which estimates the predisposition to climate vulnerability and physical and transition risks of the Entity's portfolio, as a segmentation mechanism for the analysis of the portfolio.

In this sense, the possible effects of physical risks have been analysed theoretically by sector of activity in Spain. Ibercaja's portfolio has been analysed below; in the analysis of the **production activities segment**, both the volume of exposure that each sector represents with respect to the total portfolio and its predisposition to climate vulnerability and exposure to physical and transition risks have been considered, in order to determine which sectors are most relevant for Ibercaja, for further analysis.

In those industries flagged as most vulnerable to climate risks, the main risks relate to their CO₂ emissions intensity. Given their significant weight in the Bank's portfolio, the manufacturing industry and the agriculture, livestock, forestry and fishing sectors are particularly notable in this regard. Other industries that are also predisposed to climate vulnerability are less material as they account for a smaller share of the portfolio, such as the power supply, water supply, transport and storage sectors, etc.

Companies in the manufacturing industry may have a greater need for financing to move towards a low-carbon production model. In contrast, other financing needs may arise in the agriculture sector to adapt to the effects of the physical risks of climate change. In short, both sectors may require significant CAPEX investments to undertake these transformations and adaptations. To address these financing needs, specific products have been designed, and further progress will be made in 2022 in developing new solutions to help the company on its path to sustainability.

Promoting the improvement of the company's energy efficiency, as well as a business opportunity, is the way to its adaptation to decarbonisation, thus contributing to its productive transformation and the reduction of the carbon footprint of our activity.

Thus, energy efficiency in buildings, sustainable mobility and efficiency in production processes are the axes that will guide our activity.

We will add value by accompanying the company in the process of identifying opportunities, applying for public aid and aligning with sustainable development.

To best manage the risks and opportunities derived from climate change, Ibercaja is working on a project related to including **ESG factors in the different phases of risk management**. In terms of **credit risk**, this project is based on aligning its admission and monitoring processes with some of the sections of the **new EBA Guidance on Loan Origination and Monitoring**, defining the internal governance mechanisms and procedures of financial institutions in relation to credit operations and credit concessions.

Commercial offer

To promote sustainability among our customers, we have launched our **communication plan** with a newsletter that addresses home energy efficiency, and we have created content to feed a new website offering a whole host of helpful energy efficiency tips.

In most cases, improving efficiency requires investment. To enable easier access to energy efficiency improvements, specific financing products have been developed that offer more attractive prices and repayment periods (including interest-only periods), among other attractive terms and conditions.

This year we added **new financing products** aimed at financing the energy efficiency of private properties, homeowners' associations and productive activities, in addition to the Vamos Coche loan, which was our first product to offer a price advantage if the purpose is a new or second-hand vehicle with "eco" or "zero" certification.

- 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

Also, thinking about companies and the necessary support that Ibercaja must provide them, a line of products and services has been designed, from Business Banking, related to the **Next Generation Funds**, to help them in the necessary transition towards a more sustainable economy. In addition, the project Vamos Juntos hacia la Sostenibilidad (Let's move towards sustainability together) has been launched in collaboration with the Ibercaja Foundation.

These products are over and above others that have already been in place for several years, which are intended to **support youths** with their first major expenses and, in particular, support their investment in education.

- University Tuition Loan
- Erasmus grant advance loan
- Youth Loan 2000

In addition, we have developed **specific products to collaborate with the Community of Extremadura to promote energy efficiency in buildings**, being selected as a collaborating entity of the **Avante Extremadura** project.

Since last March, **Ibercaja has been a collaborating entity of the IDAE (Institute for Energy Diversification and Saving)**, participating in disseminating its programmes among customers and offering special financing operations in the efficiency programmes promoted by this Institute.

To facilitate the improvement of the energy efficiency of properties, Ibercaja has begun to offer its customers an **advice service, subsidy management, work execution and, of course, financing, in collaboration with Acierta Asistencia**, a company of the CASER Group. This service offers an assessment of the energy efficiency of the building and the customer can ultimately choose to make it a "turnkey" service, thus affording them the best possible solution for their property with the help of specialised professionals. Initially, the commercial action has begun by offering the service to homeowners' associations in the city of Madrid, to extend the service to other homeowners' associations and individuals throughout Spain.

With the aim of involving the customer in the **circular economy and responsible consumption**, Ibercaja has incorporated a new section in **Ibercaja Connect's Consíguelo shop**, which includes reconditioned products. It also aims to **make high-quality technology products more accessible to all customers** through competitive pricing and free financing.

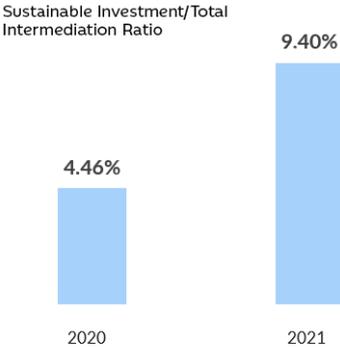
When it comes to sustainable consumption, Ibercaja Renting incorporates a **new Sustainable Renting section**, where customers can find an extensive range of electric vehicles, including two new models from the TESLA brand, a global leader in this sector.

To facilitate the understanding of the impact of **sustainable investment**, specific content has been published on our **vamos con tu futuro website**.

In 2021, the marketing of **two new ESG investment funds**, **Ibercaja Renta Fija Sostenible** and **Ibercaja New Energy**, has begun, one completing the more conservative range and the other providing a fund with a specific objective of reducing greenhouse gas emissions.

In addition, the **SICAV Asguard**, the first SICAV in Spain with an ESG rating, **was established in 2021**.

To complete the ESG range in finalist savings, the **PIP Megatrends** has been launched, which completes a range of four pension plans that allows us to maintain a leading position in ESG commercial offerings.



These developments have resulted in investment in ESG products exceeding 2 billion euros, increasing the sustainable investment ratio from 4.46% in 2020 to 9.40% at the end of December.

Regulatory framework for sustainable finance

In order to facilitate private savings flows towards sustainable investments, it is necessary to unify criteria to define what these investments look like, increase transparency and regulate the information investors receive in order to be able to make an informed decision. To this end, the **Sustainable Finance Disclosure Regulation (SDFR)**, which entered into force on 10 March, was defined as part of the EU Sustainable Finance Action Plan.

This Regulation is complemented by the **EU Taxonomy Regulation**, which defines the criteria for determining whether certain investments can be considered environmentally sustainable.

In 2021, Ibercaja undertook the necessary developments to comply with the requirements of these regulations. Specifically:

- Publication of the **Policy for the Integration of Sustainability Factors in Investment Decisions** of the Entity.
- Statement of major **adverse impacts** on sustainability.
- Adaptation of the **pre-contractual information** for products affected by Regulation 2088 (investment funds, pension plans, savings insurance and delegated portfolio management).

Universal Accessibility

At the end of 2019, the **Service for Deaf People** was launched to support access to financial products for people with hearing disabilities. It is available to all the Entity'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 customers who have never used online banking to familiarise themselves with a straightforward easily. Users of this new tool will benefit from the professional advisory services of experts, which will help them resolve any queries. Aimed especially at older people, this project was developed on the basis of an initiative of Impulso Innovador (which promotes innovation through proposals from the Bank's employees) and had the collaboration of COAPEMA (Aragonese Council for the Elderly).

Moreover, since 2020, the **My Manager** functionality is also available in the new digital banking. This is a digital channel for a direct relationship between a customer and their manager from any location, allowing them to establish a conversation, send messages, share documents and manage appointments.

In 2021, **to reinforce 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 has been 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 the Ibercaja app. Cash can be sent at a Correos branch or at an Ibercaja branch. Cash can be paid in at any of the branches of the Post Office set up for this purpose. This is in addition to the cash service in shops, **Cash Back**, which allows you to make a withdrawal with your Ibercaja card at an Ibercaja POS once you have made a purchase at the shop.

Customer services

To facilitate communication with its customers, Ibercaja has a **Customer Care Service (CCS)** so that customers and users of its services can send in their complaints, claims, suggestions and proposals for improvement. A total of 23,995 applications have been submitted in 2021. Details of the figure and the variation with respect to 2019 and 2020 are included below:

Requests dealt with by the CCS					
TYPES	2019	2020	2021	CHANGE 20/19	CHANGE 21/20
Interest rate floor clauses	596	622	944	4.3%	51.70%
Arrangement fees	3,738	6,340	11,561	41%	82.35%
Claims and complaints	7,139	9,233	11,435	29.3%	23.84%
Suggestions	36	42	55	16.6%	30.95%
Total (*)	11,509	16,237	23,995	41%	47.77%

(*) Total 2019 figures do not coincide that those contributed in the 2019 Directors' Report, since the Personal Data Protection rights are no longer dealt with by this Service and have not been included.

The high number of claims requesting the nullity of clauses and compensation for mortgage loan arrangement costs, which is the type of claim with the highest volume in practically the entire Spanish financial system, is 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 notary fees in half between the customer and the entity and the full attribution to the lender of appraisal, registration and agency fees. 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 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 Entity in those cases in which it is unequivocally known that if the matter goes to court, the decision will be unfavourable to the Entity. This procedure has been modified throughout the year 2021, incorporating the payment of these expenses also in novations and subrogations, cases that it had first been decided to exclude.

As for the so-called "interest rate floor clauses", the trend reflects the work done by the Entity in recent years in resolving this type of claim, having included this year the return of the floor in novated loans from the activation of the clause to the date of the novation.

The **average time to resolve complaints and claims** is around 27 days, which is within current regulations. By 31 December 2021, 97.3% of all incidents received had been handled (82.2% in 2020).

GUIDE TO SERVICES

In 2021 Ibercaja has adapted to the new Guide on customer services and the latest Bank of Spain Circular.

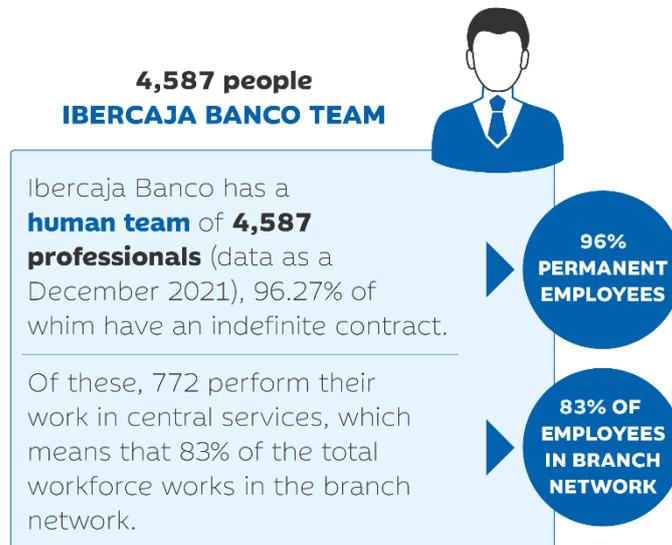
The most important new developments this year are the work to adapt Ibercaja Banco's CCS to the new Guide on the criteria for the organisation and operation of customer services published by the Bank of Spain last July and the preparatory work for the implementation of the new model confidential statements 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.

6.4 Commitment to our employees

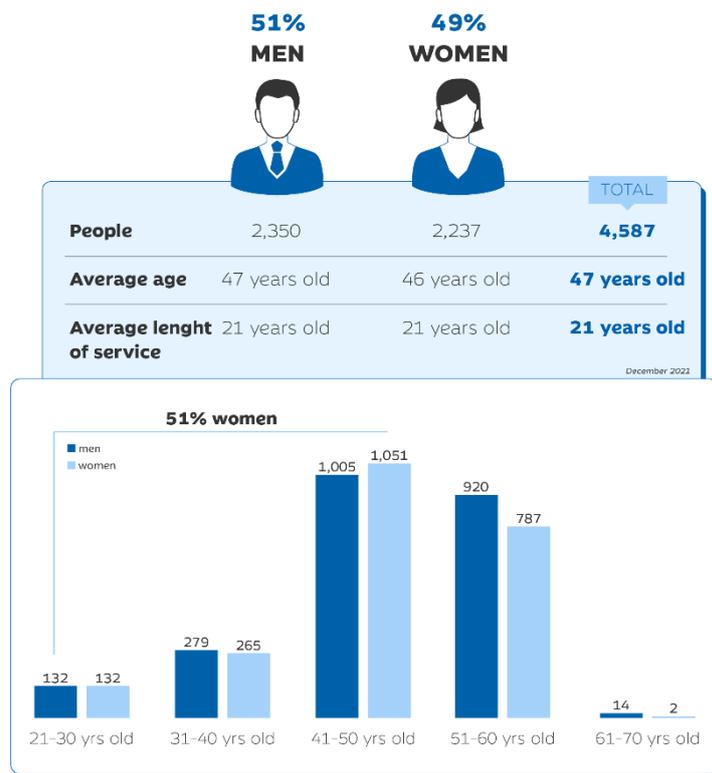
102-7, 102-8, 102-10, 102-12, 102-35 102-36, 102-43, 102-44, 103-1, 103-2, 103-3, 401-2, 401-3

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

The Ibercaja Group has a **staff of 4,880 people**, of whom 4,587 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. The collective agreement fully covers the employees of Ibercaja Banco.



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). In the under-50 age bracket, **51%** of employees were female; this means that the percentage of women in the Bank's average age is one point higher than that of men.



We are Ibercaja...

2021 is the second year in which we have had to reconcile the management of the health crisis triggered by COVID-19 with the Bank's strategic roadmap, which has seen the launch of the Desafío 2023 Plan.

In 2021, we began to rewrite the future, in which **Health Care, Communication** and **Resilience**, have been essential pillars in the management of people in a new context full of uncertainties but also opportunities.

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"

2021. Start of the strategic cycle

THE ROADMAP FOR 2023

*"To become an attractive organisation
for talent"*

Within the framework of the new Desafío 2023 Strategic Plan, and in Ibercaja's conviction that people are the key to achieving success through their Talent, professionalism and commitment, in 2021, the People Department began a strategic reflection on its contribution to the lines of the new **Plan Desafío 2023**, defining a new **Map of Strategic Initiatives**, which includes the renewal of the Department itself.



Report of the People Area Management – 2021

The Model is defined through 5 strategic lines, materialised in specific objectives:

Specific objectives

Talent Development and Recruitment

- Identify profiles capable of taking on greater responsibilities and coordinating projects, evolving professional careers, and making them more transversal.
- Identify talent shortages and fill them with external recruitment
- Define recognition policies linked to value added.

Education and training programmes

- Increase our capabilities aligned to strategic objectives: advisory programmes, sales, profitability-risk, business, new technical skills, leadership, new ways of working...

Incentivising

- To become a more attractive company for talent, applying recognition policies linked to the value contributed.

Culture of Service and Collaboration

- Activate the corporate culture and purposes, through action plans that integrate the behaviours defined in the relationship model in our day-to-day life (processes), implementing initiatives that promote innovation, participation, FRC culture, well-being, sustainability...
- To become a flatter organisation that encourages participation and innovation.

Systems and Data

- Advancing data management to enable information-based decision making.
- To become the central node for the aggregation and distribution of individual and collective information for the personalised and comprehensive management of each employee.

12 KEY MILESTONES IN 2021



1

Being excellent even in difficult times

In this particular year, Ibercaja wanted to award the **Commitment Award to the entire workforce** and, in particular, to recognize the work of all those who have been on the front line. In this edition, the outstanding work of **633** male and female employees has also been recognised.



2

Agreement on the implementation of the ERE

On December 20, 2020, the Agreement was reached for the application of an ERE in Ibercaja in 2021 and 2022. With this process, Ibercaja satisfactorily meets the objectives of the negotiation: **Voluntary, Structural Optimization and Efficiency Improvement**.



3

2nd inFemenine Week (LeaderA Plan)

The **LiderA Plan** seeks to continue advancing in the new inspiring leadership model, focusing on women's access to managerial positions, through the improvement of their aspirations, the support of mentors, measurement and objectification.



4

Call for internal competitions

In 2021, a total of 18 places are announced (9 for access to Level VIII and 9 for access to Level X), in accordance with the provisions of C^oC. Testing date: during the month of May 2022.



5

Salary gap study

In 2021 we have carried out a study of the Salary Gap at Ibercaja, observing that the salary difference at Ibercaja stands at **12.1%**, in line with the sectoral context, motivated by the bank's historical gender evolution.



6

Impulso Solidario Awards

After three editions, the Bank launched an **extraordinary call** in order to alleviate the effects of the health, economic and social crisis caused by Covid-19. In 5 years this project has achieved the involvement of **70% of the workforce**.



7

Business indicators in data analytics

In 2020, business data has been integrated and various data sources analyzed, with the aim of answering business questions related to human capital and acting accordingly to obtain a real improvement in its activities and results.



8

Preparing for digital design

Discovery workshops, Ingorfaffias, videos or little tricks to optimize the use of tools, are part of the material available in Paraninfo for the management of technological change in Ibercaja.



9

Ready for the digital challenge? 1st Master's Degree in Financial and Wealth Advice and Digital Banking

With the aim of strengthening the financial training of different STEM profiles recently incorporated into the Bank, in 2021 the 1st edition of this Master will be launched, which has 150 hours of internships in offices complementary to the theoretical training received in the Virtual Classroom.

10



We lay the foundations of the culture project

Understand the current experience of Ibercaja employees, to build a **relationship model** with great impact and results, creating an evolutionary model based on data that ensures the improvement of the employee experience and that this has repercussions on the customer experience .

11



I Planet Week

From October 18 to 24, different activities were carried out to give visibility to our strategic position in terms of Sustainability and make our corporate Purpose a reality, accompanying and helping on the path towards a more sustainable world.

12



This Christmas, we are more Ibercaja than ever before

Under the slogan "*This Christmas We are more Ibercaja than ever before*", this year we are holding a very special campaign with the aim of bringing our stakeholders closer to the values that represent the Ibercaja brand.

1. Being excellent even in difficult times

In 2020 we faced a challenging year for everything and everyone. But despite this, at Ibercaja we have been up to the task of supporting our customers from the outset as an essential service.

In a context of unprecedented crisis, we have once again demonstrated that Ibercaja's differential value is its people, professionals who demonstrate every day that values such as commitment, self-improvement and teamwork are the key to success and have been recognised as such



For this reason, this year, the **COMMITMENT 2020 AWARD** was awarded to all the Bank's professionals, and in particular, the work of all the colleagues who have been on the "front line" in the branch network was explicitly recognised.

EXCELLENT TEAMS Awards



117 Branches
80 Managers
633 Recognitions

Therefore, exceptionally in 2021, a greater number of branches and management figures have been recognised, with a total of **633 awards**.

The current health situation once again conditioned the presentation of these awards, but all the winners received a piece designed exclusively for this edition, as well as the personal recognition of our CEO.



2. Agreement on the implementation of the ERE

On 20 December 2020, the Agreement was reached for the Application of a 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.

AGREEMENT TO APPLY FURLOUGH SCHEME



- **750** max. no. of affected workers
- **30,06,2022**, plan deadline
- **199** maximum number of offices affected by closure

Main Redundancy Indicators:

Total voluntary accessions	811	
Separations 2021	525	70%
Pending separations 2022	225	30%

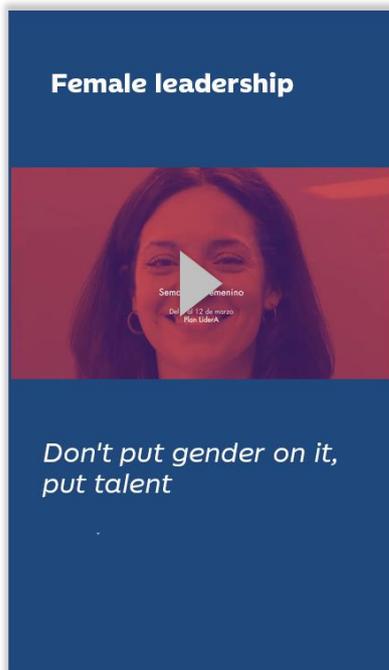
Dismissals due to redundancies			
AGE RANGES	GENDER		TOTAL
	MEN	WOMEN	
31 - 40 YEARS OLD	1	2	3
41 - 50 YEARS OLD	5	8	13
51 - 60 YEARS OLD	338	169	507
61 - 70 YEARS OLD	1	1	2
TOTAL	345	180	525

Dismissals due to redundancies			
JOB CATEGORY	GENDER		TOTAL
	MEN	WOMEN	
EXECUTIVES	54	20	74
MIDDLE MANAGERS	57	16	73
TECHNICIANS	42	45	87
CLERICAL STAFF	192	99	291
TOTAL	345	180	525

Dismissals due to redundancies			
AREAS	GENDER		TOTAL
	MEN	WOMEN	
TERR. DIV. ARAGÓN	152	48	200
TERR. DIV. MEDITERRANEAN SEABOARD	28	12	40
TERR. DIV. EXTREMADURA AND SOUTHERN SPAIN	20	19	39
TERR. DIV. MADRID AND NORTH-WEST SPAIN	42	29	71
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	55	44	99
CENTRAL UNITS	46	28	74
CORPORATE BANKING DEPARTMENT	2		2
TOTAL	345	180	525

3. 2nd inFemenine Week (LeaderA Plan)

From 8 to 12 March 2021, the 2nd Ibercaja inFemenine week kicked off.



An initiative framed within the **FRC Plan** to raise awareness among employees, customers and society of the importance of building diverse and egalitarian teams.

At Ibercaja, women currently represent 49% of the workforce (51% in age brackets under 50), and the proportion of women in management positions is 31%.

The LeaderA Plan 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.

Throughout the week, inspiring voices, ambassadors of our LeaderA Plan, reminded us of the skills that women bring to our Leadership model. These included: Tenacity, Initiative, Self-improvement, Innovation, Courage and Excellence

Female leadership



49% female presence

51% in age brackets below 50 years of age



Applications for vacancies for women in managerial positions

27% to 32%



Concessions of vacancies to managerial positions

28% to 35%



51% of the promotions given to WOMEN



TOP LEADERS
25% to 28%



+36% of women in managerial positions in 50% of territorial divisions

Main activities of the week



SPECIFIC SITE. We inaugurate the week by launching a specific website to gather all the information related to the FRC Model and the activities developed during the "2nd inFemenine Week".

LeaderA AMBASSADORS. Our LeaderA Plan ambassadors conveyed the skills that women bring to Ibercaja's inspirational leadership model: tenacity, initiative, self-improvement, courage and excellence.

SHOWCASE YOUR TALENT CYCLE. The cycle of Webinars was presented in the context of the inFemenine week to empower people's talent through self-knowledge and the improvement of personal branding. More than 300 people took part in the different workshops: "My Ideal Self", "Positive Influence Model", "Discover the essence of your personal brand".

The "RAISE YOUR VOICE" SURVEY, where more than 450 people participated, allowed us to share reflections on Diversity and Women's Leadership. These same questions were transferred to Social Media, obtaining valuable information about the users' opinions.

FACE TO FACE WITH... Led by journalist Pilar Estopiñá, we talked to two female directors of the Entity with different backgrounds who shared their experience and vision of female leadership at different times in their lives.

SOCIAL MEDIA. Social Media allowed us to amplify the online dissemination of the 2nd inFemenine Week, supporting the effort made to organise a programme of activities without physical presence, reaching more than **11,000 users** and nearly **2,500 interactions**.

[#SemanaenFemenino](#)

#CEOPorLaDiversidad ALLIANCE promoted by Fundación Adecco and Fundación CEOE, which Ibercaja joined in 2019.

This initiative aims to unite CEOs from different companies around a common and innovative vision of diversity, equity and inclusion to act as ambassadors helping to accelerate the development of strategies that contribute to business sustainability, talent competitiveness and the reduction of inequality.

With this management commitment, we continue to promote the FRC culture, thus reinforcing the inclusive model in which the organisation works to achieve effective equality.

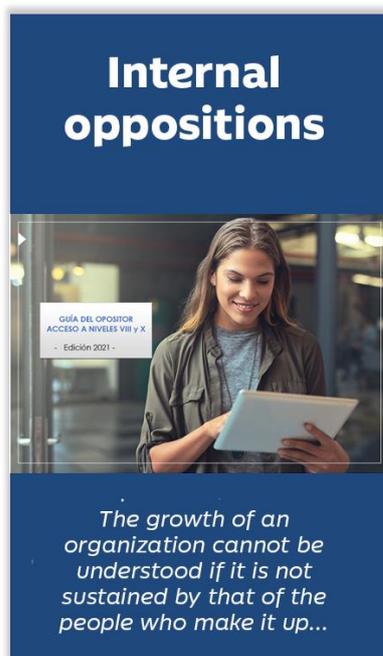


4. Call for internal competitions

On 27 August, the Entity's Board of Directors approved the holding of internal competitions for access to Level VIII and Level X by training.

Pursuant to Art. 27 of the Collective Bargaining Agreement for Savings Banks and Savings Institutions in force, the conditions relating to the call for applications are as follows:

- Total number of places: **18** (9 for access to Level VIII and 9 for access to Level X)
- Date of testing: During the month of **May 2022**



The syllabus selected for the entrance exams will include, among others, contents that are part of the compulsory-regulatory training that the staff must currently take to carry out their duties:

- MiFID II Regulations and Products (30 hours)
- Prevention of Money Laundering and Terrorist Financing (9 hours)
- GDPR (1 hour)
- IDD Regulations and Insurance Products (25 hours)
- Law on Real Estate Credit Contracts (10 hours)
- Sustainability (30 hours)
- Enterprise Risk and Product Management (30 hours)

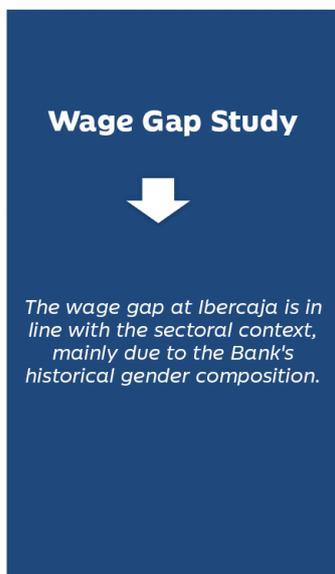
The **Guide to the Opponent**, where information related to this process can be consulted, has been produced: syllabus, didactic resources, consultation channel, tutorials...

5. Salary gap study

In recent years, we have made positive progress in gender equality, increasing women's participation and reducing the gender pay gap.

The gender pay gap measures the difference between the pay received by men and women.

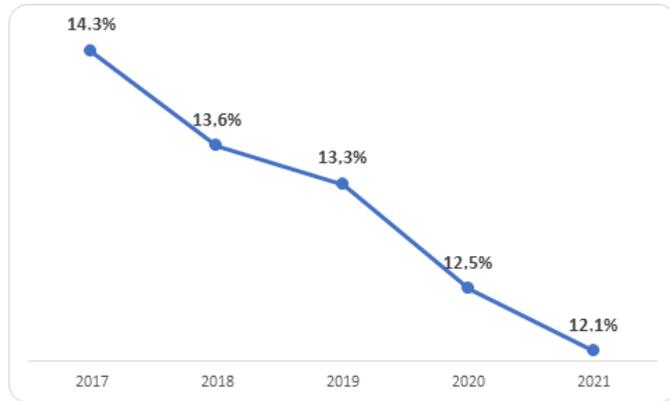
In 2021 we conducted a Pay Gap study at Ibercaja, with the following conclusions:



- *Among the workforce under 40 years of age, there is an equal number of men and women. If we take the workforce under 50 years of age as a reference, we find that there is a majority of women compared to men (51%).*
- *The average age of men and women is very similar, at around 48 years old. The average length of service is 22 and 21 years (men and women, respectively).*
- *There is a numerical superiority of men over women from levels I to V, from levels VI-XI we find a majority of women over men, and from levels XII - XIV there is parity between both sexes.*

As a result of the collective redundancies carried out in the Entity, the largest number of departures corresponded to older employees, and consequently, those with more seniority.

This has contributed to the fact that the **salary gap** between women and men **has narrowed** over the years, evolving as follows:



6. Impulso Solidario Awards

"imPULSO SOLIDARIO" is a participation initiative aimed at the Bank's employees within the framework of our corporate purpose "Helping People to build the story of their lives, because it will be our story".



The initiative aims to turn the organisation's professionals into ambassadors of the social causes that move them. The employees are the ones who propose non-profit social projects and through a vote, the whole organisation is involved in the final decision.

After three editions, the Bank launched an **extraordinary call for applications** in order to alleviate the effects of the health, economic and social crisis caused by Covid-19.

The winning associations have been selected by Ibercaja's staff, among the 24 projects also proposed by its employees, aimed at helping the most vulnerable people and groups in this crisis.

The three projects that received the most votes were:

- *Significant loss of income for the research "Duchenne Muscular Dystrophy".*
- *"Covid is not the end of Leukaemia".*
- *"I understand you now"*

On this occasion, the award ceremony for this special edition of "Covid-19" was held virtually and was attended by representatives of the Entity's Management Team.

5th ImPULSO Solidario Awards

In addition, the 5th imPULSO SOLIDARIO Awards Gala took place on 17 December. The staff selected the eight winning entities from among the **32 projects proposed** by the employees. Specifically, 3,296 votes were registered, once again ratifying the social commitment of the Bank's employees, the Foundation and the Financial Group.

The organisations with the most votes in each category (Disability, Illness, Integration and Environment) receive a contribution of 10,000 euros and, in the case of the second most voted organisations, 5,000 euros, which is a boost to continue undertaking their work.

AWARD

This initiative received the award for Best Internal Communication Practice in the field of CSR and Responsible Management in 2020 from the Internal Communication Observatory.

In the five years that imPULSO SOLIDARIO has been held, **296 projects** have been given visibility, which have been presented by **387 employees who are "ambassadors"** of the solidarity associations and institutions and have achieved the involvement of **70% of the staff** through their votes. A total of **€225,000** was awarded to undertake **28 social projects**.

Participation



387 imPULSO
Solidario ambassadors
in 5 years.

70% of the workforce
involved with their
votes



250 professionals
involved in
volunteering actions



+ 300 children of
employees involved in
the "Dibuja Ibercaja en
tu Navidad" Christmas
drawing competition



+ More than 450
participants in the "Raise
your voice" initiative shared
their reflections on
diversity, leadership and
shares responsibility among
both parents

7. Business indicators in data analytics

In 2019, a specialised team was set up within the People Area, whose mission is to provide the area with a methodology and an integrated data analysis process, which will impact the quality of the decisions made about the people.

This function is crucial to be able to carry out **personalised segmented proposals**.

In 2021, the project evolved by integrating business data and analysing various data sources to answer business questions related to human capital and act accordingly to improve its activities and results.



The methodology implemented for the analysis and governance of information has consisted of the creation of an ERM (employee record management) that brings together and integrates all the information processed and analysed in the People Area, regardless of the source from which it comes (mainly own applications for people management, payroll, training, etc.) in a single database. This guarantees information integration with the established recurrence, ensuring the quality and traceability of the information managed and processed.

8. Preparing for digital design

In 2021, the Bank's Digitalisation Project was given a new boost with the distribution of new laptops for all staff, incorporating the updated Windows 10 system and access to Office 365 collaborative

This change represents the definitive consolidation of **mobile working**, which now accounts for more than 95% of the Bank's staff, with mobile working equipment and collaborative tools in all positions, thus allowing for greater versatility and autonomy.

*More than **95% of our workforce** will be mobile by 2021.*

The People Area has accompanied this digital transformation process, providing the necessary training resources so that the Bank's professionals can adapt to the change in technology from day one and continue to provide the same level of service to our customers from the start of the process.

The team of Talent Transmitters has accompanied the technological deployment, becoming digital ambassadors of the project.

Discovery Workshops, infographics, videos or little tricks to optimise the use of the tools are part of the material available on the Paraninfo Training Platform to adopt change.

9. Ready for the digital challenge? 1st Master's Degree in Financial and Wealth Advice and Digital Banking

In recent years, the Bank has incorporated various profiles with an academic background in STEM fields (science, technology, engineering and mathematics) with a high degree of technical specialisation that is more distant from the financial business.

To train these new profiles in financial matters, in 2021, we are launching the **1st edition of the Master's Degree in Financial, Wealth and Digital Banking Advice**, recognised as a degree by the University of Nebrija.

In this first edition, 19 colleagues from different technical areas such as Model Validation, Systems Auditing or Development of Technological Services, among others, have participated.

The Master's Degree has a blended methodology (face-to-face in a virtual classroom and online courses) and 150 hours of internships in branches, which allows participants to complement the theoretical training by actively participating in the day-to-day banking business in branches.

The colleagues in the branches are mentoring and actively collaborating in this innovative programme, which will undoubtedly help them grow professionally.

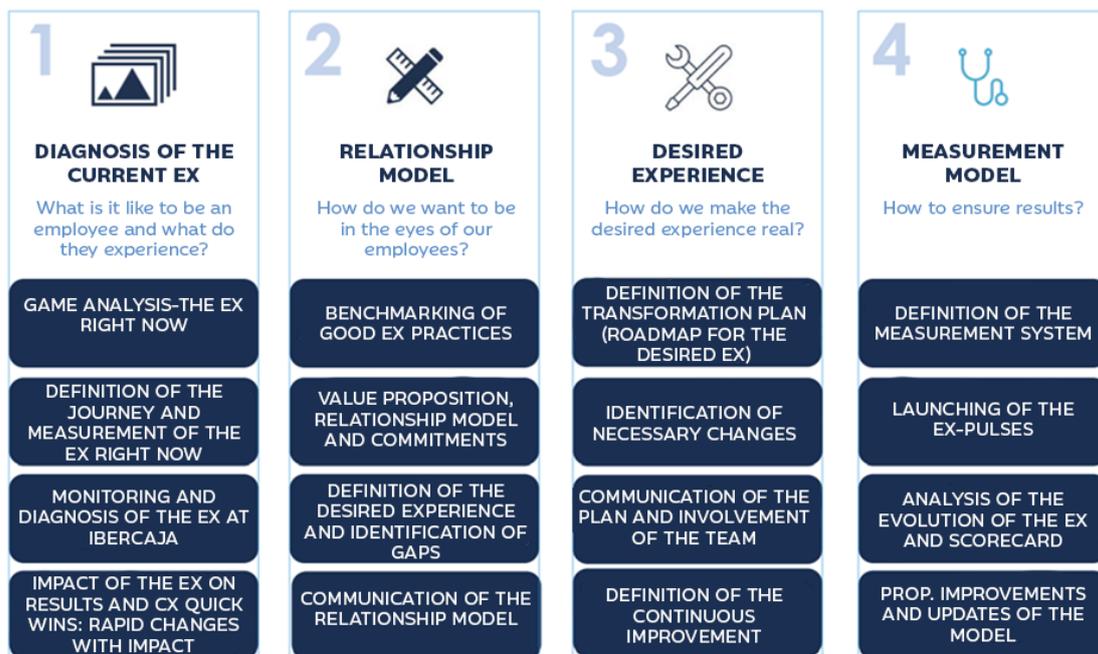
10. We lay the foundations of the culture project

In 2021 we laid the foundations for this strategic project for the Bank, with the **following objective:**

*To understand the current experience of Ibercaja's employees in order to build a **relationship model** with great impact on Business and Results, adapting to the specific needs of each group, creating an evolving experience model based on data that ensures the improvement of the employees' experience so that it has an impact on the customers' experience.*



Project phases



11. | Planet Week

At Ibercaja, we are committed to sustainability, with the dual objective of positioning ourselves as a benchmark institution in this field and responding to the needs of society and the environment.

This is a commitment of the entire Ibercaja Group: Bank, Foundation and Financial Group.



The **CHALLENGE** we have set is that our business objectives should drive sustainable development, preserve natural resources, and promote a fairer and more inclusive society.

To give visibility to this positioning and to make our corporate Purpose a reality, accompanying and helping our stakeholders on the path towards a more sustainable world, from 18 to 24 October, we organised the 1st Planet Week at Ibercaja, coinciding with the celebration of the International Day for

From the People Area, we collaborated in the organisation and dissemination of the activities that took place throughout the week. A complete panel of activities **focused on employees**, customers (both individuals and companies), suppliers and society in general: conferences, round tables, testimonials from relevant people in Ibercaja's sustainability project, volunteer actions, post, eco-advice from sons and daughters of Bank professionals, competitions and much more... were the content of the 1st Ibercaja Planet Week.

12. This Christmas, **we are** more Ibercaja than ever before

To bring our stakeholders closer to the values represented by the Ibercaja brand, in 2021, we are celebrating our most supportive Christmas.

Under the slogan "**This Christmas WE ARE more Ibercaja than ever**" the Bank's professionals have joined a very special campaign, in which they have been able to participate, together with their families, in the different initiatives proposed with the following objectives:

- **Promoting a sense of belonging** and bringing the families of the Ibercaja Group and its Foundation closer to the values of the Ibercaja brand.
- **Fostering knowledge of the Entity** and its internal culture, positively impacting the commitment of professionals to the Entity.
- **Generate a better employee experience** so that employees remain linked and committed to the Ibercaja brand.
- **Encourage the active participation** of the Bank's professionals and their families.
- **Realising our corporate purpose: *"Help people build their life story because it will be our story"***



Internal Christmas campaign initiatives 2021

Draw Ibercaja in your Christmas

Through their drawings, the youngest members of the Ibercaja family conveyed their particular vision of Christmas, relating it to the values that identify the Ibercaja culture.

In this edition, 311 sons and daughters of male and female employees took part, representing how we are and the traits that represent our values in their drawings.

Our sons and daughters have also been the protagonists of this solidarity initiative, as thanks to their participation in the Drawing Competition, they have been able to choose a very special gift that we send in their name to other children in those parts of the world where they need it most.

Unicef Blue Gift

Ibercaja joins this Unicef initiative by distributing a total of 144 Survival Kits, 103 Vaccination Kits and 64 Education Kits, so that hundreds of children around the world can study, get vaccinated or have access to processing

A Smile for Christmas

This Christmas, among the solidarity initiatives, we are joining the International Cooperation to ensure that children and young people in vulnerable situations can have a toy for Christmas. In this campaign, we delivered 446 gifts through this initiative carried out in collaboration with Cooperación Internacional.

ImPULSO Solidario Gala

€60,000 delivered to the eight most voted projects out of the 32 projects submitted by employees in this 5th edition.

The Three Wise Men

170 colleagues acted as messengers and were in charge of finding the toy that the most vulnerable children had asked for in their letter to the Three Wise Men.

Large Toy Donation

156 toys purchased at the UNICEF shop donated to the Hermandad de El Refugio for children from vulnerable families in their day care centre.

Solidarity Scarves

Solidarity initiative to give homeless people a present this Christmas. The initiative is not only based on a scarf being purchased to protect them from the cold, but also has a more emotional aspect, as together with the scarf they receive a message from Ibercaja employees that provides them with much-needed human warmth.

In this campaign, 75 scarves have been given to the Hermandad El Refugio

Crowdfunding Portal

Our colleagues have contributed to multiplying outreach and creating opportunities for all people, contributing to a more sustainable future: Aid to La Palma, Supporting groups at risk of exclusion, SmartGreen and many more.

Cultivating talent

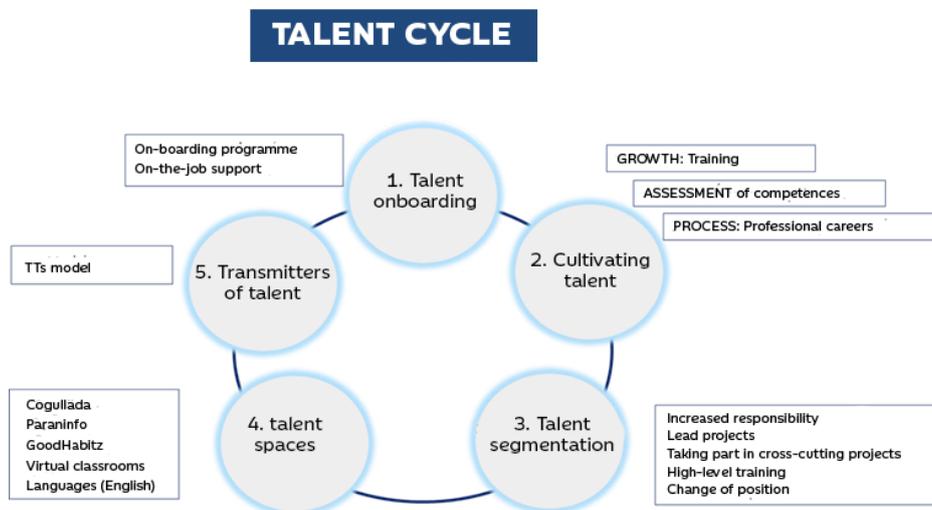
103-1, 103-2, 103-3, 404-1, 404-2

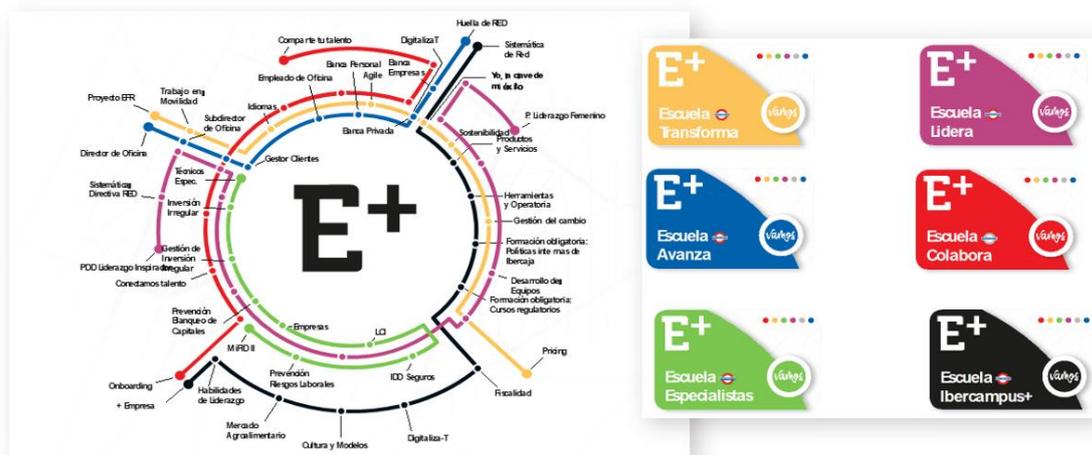
This involves obtaining the maximum return on the talent existing at Ibercaja, providing a personalised management that favours professional growth to obtain better results and a greater commitment to the Company in response to the dynamism required to carry on the Bank's activities in line with the expectations and requirements of the surroundings.

STRATEGIC OBJECTIVES

Ibercaja considers the **professional and personal development** of employees as a **strategic objective** within the framework of People Management.

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 transmitting our culture, values, knowledge and experience.



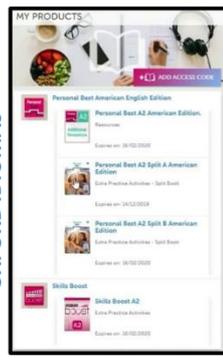


PARANINFO

CAMPUS COGULLADA



OXFORD IDIOMAS



GOODHABITZ: Habilidades personales



PARANINFO TV



TEAMS

The Entity encourages **talent development** through training programs and internal promotion for the highest number of employees possible. In **2021, 684 people** received professional promotions by applying the criteria defined in each professional career plan, 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. The total number of professionals pertaining to these promotion plans was **1,211**.

The training programmes aim to promote **professional development** by responding to the needs that arise in a highly dynamic environment such as banking. Among the main training programmes 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.

The number of hours of classroom training totalled **35,173**, and those given through distance channels amounted to **259,933** by job category and gender are distributed as follows:

Hours of training by gender and job category			
2021 JOB CATEGORY	MEN	WOMEN	TOTAL
EXECUTIVES	37,207	17,525	54,732
MIDDLE MANAGERS	37,453	33,126	70,579
TECHNICIANS	45,345	54,535	99,880
CLERICAL STAFF	30,665	39,250	69,915
TOTAL	150,670	144,436	295,106

Hours of training by gender and job category			
2021 JOB CATEGORY	MEN	WOMEN	TOTAL
EXECUTIVES	53,620	23,575	77,194
MIDDLE MANAGERS	51,014	46,249	97,264
TECHNICIANS	58,375	65,789	124,164
CLERICAL STAFF	45,006	53,092	98,099
TOTAL	208,015	188,705	396,720

Hours of training by gender and job category

2021 JOB CATEGORY	MEN	WOMEN	TOTAL
EXECUTIVES	48,815	22,310	71,124
MIDDLE MANAGERS	41,210	37,019	78,229
TECHNICIANS	44,906	53,959	98,865
CLERICAL STAFF	39,772	46,903	86,674
TOTAL	174,703	160,189	334,892

The average number of training hours per employee in 2021 is 64.3 hours (compared to 78 hours in 2020).

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:

Downstream communication channels

Daily Information

Corporate Intranet where daily communications of an informative nature or for the development of the activity of all the units that make up the Bank are published (Tenders, Appointments, Labour Agreements, Legislative Novelties, Commercial Campaigns and New Processes).

Regulations

This internal space contains the set of instructions, rules, references and indications of a commercial, operational or functional nature, which must be complied with, and which constitute the sole and common reference of Ibercaja's Regulations.

Employee Portal

An environment where staff can consult their personal, family, personal, work and financial data, etc., where certain internal processes related to the area of people are managed. It also includes institutional news, access to pages of interest, trade union communiqués, among others.

Ibercaja Chronicle

An internal institutional magazine published every four months and with the participation of all areas of the Bank to inform the staff of Ibercaja's milestones and progress give special prominence to Ibercaja's employees as the driving force behind

"Tu compensación" Portal

Accessible from the Employee Portal, through this platform, the staff can find all the necessary information for contracting and renewing the Flexible Remuneration Plans (FlexiPlan).

Salary information and the benefits of being part of the Ibercaja family are also available.

All this is for you

A digital and interactive publication with a modern, friendly and familiar image shows the advantages and benefits that Ibercaja staff can enjoy.

Internal newsletters

One of the tools used for the communication of Endomarketing Campaigns and which facilitates direct and personalised communication with the staff, depending on the campaign carried out.

Upstream communication channels

"ImPULSO" Platform	Participation platform based on a system of challenges that aims to involve the entire workforce in the search for ideas and solutions to the challenges that are proposed periodically. There are two types of challenges: Solidarity and Innovation.
People Area Delegates	Figures close to the territory through which the Bank's professionals can channel their queries, concerns, suggestions, complaints, etc. Periodically, these figures carry out personal interviews in the different work centres.
Employee Experience surveys	A bottom-up communication channel that allows us to find out how the Bank's employees experience and feel about their relationship with Ibercaja at key moments in their personal and professional lives.
Pulse Surveys	Designed to take the "pulse" more frequently than EX's global surveys, monitoring the impact of initiatives put in place, measuring fluctuations to be able to intervene more immediately.
"FRC" internal channel	Through the mailbox efr@ibercaja.es , the Bank's professionals can send their proposals or suggestions for improvement and/or complaints or claims regarding FRC.
"FRC" External Channel	As a Family-Responsible Company, Ibercaja's professionals also have a confidential communication channel with Fundación Más Familia regarding the FRC Model. www.masfamilia.org

Horizontal communication channels

Focus Group	Widely used as a method for qualitative research and idea generation in various strategic projects for the Bank.
Ibercaja Contigo app	A 100% digital, blog-like tool that uses simple language to maintain close and empathetic contact with the Bank's employees. This includes: Tips with the best Health tips, Access to Webinars, Streaming to participate in different scheduled events, Chat.
Internal events	Events specifically designed for internal audiences to encourage networking among colleagues: recognition of excellent teams, a tribute to people who have been with the company for 25 years, meetings of leaders or transmitters of talent, among others.
Executive breakfasts	Informal discussions between Bank managers and professionals on the various issues they encounter in their day-to-day work. These events provide attendees with a greater link and commitment to the Entity.

Webinars	Another way to share information, conduct workshops or develop time-based dynamics in which the user can ask for the floor, ask questions and interact through chat.
Ibercaja CoffeWork	A multifunctional area and multi-purpose space designed to encourage networking, meet informally, generate ideas, and have a coffee or a piece of fruit.

In 2018, the ENPS (Employee Net Promotor Score) index was devised for the first time. It is a parallel indicator to the NPS used in Customer Experience, which tells us about the degree of commitment of employees to the Ibercaja brand, responding to the question "Would you recommend Ibercaja as a place to work?" and obtaining an excellent score of 25.9.

EMPLOYEE EXPERIENCE

*Ibercaja thus reinforces the **Employee Experience**, as **a basis for the People Management Model***

Furthermore, the traditional Employment Environment survey has evolved towards a perception study, which we call **Employee Experience Measurement**, in order to identify that which most satisfies employees in their day-to-day procedures, together with the aspects that may slow down their professional and personal growth, to adapt the improvement drives at all times.

Ibercaja actively promotes equal opportunities, rejecting any form of discrimination, and it is committed to the work-life balance of the professionals that work at the Entity.



In this context of ongoing listening, in 2020, a joint reflection was made of all that lived in recent months, which enabled us to have valuable information on the concerns and worries of the workforce and improvement suggestions to be able to plan new actions that contribute to facilitate the on-going performance of our daily work in the current coordinates.

We are efr



Over 100
family-friendly business
measures to provide a
healthy work-life
balance



226 persons
benefiting from
conciliation measures
in 2021



Over 11,000
views of #Semana
enFemenino on
social media



Over 400
participants in the
"Exhibe tu Talento"
cycle to improve their
personal brand

Professional Development



Over 295,000
hours of training in
2021, for an average
of 63 hours per
employee



684 people
promoted in 2021



Over 1,200
employees pursuing
career plans

Diversity, equality and work-life balance

103-1, 103-2, 103-3

Ibercaja has **over 100 work-life balance and equality measures for its employees** (which exceed that included in the applicable legislation in force) in the categories stipulated in the frc 1000-1, and it has implemented the **frc Plan** for the first certification cycle (2019-2021). Alongside this, Ibercaja updates the **Equality Plan**, which promotes equal opportunities between the genders and a work-life balance to contribute to the welfare of our employees and their families.

The positioning of women in posts of responsibility is continually gaining ground. In 2021 around 40% of Bank Manager positions, 53% of Assistant Manager positions and 64% of Personal Banking Manager positions have been awarded to women. Women obtained 51% of promotions in 2021.

Also, Ibercaja's employees can opt for work-life balance measures such as leave, a reduced working day and an extended leave of absence, some of which extend or improve those set out in the prevailing legislation and the collective bargaining agreements. During the year, 226 people availed themselves of these measures (192 reductions in working hours, 27 extended leave of absence periods for childcare motives and seven extended leave of absence periods to care for family members).

In 2021, 94 people were entitled to parental leave (57 men and 37 women), all of whom took parental leave. All 94 returned to work after the end of parental leave.

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, 49 people with varying capacities work at the Bank, thereby achieving one of the main objectives of our frc management model.

*We perform personalised people management through our Representatives Network in the different territories. Our objective is **to know each person**, manage their needs individually, identify their level of commitment and oversee the development*

The Bank has protocols in place for dealing with any type of discrimination, including cases of sexual harassment and harassment for reasons of gender.

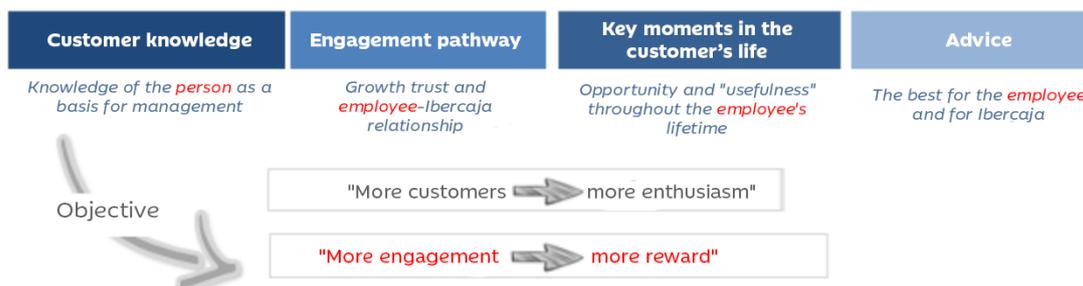
Leadership and Commitment Management

Since 2017, at Ibercaja, we continue to have a network of seven representatives that provide coverage to all Territorial Divisions, as well as the Representative that works at 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.

Hence, the representatives have a series of tools that help to implement this project: management protocols for accompaniment at key moments; employee records as management support and a new evaluation method concerning the employee's professional expectations.

Our **relationship model with the employee** replicates the **Commercial Management Model with customers**.



Remuneration policy

103-1, 103-2, 103-3, 202-1

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.

Employees have a digital and interactive environment that shows the advantages and benefits they can enjoy by being part of the Ibercaja family with a modern, close at hand and familiar image.

All benefits apply to all employees regardless of their type of contract, except 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 **2021**. These remunerations are made up of fixed remuneration, salary complements and variable remuneration received in 2021.

Average total remuneration by gender (amounts in euro):

GENDER	FIXED + BONUS	INCR.	FIXED + BONUS
	2021	RESP. 2020	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 gender (amounts in euro):

GENDER	FIXED + BONUS	INCR.	FIXED + BONUS
	2020	RESP. 2019	2019
M	53,468	1.93%	52,456
F	46,767	2.84%	45,475
Total	50,300	2.37%	49,133

Average total remuneration by age (amounts in euro):

AGE RANGES	FIXED + BONUS	INCR.	FIXED + BONUS
	2021	RESP. 2020	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	2.37%	50,300

Average total remuneration by age (amounts in euro):

	FIXED + BONUS	INCR.	FIXED + BONUS
AGE RANGES	2020	RESP. 2019	2019
21 - 30 YEARS OLD	25,127	5.95%	23,717
31 - 40 YEARS OLD	42,694	1.79%	41,942
41 - 50 YEARS OLD	49,548	0.34%	49,379
51 - 60 YEARS OLD	56,250	1.24%	55,563
61 - 70 YEARS OLD	94,829	1.99%	92,983
Total	50,300	2.37%	49,133

Average total remuneration by job category (in euros):

	FIXED + BONUS	INCR.	FIXED + BONUS
AGE RANGES	2021	RESP. 2020	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 by job category (in euros):

	FIXED + BONUS	INCR.	FIXED + BONUS
AGE RANGES	2020	RESP. 2019	2019
1-EXECUTIVES	64,908	2.53%	63,306
2 - MIDDLE MANAGERS	53,340	3.17%	51,703
3 - TECHNICIANS	46,957	2.30%	45,899
4 - CLERICAL STAFF	42,619	2.40%	41,589
Total	50,300	2.37%	49,133

Average total remuneration of executives by gender (amounts in euro):

	FIXED + BONUS	INCR.	FIXED + BONUS
AGE RANGES	2021	RESP. 2020	2020
M	67,441	0.80%	66,904
F	60,653	0.62%	60,280
Total	65,317	0.63%	64,908

Average total remuneration of executives by gender (amounts in euro):

	FIXED + BONUS	INCR.	FIXED + BONUS
AGE RANGES	2020	RESP. 2019	2019
M	66,904	2.44%	65,314
F	60,280	2.81%	58,634
Total	64,908	2.53%	63,306

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 where significant transactions are performed is 119% for men and women.

Analysing this information weighted by job grouping (executives, middle management, technical and clerical), a salary gap of 7.10% was determined in 2021.

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 for men compared to women. The evidence for this is the **reduction of the gap with respect to 2020 by 3.72%, from 12.5% to 12.1%**.

This calculation takes into account fixed remuneration, wage complements and variable remuneration received in 2020.

This trend is partly due to the measures implemented to reduce it:

- **Increase in the representation of women** in management positions.
- **51%** of promotions in 2020 corresponded to **women**.

Aspects relating to the remuneration of senior management

The Bank's Management Committee members, made up of 11 people (8 men and 3 women) as of 31 December 2021, are considered senior management. Information on senior management remuneration includes both fixed and variable remuneration and long-term pension systems. The average remuneration is 203 thousand euros (average remuneration of executives of 211 thousand euros and 184 thousand euros in the case of executives, which is mainly affected by the length of service of the officials in the Bank).

Social Dialogue

103-1, 103-2, 103-3

Labour relations are based on **open and transparent dialogue with employee representatives**. The Entity's union representation comprises 226 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 2021:

- Agreement on Prevention of Occupational Risks

100% of Ibercaja Banco employees are covered by Collective Agreements and 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 2019-2023 establishes an annual working time of 1,680 hours of effective work. Abiding by this timetable, and without prejudice to its being irregularly distributed, in accordance with current legislation and applicable industry regulations, working hours are as follows:

- From 1 May to 30 September, the schedule is from Monday to Friday: from 8 to 15 hours.
- From 1 October to 30 April, the schedule is, on Monday, Tuesday, Wednesday and Friday: from 8 to 15 hours. Thursdays: 8:00 to 14:00 hours and from 16:00 to 19:00 hours.

In Ibercaja, 490 employees are subject to special timetables, requested voluntarily. 83% of them have requested to work 3 afternoons, 3% 2 afternoons and 14% one afternoon.

Occupational health and safety.

103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

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 necessary resources 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 Ibercaja with you app (#ContigoNosCuidamos y #ContigoEntrenando), in which healthcare recommendations are included, such as how to prevent colds, habits for a healthy heart or information on the importance of a healthy diet.

How is this policy applied at Ibercaja?

Having our own prevention service to provide specialised technical support across the entire organisation in terms of occupational risk prevention, occupational medicine and ergonomics, promoting health surveillance through regular medical check-ups, vaccination and information campaigns.

By setting up an **Occupational Health and Safety Committee**, whose main function, in addition to verifying compliance with the regulations, is the regular and periodic consultation with the Bank on matters of risk prevention.

The participation of employees in this specific matter is carried out through the **"Prevention Officers"**. The number of those appointed by and among the workers' representatives is 13.

Through the preparation and application of the **Occupational Risk Prevention Plan** and the corresponding risk assessments and reassessments.

Training and informing employees about the risks of their activity, through prevention courses and dissemination campaigns through different channels.

The Bank has its **own prevention service**, as it is a company with more than 500 workers. The in-house prevention service is a specific organisational unit covering two of the four prevention disciplines ("Health Surveillance" and "Ergonomics and Applied Psychosociology") provided for in Article 34 of the regulations. The preventive specialities of "Occupational Safety" and "Industrial Hygiene" are contracted with an external prevention service: MORE PREVENTION.

The Bank has implemented an **occupational risk prevention plan** to integrate 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 2021 there were 32 **occupational accidents** (12 men and 20 women), 14% less than in the previous year (pandemic year, less travelling), and the total number of hours of absenteeism was 359,410 (470,193 in 2020). As is the case every year, the hours of absenteeism include common illness, occupational accidents and maternity and paternity leave. This year again, COVID hours were also included, amounting to 12,012 hours, which was the main reason for the decrease in absenteeism compared to the previous year.

2021	TOTAL	MEN	WOMEN
FREQUENCY INDEX	1.1764	0.8228	1.5593
SEVERITY INDEX	0.1454	0.0961	0.1989

	2020	2019
FREQUENCY INDEX (*)	1.3294	1.2273
SEVERITY INDEX (**)	0.1191	0.1284

Recalculation of the severity index in 2019

(*) FI= Number of occupational accidents with sick leave (ex in itinere) *10⁶
Total number of hours actually worked

(**) SI= Number of days not worked due to an accident at work, with leave *10³
Total number of hours actually worked

Also, the new Agreement enacts the right to digital disconnection in the workplace for the first time. This regulation contributes to workers' health by reducing, among others, technological fatigue or stress, thereby improving their working environment and work quality.

Management of the health crisis caused by COVID-19

As a result of the pandemic caused by COVID-19, since 2020, the People Area has **managed to ensure the health and well-being of people**, without forgetting to **guarantee the viability of the business project**.

The **main actions** performed by the People Area Department as a response to this crisis are grouped into **three main blocks**:



Health and Safety

With the objective always set on the **health protection of** both our employees and of our customers, the Bank's Prevention Service has managed the health crisis from **four areas**:

- a. *Prevention*
- b. *Early detection.*
- c. *Reduced assignment.*
- d. *Ongoing monitoring.*



*Ibercaja has been an **example of preventive management** thanks to the team created ad hoc and collaborative work to control the crisis.*

Based on these objectives, the following measures have been adopted:

- **Protocols have been implemented** for all health and information management processes.
- Reinforcement of the **Medical Service**, to attend to and follow the development of the affected colleagues on an individual basis.
- Management of the **supply of preventive protection equipment** and temperature monitoring in the Central Building.
- Creation and management of a **database** to centralise all information related to the health crisis.
- **Customer care line COVID-19 enquiries** in which Bank employees will be attended to directly by the medical team 24 hours/7 days a week.
- **Flu vaccinations** for all employees that request them.

New working schemes

In 2021, the Entity continued to implement measures that have enabled us to continue our professional activity while implementing **new working environments**, which have allowed us to shorten distances, conduct meetings efficiently or cooperate in a cross-cutting manner on different projects.



The COVID-19 pandemic has also been a catalyst for **new ways of working**, accelerating our transformation process.

Measures adopted:

- Deployment of **Telework** in the most critical phases of the crisis
- **Flexible working hours**, both entry and departure.
- Implementation of resources and **new mobility tools** (Teams, Office 365, etc.). All posts have collaborative tools.
- Appointment of new figures as **Digital Personal Banking Managers**, providing personalised advice to customers operating remotely.
- Conducting **online examinations** for certification.
- Production of **virtual galas** for the celebration of internal events.

Communication and accompaniment

Moments in which it was crucial to generate **new internal communication routes** that keep us permanently connected with our colleagues, accompanying them in their day-to-day matters at home and at the office.



***Internal communication** has played a **key role** in the COVID-19 crisis.*

Operating Communication:

- COVID-19 space in regulations for the daily publication of measures related to the pandemic.

Emotional Communication:

- **Letters from the CEO** to each employee, explaining the Bank's situation, the measures being taken, messages of encouragement and recognition of the important work of Ibercaja's professionals as an essential service to society.
- **Ibercaja Contigo (Ibercaja with you)**. Blog designed to maintain close, empathic and useful contact with colleagues. Articles of interest, Prevention recommendations, Tips to work from home, Solidarity initiatives, Health and well-being tips, Didactic resources, Weekly training, Provision of content to this new channel.

6.5 Commitment to the environment

102-11, 102-12, 102-15, 102-19, 102-20, 102-30, 102-31, 102-43, 102-44, 103-1, 103-2, 103-3, 201-2, 301-1, 301-2, 302-1, 302-4, 303-1, 303-5, 305-1, 305-2, 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

To this end, the Entity uses the objectives of the Paris Agreement on Climate Change as a reference and moves forward in implementing the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). This information is set out in detail in **section 6.12. of this chapter of the Directors' Report.**

The Sustainability Policy, approved by Ibercaja's Board of Directors in December 2020, includes the **Bank'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 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.

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** to guide its actions to prevent or avoid damage to the environment.

Environmental policy

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 align with the principles of action that govern the Sustainability Policy and extend its

Environment Committee

At the 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.

Environmental Management System

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.

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 voluntarily assumed rules, adopting the necessary measures.
- 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**, minimising its generation to the extent possible, favouring the circular economy throughout the value chain.
- Ensure **continuous improvement** in the system and environmental performance by establishing **environmental objectives**.
- **To raise awareness** among the **people** who make up Ibercaja, fostering a sense of environmental responsibility in their actions, disseminating good practices and involvement and participation.
- **To disseminate its Environmental Policy** and all relevant information 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 2021 AENOR conducted the **Monitoring 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 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 **in the business units** and the inclusion of environmental criteria in the design of the organisation's financial products.
- **Reduction of the carbon footprint.**

- **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, **improved recycling** in branches.

Main lines of action in 2021:

Resource management:

OPTIMISATION

The Bank has implemented initiatives aimed at *optimising* the **consumption of resources**

One of the Bank's **objectives** is the **efficient consumption of resources** and it implements initiatives aimed at their optimisation, especially of those of importance for Ibercaja: water, energy and paper. It also places special emphasis on raising awareness regarding their correct use.

TOTAL CONSUMPTION	2019	2020	2021
Water consumption (m3)	41,451	37,028	38,934
Energy consumption (Gj)**	138,107.1	129,780.7	128,138.24
Paper consumption in Tm*	369.4	333.3	347.3

* 96% of DIN A4 paper is recycled

**The electricity consumption of the Branch Network for 2019 and 2020 has been calculated based on the electricity invoices of the different companies for the period from 1 December of the previous year to 30 November of the current year. This is because real calendar year data are not available until March of the following year. Endesa's actual bills are not available for 2021. The electricity consumption estimated for this year corresponds to the majority billing period from October 2020 to September 2021. In 2022 the information will be homogenised with previous years.

In 2021, 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 the case of paper, Ibercaja promotes actions to improve the management of paper use, managing to maintain a trend of reducing its consumption, which in 2021 was 5% compared to 2020 and 15% compared to 2019.

Circular economy and waste management

The correct segregation of waste and its selective collection is a constant commitment of the Bank, ensuring the correct destination of each type to reduce its environmental impact. The Waste Coordinator is in charge of their integral management.

Awareness-raising campaigns and training help promote the best environmental practices again awareness to minimise waste generation. In this regard, in 2021, efforts have been 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 the specific training aimed at technical staff to raise awareness and training in waste prevention and management, efficient use of resources and circular economy, carried out in January 2021.

In this line, the focus has been on extending good environmental practices to the branch network. Specifically, to improve **recycling in branches**, a process has begun to implement the segregation and selective collection of the most common waste in the branches that have office areas, with specific containers for each type of waste (paper/cardboard, plastics and waste), which will continue in the coming year. Information actions accompany these actions to raise awareness and sensitise employees.

Moreover, in its firm commitment to the circular economy and environmental protection, Ibercaja has launched its **new VISA ONE and VISA CASH** cards, which are made from 95% recycled PVC.

Emissions

Ibercaja has been calculating its carbon footprint since 2016, including both Scope 1 and Scope 2 emissions and also partially indirect Scope 3 emissions, especially those generated by employees as they travel to and from work and those generated by in-house couriers while on their rounds.

COMMITMENT

*The Bank's commitment to the environment is embodied in its **Carbon Neutral Objective**.*

To extend **the measurement of Scope 3 emissions**, in 2021, the Bank conducted a preliminary analysis of the carbon footprint of emissions financed from the productive activities portfolio and the mortgage portfolio, to establish a baseline for carrying out a comprehensive analysis in 2022, based on the PCAF⁴ methodology, following sectoral best practices.

To help mitigate climate change, Ibercaja Banco has a CO₂ emissions reduction plan and has set itself the target of achieving a 100% reduction of its carbon footprint (Scopes 1, 2 and partially 3) by 2030. The Plan's **base year** is the first year in which the indicator was calculated (2016), and it envisions a series of measures that will contribute globally to achieving the target.

As a final step, the organisation may consider an offsetting approach for those emissions that it has not managed to reduce in the target period.

For the calculation of CO₂ emissions for Scopes 1 and 2, the emission factors used are those provided by the Spanish Ministry for the Ecological Transition and Demographic Challenge (MITECO), based on official sources. The calculation methodology of the Greenhouse Gas Protocol (GH Protocol) is used to obtain Scope 3 CO₂ emissions.

⁴ PCAF (Partnership for Carbon Accounting Financials) is a global carbon footprint accounting standard to measure and disclose the financed and facilitated Scope 3 emissions of financial institutions. For more information on PCAF, see: <https://carbonaccountingfinancials.com/>

The key indicator when monitoring the Plan is the percentage of emissions reduction achieved. Thus, total emissions (Scopes 1 and 2) amounted to 873.97 Tn CO₂ in 2021, down 32% on 2020 and 94% on the base year (2016). 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.

Meanwhile, to reduce the emissions associated with the fuel consumption of the vehicles that form part of the Ibercaja Network (a total of 20 vehicles), the entire fleet of vehicles has been gradually replaced to include more sustainable vehicles bearing ECO and ZERO badges.

Also, in 2021, the Bank was awarded the “**Calculo-Reduzco**” for 2020 from the Climate Change Office of the Spanish Ministry for the Ecological Transition and Demographic Challenge (MITECO), having previously registered its carbon footprint in the Carbon Footprint, Offsetting and Absorption Project Register.

In tandem, the Bank achieved **carbon neutrality in 2020** (Scopes 1 and 2) by offsetting the direct emissions (Scope 1) that could not be reduced through the **CeroCO2** project of ECODES titled “**Conservation of the Amazons at Madre de Dios, Peru**”.

The Carbon Footprint Report, posted on the Bank's corporate website, describes the progress made towards the actions envisioned in the Emissions Reduction Plan, as well as data collection, methodology, calculation criteria and the trend in emissions taking the base year, 2016, as the yardstick.

As a further show of its commitment to sustainability, Ibercaja adhered to the **Net Zero Banking Alliance** (NZBA) in 2021, as one of the founding members, thus undertaking to become carbon neutral in relation to its loan book and investment portfolio by 2050 or earlier and aligning its targets with those of the Paris Agreement.

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.

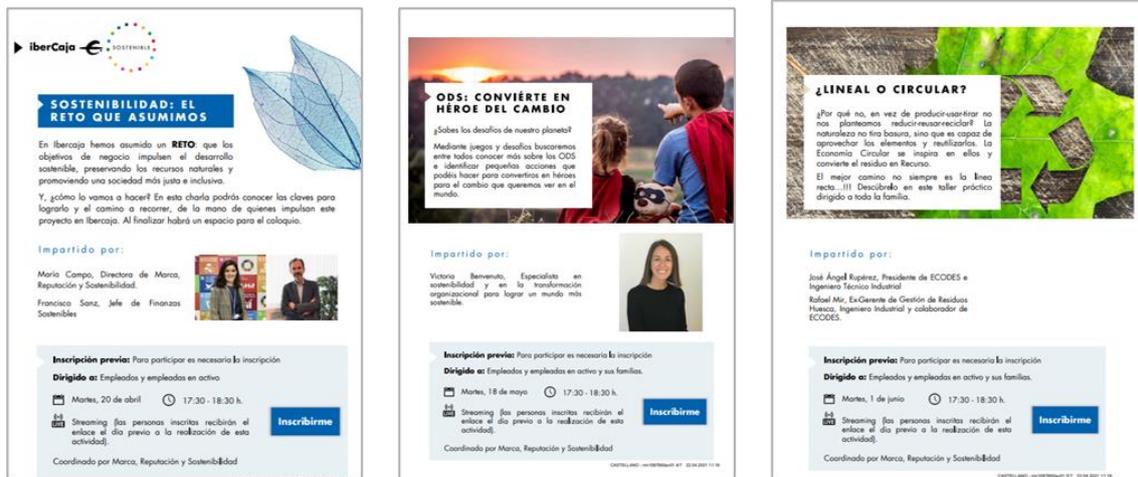
Annually, **environmental actions and content are planned throughout the year**, also aligned with global awareness initiatives and special days of the year devoted to environmental preservation and the fight against climate change. Dissemination is carried out through a range of Bank channels, both internal and external (Daily Information, Ibercaja Contigo App, social networks, etc.).

Highlights during the period included the staging of **Planet Week**, which ran from 18 to 24 October to coincide with **International Day against Climate Change**. The aim was to support **customers, employees and society** in achieving their commitment to sustainability. This project embodies the commitment of the entire Ibercaja Group: **Bank, Foundation and Financial Group**. Under the motto **Protecting the environment and fighting against climate change**, numerous **business events, round tables, volunteering actions, blog posts on sustainability, competitions, eco-tips and other initiatives** were organised across Spain and were widely covered in the press and media.



Various **Environmental Volunteering** actions were also carried out during 2021, open to Ibercaja employees and customers and society at large.

Sustainable Tuesdays were held from January through to June; an initiative aimed at Ibercaja Group employees and their families, and involving chats with experts on issues such as the circular economy or the Sustainable Development Goals.



Also, during the year, albeit differently due to the health crisis, 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** (<https://www.ibercaja.com>) includes Ibercaja's sustainability and environmental commitment in a specific section. Meanwhile, the **commercial website** (<https://www.ibercaja.es>) now features a blog devoted to sustainability to support and accompany our customers on the necessary path towards decarbonisation.

As part of its commitment to raising awareness and implementing the SDGs, Fundación Ibercaja unveiled its new competition, **“R7 por el planeta”**, which calls on primary, secondary and higher education students from all over Spain to create a project related to the environment.

For the first time in 2021, Fundación Ibercaja joined the **Bosque de los Zaragozanos**, an initiative organised by Zaragoza City Council, with nearly 40 collaborating entities, which seeks to plant 700,000 trees and bushes in and around Zaragoza over the coming years.

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.

COMMITMENT

The **Environment Team** proposes, champions and implements **environmental protection** actions.

To reduce and optimise 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. Based on circularity principles, these good practices 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 2021, a sustainability line was included in the **Professional Development Plan**, and the following **training activities** related to sustainability and the environment were carried out:

- **Sustainable finance**: various training sessions were carried out in different areas (risks, investment, products, reporting, etc.) within the working groups in the CECA area.
- Course on sustainability focused on **environmental protection**, available to all Bank employees through an internal platform.

Various training sessions on sustainability were also held during the year for those employees most directly involved in the management of ESG aspects. **Training was delivered to all employees** on the most relevant aspects of integrating 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*

In April 2021, Ibercaja became 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** initiative in 2021, with the commitment to achieve neutrality of their own and their portfolios' CO₂ emissions by 2050 at the latest.

This is part of **COEPLAN** (Coalition of Companies for the Planet), a Spanish initiative to promote more innovative and sustainable companies.

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 the CO2 Revolution, whose objective is to plant millions of trees throughout the country. Hence the Ibercaja Foundation joined the movement that brings together major 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

102-43, 102-44

In our relationship with current and potential shareholders and investors, it is crucial to carry out meaningful action and provide adequate information to assess 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 to 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.** In the terms envisaged, protect the confidentiality of the data that shareholders and investors may contribute.

The Bank continues to
pledge for **transparency**

Stock market flotation

In 2021, the Bank made intensive **preparations** to ensure the successful completion of its **IPO**. A large part of the documentation needed to complete the process was completed. Numerous contacts were signed with investors and analysts to showcase Ibercaja's position, its strengths, and how it is tackling the challenges present within the industry. It also continued to bring its corporate governance structure in line with that expected of a listed company.

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, the Board of Directors decided on 31 January 2022 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 annual accounts for the year ended 31 December 2021.

The most significant milestones for investors during 2021 were:

Big 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 2021 while at the same time having one of the highest coverage ratios.

Clear improvement in the income statement, thanks to an increase in recurring revenues and especially the sharp reduction in provisions, following the efforts made in 2020. Thus, Ibercaja increased the net profit obtained in 2020 sixfold and reached a ROTE of 5.7%.

Ibercaja continued to maintain throughout 2021 one of the **highest capital ratios of the total system** and one of the highest levels of surplus capital versus ECB requirements.

This improvement in the Bank's fundamentals has led to an **improvement in the Bank's credit ratings** following a 2020, in which the rating agencies had placed under review a large part of the credit ratings of European financial institutions due to the potential impact of the pandemic.

As a result of the continuous improvement in asset quality ratios, **improved profitability and high capital adequacy ratios**, the Bank will distribute 65% of its 2021 net profits in the form of a dividend to its shareholders.

6.7 Commitment to suppliers

102-9, 102-10, 102-43, 102-44, 103-1, 103-2, 103-3

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.

Ibercaja, in its **relations with suppliers**, insists on 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.
- Overseeing economic relationships that respect both parties' interests makes it possible to obtain the maximum quality and commitment in the products and services provided.
- Encouraging its suppliers to follow sustainable practices and guaranteeing 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 embrace: 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, 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**, doing their best 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** and facilitating the Bank's relations and active listening with suppliers. Within the documentation requirements, the new portal includes **social and environmental standards** (ISO 14001, OHSAS 18001, ISO 26001) and matters relating to corporate social responsibility.

When it comes to the transparency of non-financial information, suppliers are consulted about whether they release annual information in this regard, whether they follow any international reporting standards (e.g. GRI) and whether an independent external expert verifies such information.

In 2021, **the supplier risk assessment underwent** further improvements to reinforce and enhance the existing approval process. **The most relevant suppliers were assessed**, numbering 188 (168 in 2020 and 160 in 2019) and accounting for 87% **of the total volume** (85% in 2020 and 86% in 2019) of total procurement processes. Of these, 135 (123 in 2020 and 111 in 2019) were renewed, and 52 (41 in 2020 and 48 in 2019) were approved for the first time.

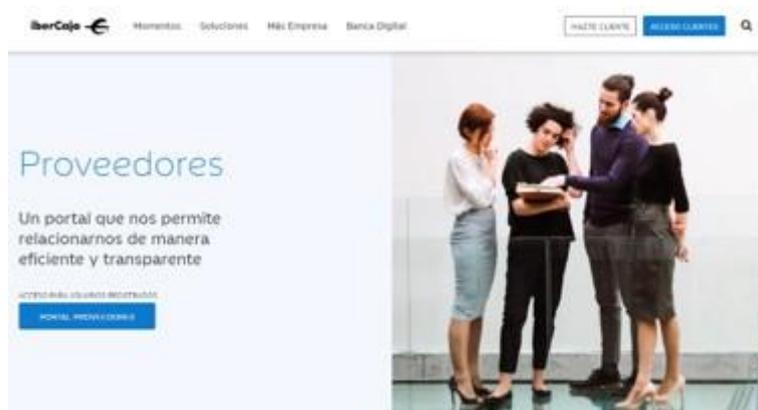
Almost all positively evaluated suppliers are Spanish, and their contracts are signed pursuant to Spanish legislation. Both the evaluation of suppliers and the management of contracts are part of the purchasing procedures, comply with standardised criteria and objectives and include control mechanisms 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.

SUPPLIERS PORTAL

The Suppliers Portal improves **relations and ensures active listening** between the Bank and its suppliers.

Additional features and functionalities were added to the Suppliers Portal in 2021, including the electronic signature of contracts, the consolidation of approval processes and supplier risk management, thus facilitating the Bank's relations and ensuring active listening with this stakeholder group.



Within the framework of the Entity's Environmental Management System, the supervision of suppliers assigned to it is carried out from the environmental point of view, in the corresponding external audits (AENOR) for the follow-up and/or renewal of ISO 14001, which the organisation has had since 2007.

6.8 Contribution to society

102-43, 102-44, 103-1, 103-2, 103-3, 413-1

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** enshrines our commitments to society:

- 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 2021, 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 vulnerable segments or those at risk of exclusion are eligible for the **Ibercaja Call for Social Projects**, which in its sixteenth edition attracted a total of 431 projects, of which **282 initiatives** from all over Spain were ultimately selected, benefiting **154,766** people.

This call for proposals by the Foundation has been broadened through collaboration with the Bank's three other shareholder foundations: CAI Foundation in Aragon, CB Foundation in Extremadura and Cajacírculo Foundation in Castile and León.

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, and 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 2021: 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, and Global Torrevirreina Project with Fundación Federico Ozanam.

International Cooperation

In 2021, 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.

Plataforma @JuntosHacemosMás

In 2021, Fundación Ibercaja launched the new digital platform **#JuntosHacemosMás (TogetherWeDoMore)** to promote corporate social responsibility and sustainable values for the betterment of society. It allows businesses and individuals alike to collaborate on **15 projects aligned with the 2030 Agenda and the Sustainable Development Goals**, nine of which are social action projects and six of which are aimed at education, the 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 all of us at the Bank, the Financial Group and Fundación Ibercaja can propose and vote on the social and environmental projects we wish to support, thus making us their best ambassadors. It is essentially an open call to all of us at Ibercaja who want to support worthy causes so that we can present those social projects we feel particularly concerned about and explain what they involve and why we consider it important to support them. The entire organisation is involved in the final decision by casting our votes.

The 5th edition was held during the year, in which eight winning projects were selected, two from each of the following categories: Disability, Disease, Integration and Environment.

Labour integration and diversity

Ibercaja supports the labour integration of people with disabilities to **achieve a more equal and inclusive society**. The Bank has 49 employees with some form of recognised disability. In 2021, it allocated more than 943,000 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 2021, Ibercaja continued its intense activity of transmitting and disseminating economic, business and financial knowledge to 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, **to improve 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, of the **Ecosystem+ Company** 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 society's challenges. The Foundation has incorporated the 2030 Agenda into its strategy, thus acquiring a double commitment. Internally, **the Foundation has aligned all its activities and programmes with the SDGs** and their corresponding targets. 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

In 2021, Ibercaja obtained, for the fourth 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 following four areas, thus earning it the recognition of the Aragon Government:

- **Reconciliation of personal, family and working life**, in line with the guidelines promoted by the Equality and Family Division
- **Promoting equality** in all manner of organisations, prioritising equal opportunities and the principle of non-discrimination
- **Volunteering and social action**, fostering cooperation and stable relations between businesses and not-for-profit organisations and encouraging 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.

6.8.4 Sponsorships

Ibercaja promotes, through its sponsorships, sports, activities for young people, culture and companies, as the best vehicle for conveying our values. In 2021, 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 habits.

We pursue our sponsorship strategy both [internally and externally](#):

Internal action

We encourage employees to practise sports and healthy habits with these internal initiatives. More and more employees have been embracing this healthy lifestyle.



In 2021, due to the pandemic restrictions, we were unable to carry out our usual initiatives with employees. However, we were able to take part in the Carrera de las Empresas race organised by ESIC (Zaragoza edition), in which more than 100 employees took part, earning us a prize for being the second most involved company.

In the cultural realm, employees from the entire network were able to enjoy the new exhibitions at the Espacio Ibercaja Delicias and the new Velazquez Tech El Museo.

External action

In relation to **external action**, the aim is to improve the notoriety and rate of return that each event can deliver for the Bank, based on the following pursuits:

SPORT

The pandemic has forced many of our sporting events to be re-scheduled. Despite the new circumstances, efforts were made to continue taking part in these events. We renewed the permanent stock of materials to avoid disposable plastic by relying on more sustainable and durable materials. An example of this is the bags and banners used at sporting events, which are no longer plastic but fabric and reusable.

Key events:

- **10K Valencia Ibercaja:** despite the date change and safety restrictions, this event lost none of its spectacle. A total of 7,000 runners took part in the race, with a considerable contingent from Ibercaja. The proceeds from the charity bib were
- 
- **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:** Following its 2020 hiatus, the Madrid event took place in September with a great response from the public amidst strict security and health measures. We also attended the runner's fair at IFEMA,

EXPODEPOR, to install a large banner with the current MADrileÑOS campaign, which had a great impact and was used as an improvised photocall by those attending the fair.



Expodepor



Salida del Maratón 2021

- Quebrantahuesos:** This was the first major cyclotourism event to take place following the 2020 hiatus. Although the change of date and the inclement weather meant that the turnout was much lower than in pre-pandemic times, it did not prevent the event from being equally spectacular and widely followed by the public. The live broadcast of the race gave us considerable brand awareness. Unlike other years, we did not install a hospitality stand at the EXPO area (restricted on this occasion to participants only). Instead, we installed a large photocall at the entrance that proved to be a very popular among visitors, many of whom took a selfie or photo there.



Corte de cinta Quebrantahuesos 2021



Photocall Ibercaja en QH21

- **Sponsorships of sporting entities:** Ibercaja, aware of the difficulties that many sports organisations and entities are enduring due to COVID-19, has made a clear commitment to stand by their side to help them overcome the situation and strengthen mutual trust. Therefore, we renewed our commitments with numerous sports federations, clubs, and associations during the year and continued to focus on lower categories and schools. Hence, we help to continue promoting sports among youngsters, ensuring that they acquire healthy habits from a very young age and taking advantage of the digital environment.
- **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 in 2021 for a further two years.

YOUNG PEOPLE

We continue to honour Ibercaja's historical commitment to the [European Youth Card](#) by sponsoring the Aragón and Extremadura programmes

CULTURE

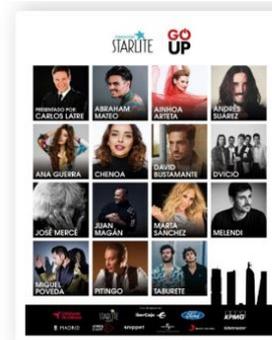
Ibercaja collaborates in disseminating culture through involvement in events and its ticketing service, consolidating itself as the leading company in ticket sales in Aragón.

The numerous cancellations of events during the year forced the music and entertainment industry to reinvent itself in response to COVID-19 regulations. Accordingly, Ibercaja has wanted to be at the side of promoters, sites, artists and spectators to help them continue their task. The main lines of action were:

- Sponsorship of Espacio Ibercaja Delicias:** a new venue in Madrid hosting numerous forms of family entertainment. 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.



- Velazquez Tech el Museo:** Ibercaja is sponsoring an innovative technological exhibition on the Meninas in a new space created in Madrid. Thanks to the agreement, various groups related to Ibercaja, in addition to employees, have benefited from tickets or discounts to enjoy this experience.



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, 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.

VOLUNTEERING AT IBERCAJA

Volunteering is characterised by the fact that it always adapts to each moment, responding to emerging needs and then moving elsewhere when these are covered.

Ibercaja Volunteering has also responded to this need to adapt generated by the pandemic. After suspending the face-to-face activities envisaged, activities were sought that responded to two assumptions: **guaranteeing the safety of volunteers** and users and **responding to the needs of the pandemic**. Gradually, physical presence has been recovered when the situation has allowed it, as was the case with Company Solidarity Day, organised in collaboration with Cooperación Internacional, or with the Great Food Collection, an initiative promoted by the Spanish Federation of Food Banks.

The programme to support young people and improve their job prospects continued throughout 2021 alongside Fundación Princesa de Girona. This initiative was launched in late 2020 and is an opportunity for volunteers to mentor young people by drawing on their experience, knowledge and talent.

Various volunteering and awareness-raising actions were also carried out in 2021 alongside Fundación Oxígeno to help protect the environment. Workshops held in more than 10 Spanish cities, involving not only Ibercaja employees and their families but also anyone else interested in the activity. During the workshops, numerous activities took place: collecting rubbish and plastic waste in public spaces, creating and placement of nesting boxes, and interpreting the natural environment.



6.8.6 Financial literacy and other educational programmes

The **Financial Literacy** Programme entered its eighth edition in 2021, 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 Fundación Ibercaja, the programme has, since 2013, fulfilled Ibercaja Banco's commitment to the **National Financial Literacy Plan**, led by the Bank of Spain and the Spanish National Securities Market Commission (CNMV), to promote basic financial literacy among 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 in 2021 focused on **sustainable finance**. Ibercaja has been working on this for some time as a financial institution, and the Ibercaja Foundation plays a central role in raising awareness of the possibilities that sustainability can offer businesses.

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. This year it celebrated its tenth anniversary. This edition was clearly affected by the COVID-19 pandemic and was planned from the outset as a remote event to ensure compliance with the health protocols in place while also reaching out to as many beneficiaries as possible. All the activities were free of charge and were streamed on Fundación Ibercaja's YouTube channel. A total of 30 speakers took part in this edition, which has received more than 9,000 views.

Schools 2030 – Rescuers of the Planet

Fundación Ibercaja launched this new project in 2021 in collaboration with Santillana as part of its commitment to **implement the Sustainable Development Goals**. The initiative is aimed at secondary school students to 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.

Another outstanding educational programme was **Aprendiendo a Emprender**, to help 5th and 6th-grade primary school children understand how the entrepreneurial world works from school by fostering their entrepreneurial spirit, autonomy and personal initiative.

Didactic programmes were also carried out to complement the curricular content in an entertaining way as a further resource for teachers.

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 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.

In 2021, Mobility City continued to extend its portfolio of partners and members involved in the project. During the year, several **collaboration agreements** were signed with the Spanish Spinal Cord Injury Study Association (AESLEME), Fundación ONCE, ALIA Asociación Logística Innovadora de Aragón, Fundación EDUCATRAFIK, Centro Español de Logística and Asociación de Colegios Profesionales de Aragón, in addition to the more than 50 members already involved in the initiative.

The purpose of all these memberships is the **joint development of projects and initiatives linked to innovation, entrepreneurship, and society's dissemination and awareness in response to the challenge of new sustainable and connected mobility.**

The **Mobility City Academic Chair**, created in late 2018 by Fundación Ibercaja and Saragossa University, focused its activity during the year on the realm of **mobile and wireless communication**, related to the concept of the connected vehicle, sustainable urban mobility and intelligent transport systems, together with mobility and modelling of the social behaviour of the leading players involved.

Fundación Ibercaja also continued its collaboration with the **“Mobility Experience” Academic Chair**, in collaboration with Universidad de San Jorge, to carry out teaching, research, knowledge generation, diffusion and the transfer of technology in relation to sustainability mobility.

Various were held in 2021, including **Mobility and Automotion Night**, alongside Faconauto, Sernauto and Anfac, where the first **"Impulso Awards for Innovation in Sustainable Mobility"** were presented.

Sustainable Mobility Observatory. Forum to analyse the report’s findings into the challenges and trends of the mobility sector in Spain, based on the opinions of the main business leaders and managers in the automotive, energy, telecommunications, leasing, insurance and infrastructure industries.

VI Meeting of Cities. The Directorate General of Traffic (DGT), the Spanish Federation of Municipalities and Provinces (FEMP) and Zaragoza City Council organised the 6th Meeting of Cities for Road Safety and Sustainable Mobility, in collaboration with Fundación Ibercaja. Under the slogan "Cities 2030", the forum explored mobility and urban road safety to disseminate, promote, and encourage good practices and experiences in road safety and sustainable mobility.

6.8.8 Development of territories and digitalisation

Business shareholdings

Ibercaja holds **business holdings** in various sectors: **tourism, real estate, media, infrastructure, renewable energy, services and other**. Investment in investees aims to support the production fabric, preferably SMEs, in projects that contribute to creating wealth and jobs in areas in which the Bank operates. Hence, the economic benefit that may be provided to the Bank is added to the social advantages. Ibercaja encourages investments in sustainable projects with environmental value and in those companies with high levels of corporate social responsibility.

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 it possible to carry out social projects everywhere the entity is present. In addition to structuring 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.

Digital services

Ibercaja Orienta

Ibercaja Orienta is a digital service for vocational and academic guidance so that young people, parents and educators have all the information they need to make the right choice. In 2021, the series of videoconference titled "Deciding the future. Information, the key to decision-making" discussed topics such as the new university degrees, vocational training pathways, and the labour market and training options.

Ibercaja Aula en Red

The Aula en Red programme offers digital activities, didactic resources, programmes, and applications to enhance the work of teachers and students in the classroom. Three **mobility programmes** were carried out throughout 2021: "Ponle freno", "Sustainable urban mobility", and "Accidents can be avoided"

Ibercaja Digital Challenge

The Ibercaja Digital Challenge Programme commenced at the end of 2017 to reduce the digital divide between generations and extend 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 networks to improve business results or technology as an educational tool.

YouTube channel of Fundación Ibercaja

Throughout the year, Fundación Ibercaja's YouTube channel established itself as a valuable platform within the organisation for offering digital conferences, workshops and talks. In early 2021, the pandemic meant that all events were broadcast solely via this channel. Right now, the channel allows multiple activities to be carried out in a hybrid format, both in person and online. Throughout 2021, the channel offered 155 new videos and attracted more than 370,000 views.

6.8.9 Employment and companies

Ibercaja Campus

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. The main aim is to **promote the economic and social development of our territory** by driving cultural change towards a more sustainable breed of company throughout the value chain, **aligning the various courses and training to the SDGs of the 2030 Agenda**. The campus carries out all of its work through collaborative management by means of alliances with institutions, entities, companies and professionals, to offer training programmes and services that generate improved economic and social results.

Entrepreneurship

It was a year of change with respect to the entrepreneurship model. The Emplea-t programme was transformed into **Ibercaja Emprende**, as part of the collaboration between Ibercaja Banco and Fundación Ibercaja, forming part of Ecosistema más empresa. The main difference has been the shift from a local programme to a nationwide programme that focuses on acceleration and the relationship between company and start-up. It has two main programmes: "**Entrepreneurial immersion**", in which 60 people took part, to help entrepreneurs take their first steps and enable the acquisition of resources and knowledge, and "**Dare to jump**", which focuses on ideas related to the company of 2025 and its commitment to innovation, digitalisation, cultural transformation, sustainability, diversity and entrepreneurship.

For the first time in 2021, various entrepreneurial activities were carried out. The Group continued to collaborate with the city council through Fundación Zaragoza Ciudad del Conocimiento and with the government through Fundación Aragón Emprende. In both cases, the aim was to work together to position Zaragoza and Aragon as benchmarks in entrepreneurship.

Ecosistema más Empresa

This initiative between Ibercaja and Fundación Ibercaja seeks to **promote innovation within companies**. It is a point of meeting and interaction between entrepreneurs, professionals and managers from both start-ups and large companies whose aim is to create a more innovative and active business environment based on the premise that knowledge sharing and collaboration help companies go further.

6.8.10 Culture

The objective of Ibercaja and Fundación Ibercaja is to promote culture across all territories.

The main cultural projects carried out in 2021 were as follows:

Goya Museum and commemoration of the 275th anniversary of Goya's birth

The Goya Museum is helping to showcase Goya's genius throughout Aragon, Spain and indeed the world. The **275th anniversary of the birth of Francisco de Goya was commemorated in a unique way in 2021 in the form of concerts, exhibitions and a series of conferences in which his person and his work were the common theme.**

Temporary exhibitions

“Picasso. Diario Intimo”. This exhibition, organised for the first time in two venues –the Goya Museum and Patio de la Infanta– displayed more than 130 works by the painter, including the complete Vollard Suite, exhibited for the first time in Aragon. This exhibition also delved into how Goya influenced Picasso's work, both of them geniuses who cultivated all artistic genres and were the two best engravers in the history of art. Nearly 18,000 people visited the exhibition at its two venues between 6 October and 31 December.

“La estela de Corrado Giaquinto, de González Velazquez y Bayeu a Goya”. This exhibition offered an insight into a few decades of the 18th century that explain the great mystery of Goya and show the influence of Corrado Giaquinto on the finest Spanish artists of the era. The exhibition attracted 15,506 visitors and ran from 24 June to 26 September at the Goya Museum.

“Semejanzas. Pepe Cerdá”. This exhibition showcased two of the main themes the Aragonese artist has worked on in recent years: landscape and portraiture, focusing on health workers during the pandemic. 12,629 people visited the exhibition between 18 February and 17 June.

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

The **Goya Museum's exhibition catalogue** has been further enhanced with 19 works that are now part of its permanent collection. Some of them are the first known work signed by Francisco de Goya, "Virgen del Pilar con Santiago y uno de los convertidos zaragozanos", "San Cristóbal" or "Dios Padre y el Espíritu Santo", also by the Aragonese genius; "El dios Vulcano", by Francisco Bayeu; "Aparición de la Virgen a San Felipe Neri", by Corrado Giaquinto; "La oración en el Huerto", by Antonio González Velázquez; "Santa María Magdalena", by Francisco Preciado de la Vega; "Retrato de la marquesa de Luján", by Pedro Kuntz y Valentini; "Fiesta de disfraces", by Emilio Sala and "Odalisca", by Francisco Pradilla, among others.

Ibercaja Patio de la Infanta

The exhibition and congress centre of Fundación Ibercaja, Ibercaja Patio de la Infanta, is a **space open to citizens, organisations and companies** interested in 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.

Permanent exhibition titled "Tapices para el Patio de la Infanta"

The exhibition, which opened on 10 December 2020, displays a carefully curated selection of mythological and religious tapestries from the Fundación Ibercaja 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

Various cycles of conferences were held in 2021, including **"Book Tuesdays"**, in which more than 20,000 people took part in both online and face-to-face formats. This cycle brings the general public closer to the new literature being penned by the most prestigious authors in Spain. These meetings also encourage reading, reflection, and critical thinking in close dialogue with journalists.

"Aragón en la historia de España". Organised in partnership with the Royal Academy of History and the Fernando el Católico Institution, this cycle —organised for the first time by Fundación Ibercaja though definitely set to continue— allows participants to discover and reflect on the roots of Aragon and its rich cultural and historical heritage.

"Félix de Azara, el aragonés que se adelantó a Darwin" This cycle, held on the occasion of the 200th anniversary of the death of this multi-talented man from Alto Aragon, featured leading experts to talk about the genius of this military man, engineer, explorer, cartographer, anthropologist and outstanding naturalist of the Enlightenment.

Other notable cycles included: **"Un Aragón de Novela"**, **"Picasso: Historia, vida y obra"** and **"Retos para el futuro"**.

6.8.11 Tax information

201-4, 103-1, 103-2, 103-3, 207-1, 207-2, 207-3, 207-4

The Ibercaja Group reported a **pre-tax profit of 214,773 thousand euros in the period (53,470 thousand euros in 2020 and 128,637 thousand euros in 2019)**. Income tax amounted to 63,789 thousand euros (29,868 thousand euros in 2020 and 44,648 thousand euros in 2019)

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, Ibercaja Banco acquired control over Banco Grupo Cajatres 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 2013 and subsequent years; in terms of other taxes, they are subject to inspection for periods from December 2017 onwards. In this respect, in July 2020, tax audits were initiated in relation to the tax years 2013 to 2017, both inclusive, for the corporation tax of the Tax Group and several of its companies, as well as for the periods between July 2016 and December 2017, both inclusive, for value-added tax and withholdings and payments on account on income from employment, professional activities and income from movable capital. These proceedings are ongoing.

Meanwhile, in relation to the corporate income tax of the tax consolidation group of Banco Grupo Cajatres (a company absorbed by Ibercaja Banco in 2013) and of several of its companies, in July 2020, notification was received of the start of inspection proceedings in respect of supplementary tax returns and requests for rectification filed for the years 2011 to 2013; proceedings which remain in progress.

Due to possible different interpretations of the applicable tax regulations, certain tax contingencies may not be quantified objectively. However, in the opinion of the Group's Board of Directors and Management, should these contingencies result in actual liabilities, they will not significantly affect 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, 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 promoting a suitable compliance culture is one of the Bank's core values. Consequently, all tax-related actions must comply fully with applicable laws 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-compliance 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.

Also, in 2021, we **sought to disseminate and raise awareness of new tax developments and culture** through a multitude of talks and webinars, in collaboration with professional firms, trade associations (notaries, pharmacists, dentists, surveyors, etc.) or business organisations such as the CEOE Guadalajara, on different subjects such as employment plans, family-owned businesses, year-end tax recommendations or protected assets for people with disabilities, many which have been posted on social networks along with other useful articles on taxation.

In 2021, 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.

Ibercaja Banco and the Group companies did not receive any public subsidies or aid during the year.

6.9 Human Rights

102-16, 102-17, 103-1, 103-2, 103-3

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 been a **member of the United Nations Global Compact** since 2006, so that its activities are carried out in accordance with the principles set out in this initiative, which promote and defend respect for human rights by companies.

One of the guiding principles of the **Ibercaja Sustainability Policy** approved in 2020 by the Board of Directors is the defence of human rights, which covers the entire Ibercaja Group and all of its members. This is also reflected 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)** to report any Code breach. The corporate website www.ibercaja.com also includes a **CSR 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 responsible Banking Principles.

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.

In 2021, the Bank was not involved in any incidents involving human rights abuses.

6.10 Anti-corruption and bribery

102-16, 103-1, 103-2, 103-3

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.

The Bank has a **criminal risk prevention system** in place, which seeks to minimise the risk of any organisation member 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) **Suitable 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 system's functioning.
- v) The criminal risk prevention model is reviewed as part of the **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 notifying** possible breaches or instances of misconduct, enabling the Bank to be aware and react to any unlawful situation (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 crime 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 Entity 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 Entity that are connected with conduct which, if it were to occur, could constitute a criminal offence.

The criminal risk control system is based on the **three lines of the 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 risk prevention and management line** is the internal audit function. Within the scope of their respective activities and functions, all of them 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** of the 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, 204 files were opened to analyse transactions suspected of being related to money laundering or the financing of terrorism. SEPBLAC was informed of 121 cases where specific analysis suggested there was evidence to be further examined.

Ibercaja Banco qualifies as a **covered person** under anti-money laundering and counter-terrorism financing (AML/CTF) regulations. It must, therefore, apply adequate measures to prevent the Bank from being used for this purpose. To this end, it has adequate internal control and communication procedures and bodies to uncover, impede, and prevent the carrying out of transactions 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 wishes 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, aside from 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. In cases where 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 the 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



102-15, 102-16, 102-30, 102-31, 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 enable economic growth and address and help 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. The 2020 Management Report included the first report following the signing of these Principles, as per the model established by UNEP-FI. In this Management Report 2021, we present the second report in which we transparently discuss the progress made in the second 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.

1.1 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, and, where relevant, the technologies financed across the main geographies in which your bank has operations or provides products and services.

Ibercaja Banco is a nationwide banking institution specialised in **retail and business banking** and whose objective it is to generate value for its customers, shareholders and society in general, guided by its **Corporate purpose: "Helping people build their life story because it will be our story"**

It upholds its traditional **social and territorial commitments** as it seeks to maximise the rewards 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%).

It carries on 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 unit trusts, savings and pension plans, insurance banking and leasing/renting.

The Ibercaja Group, with a balance of 58,631 million 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, 3.6% in the individual house purchases segment, and 2.7% in household and corporate deposits[1]. The Bank is a leader in its **traditional area of operation (Aragón, La Rioja, Guadalajara, Burgos and Badajoz)**, where 61% of its customers are concentrated and where it obtains 60% of its retail turnover. It has an important

See chapter 4 of this report

See GRI indicators:

102-1

102-2

102-3

102-4

102-6

102-7

1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

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. For this reason, the **Bank is firmly committed to the Sustainable Development Goals of the 2030 Agenda, and it is a signatory of the United Nations Principles for Responsible Banking**

See chapter 6.1. of this report

Ibercaja carried out a **materiality analysis of the SDGs to detect** those where it has the greatest capacity to expand its impact and 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. As a result, 7 SDGs have been prioritised to focus on their progress and align their business strategy: 3,4,5,8,9,13 and 17.

See chapter 6.2. of this report

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**. Therefore, it is continuing to analyse the carbon footprint of its portfolio and reduce the climate impact of its financial activity.

See chapters 6.1 and 6.5 of this report

The Bank has launched its **New 2021-2023 Strategic Plan**, which includes a horizontal enabling initiative titled **IN02 Purpose and Sustainability**, with the aim of **“creating a corporate culture aligned with our Purpose and helping to achieve a better world by making sustainability part of the business (risks and opportunities) and our way of banking”**.

See chapters 4.5 and 6.1 of this report

This initiative envisions the following lines of work:

- **MANAGEMENT OF ESG RISKS:** integrate **ESG risks** into the traditional risk analysis. In 2021, further progress was made on climate risks, with the development of an action plan for their management and communication.
- **ESG BUSINESS STRATEGY:** Definition of a **sustainable business strategy (financing and investment)**, which takes into account the needs of our customers, society and the planet, helping our stakeholders as they make the necessary transition towards a sustainable economy. New ESG products, both investment and financing, were added in 2021.

See chapters 6.1, 6.12 and 7 of this report

See chapter 6.3. of this report

- **COMMUNICATION AND IMPACT: Communication and awareness** among all our stakeholders (employees, customers, society, suppliers, shareholders) as we support and accompany them along this path. See chapters 6.4, 6.5 and 6.14 of this report
- **TRAINING: Training** in sustainability for everyone at Ibercaja, providing them with the necessary tools and knowledge for this new context to help and support our customers. In 2021, a sustainability strand was included in the Professional Development Plan. See chapters 6.1, 6.3, 6.5, 6.12 and 7 of this report
- **OUR FOOTPRINT: identification and development of synergies with our shareholder foundations.** Joint development of sustainable and environmental projects; financial literacy, volunteering; sustainability training.

Ibercaja focuses **on climate change, financial inclusion and the promotion of diversity while also concentrating on gender equality and access to the labour market for people with disabilities.** Thus, as part of its **FRC (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 its own programmes and its shareholder Foundations.

Ibercaja's position when it comes to environmental protection is embodied in:

- The development of **specific products** to facilitate the transition towards a more sustainable economy.
- An **Environmental Management System** that minimises its negative environmental impacts and disseminates this commitment among its stakeholders.
- The signing of the **Net Zero Banking Alliance** to achieve decarbonisation of our portfolios by 2050.
- **Environmental actions** (planting trees to offset the carbon footprint and environmental volunteering

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 the 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: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

- a. **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis
- b. **Scale of exposure:** In identifying its areas of the most significant impact, the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c. **Context & relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.

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. Since its origins, **Ibercaja has always been an institution with a clear social calling, contributing to the development of the territories in which it operates and placing people at the centre of its decisions**, which is the hallmark of its way of banking.

Since their approval in 2015, Ibercaja has been closely watching the Sustainable Development Goals. Therefore, the main contributions that the Bank can make to the goals were identified, taking into account all 169 targets. **Ibercaja has set social and environmental objectives** that are part of the FRC work-life balance plan, its Environmental Management System, as well as the new Desafío 2023 Strategic Plan, within the Purpose and Sustainability initiative; objectives that will help us boost our positive impacts and reduce our negative ones.

A global analysis of the environment and the needs and expectations of our stakeholders has allowed us to identify these objectives, which are also based on the characteristics of our business. These objectives are described in section 2.2. of this chapter.

Ibercaja is now **focusing on climate and environmental factors** because urgent action is required in accordance with supervisory expectations and because there is increased regulation of these important matters.

This analysis is used to identify the current impact of climate and environmental factors on the business environment to ensure the long-term sustainability and resilience of the business model. A qualitative analysis of sustainability factors has been carried out, focusing on climate-related risks and paying special attention to the impact on those risks considered to have the greatest impact on the Bank's area of operation and on our main sources of income.

See chapters 6.1, 6.2 and 6.12 of this report
GRI: 102-15

d. Scale and intensity / significance of

impact: in identifying its areas of most significant impact, the bank has considered the scale and intensity/significance of the (potential) social, economic and environmental impacts resulting from the bank's activities and the provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of

Fifty-nine per cent of Ibercaja's recurrent revenues is in the form of net interest income. This income originates from loans and advances to customers, which account for 53% of our assets. Retail lending is the most important component of the Bank's lending business. The mortgage portfolio is particularly notable within this segment, as it accounts for more than 32% of the loan portfolio. For this reason, the **analysis begins with a study of the climate risks of the mortgage collateral**, using valuation reports drawn up by Sociedad de Tasación.

The second-largest segment by volume is the financing of **productive activity** (corporate segment), which accounts for more than 12% of the loan portfolio volume. Both physical and transition risks are analysed in relation to this segment. Here, we have conducted theoretical evaluations of the sectors of activity most affected by physical risks in Spain. Ibercaja's own portfolio (business segment) was then analysed in order to identify the economic sectors (NACE) that are most material for the Bank due to their greater predisposition to climate vulnerability, considering, in this case, both physical risks and transition risks.

For this purpose, we used a tool designed by ECODES (Ecology and Development Foundation) —a national benchmark in sustainability and climate change—, in collaboration with the Statistical Service attached to the Autonomous University of Barcelona in order to estimate the predisposition to climate vulnerability and physical and transition risks, as a segmentation mechanism for the analysis of the portfolio of productive activity.

This tool is based on a method used to define an index of predisposition to vulnerability to climate change, both through the effects of physical and transitional risks. The method assigns, to each company, the value of the estimated predisposition index that most closely matches the reality of the company being assessed. The variables used are NACE, sales volume, geographical location, financial rating, and expert judgment.

An initial approximation complements the vulnerability analysis for studying the carbon footprint of the portfolios of housing financing and productive activities, which is carried out in collaboration with Deloitte.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

The impact analysis has been carried out, and the corresponding reports have been submitted, and we, therefore, consider that the requirements related to this point 2.1 have been fulfilled.

2.2 Configuration of objectives

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services. Show that these 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. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Reduction of the negative impact on our environment, both Ibercaja and our customers, through a strategy that helps us all to continue growing by improving profitability and positioning and becoming recognised as a company that contributes value to improving the future of society and the environment.

In the first quarter of 2021, the Bank launched its new Strategic Plan for the years 2021 to 2023, which includes a cross-cutting sustainability initiative to ensure that business objectives drive sustainable development.

The definition of this initiative includes the list of **challenges, strategy for their achievement, actions, concrete targets and corresponding** monitoring indicators, based on the baseline situation of 2020.

The objectives to be achieved over the next three years (2021, 2022 and 2023) are shown in the table below.

See chapter 6.1 of this report
GRI: 102-15

	Objective			
	2020	2021	2022	2023
% Volume under management in sustainable investment	4.46%	6.25%	(*)	(*)
Customers with sustainable investments	7.72%	15%	20%	25%
Sustainable financing volume	7.92%	10%	12%	15%
Number of media impacts on sustainability at Ibercaja	437	550	650	750
Achievement of Sustainability Milestones of the Strategic Plan	n/a	40%	75%	100%
CO2 emissions at Ibercaja Banco	1,281.02Tn	0	0	0
Female leadership: women in management positions	30%	32%	35%	40%
(*) to be established according to new business plan				

REPORTING AND SELF-ASSESSMENT
REQUIREMENTS

HIGH-LEVEL SUMMARY OF BANK'S RESPONSE (LIMITED ASSURANCE REQUIRED FOR RESPONSES TO HIGHLIGHTED ITEMS)

REFERENCE(S)/LINK(S) TO
BANK'S FULL RESPONSE/
RELEVANT INFORMATION

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximise the net positive impact of the set targets.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

The main objectives have been set for the years 2021-2023 and will be further developed in the future.

2.3 Plans for target implementation and monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

The Bank has a **Brand, Reputation and Sustainability Department**, which defines, proposes and coordinates the Sustainability Strategy, monitors all indicators relating to the lines of action of the **Sustainability Initiative of the new 2021-23 Strategic Plan**. This initiative is **transversal**, involving the entire Ibercaja Group and Fundación Ibercaja. As a result, multidisciplinary work teams have been set up and objectives have been set by Marketing and Digital Strategy, People, Brand, Reputation and Sustainability, Communication and IR, Risk Control and Financial Group.

To monitor the objectives in place, **Milestones for 2021** were set —all of which have been met— to ensure that the sustainability strategy is being implemented as planned.

Monitoring of this initiative and the indicators and milestones is carried out on a regular basis by the Sustainability Committee, the Management Committee and the Board of Directors.

See chapter 6.1 of this report

These milestones are as follows:

- Definition of the **Action Plan** and roadmap for responding to the ECB Expectations Guide **on climate-related and environmental risks**.
- **Impact analysis** of climate and transition factors.
- Definition of **the commercial strategy** to achieve the sustainability objectives.
- Design of the **ESG product strategy**.
- Staging of **I Planet Week**, aimed at employees, customers and society.
- Design of Ibercaja's **sustainable impact** document, focusing primarily on its people.
- Launch of the project **"Vamos juntos hacia la sostenibilidad"** (Together towards sustainability), by Ibercaja Banco and its Foundation. The aim is to support and accompany businesses on the road to sustainability, both with specific products and services and advice on the Next Generation Grants, while also providing a specialised team from the Foundation to help them build their CSR and align their activity with the Sustainable Development Goals.

Ibercaja's **Remuneration Policy** aligns with the Sustainability Policy and with the Bank's principles and values when it comes to managing environmental, social and corporate governance risks. The policy also establishes a remuneration system based on equal opportunities and non-discrimination, contributes to good corporate governance at the Bank, aligns with the internal code of conduct, and mitigates excessive risk-taking.

In addition, a long-term incentive has been approved to align 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: the

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

An initial set of targets and a series of actions to achieve them have been identified. These objectives have been quantified, monitoring indicators established, and a timeline drawn up to check their achievement, thus enabling us to determine the degree of progress towards Ibercaja's sustainability project. Implementation is monitored at the highest level: the Management Committee and Board of Directors.

2.4 Progress on implementing targets

The targets set for 2021 and their degree of achievement are as follows:

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

	2020	2021	
		Obj	Real
% Volume under management in sustainable investment	4.46%	6.25%	9.40%
Customers with sustainable investments	7.72%	15%	20.56%
Sustainable financing volume	7.92%	10%	12.26%
Number of media impacts on sustainability at Ibercaja	437	550	699
Achievement of Sustainability Milestones of the Strategic Plan	n/a	40%	40%
CO2 emissions at Ibercaja Banco	1,281.02Tn	0	0
Female leadership: women in management positions	30%	32%	31.3%

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

Specific targets were set for 2021 in relation to sustainable investment and financing, female leadership, emissions neutrality and sustainable communication. All of these are considered effectively achieved, indicating that we are on track with the roadmap.

Principle 3: Customers (goods and services)

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 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof

In 2021, Ibercaja defined the framework for its sustainable business strategy, which is being developed in the following phases:

- **Information:** raising awareness among our customers and helping them to discover the relevance of sustainability and the importance of adaptation
- **Detection of needs and opportunities** related to sustainability, which help us to develop our range of products and services, taking into account customisation according to the characteristics of the customer
- **Proposed solutions,** through our range of products and services
- **Sharing results:** involvement and engagement with our customers

Thus, the **range of SRI products** has been expanded and new **financing** products have been designed to respond to the needs of our customers in sustainability, focusing on transition risks and **energy efficiency**.

A **Sustainability Communication Plan** has been designed to create a permanent and continuous communication framework over time to accompany customers on this path towards a more sustainable society.

Communication with customers follows the line of accompaniment: we tell them what the SDGs are and why Ibercaja is committed to advancing towards these goals and we ask them to join us. We include information on sustainable finance in our blog, promoting financial education to assist in decision-making in this direction. Ibercaja and its majority foundation, Fundación Ibercaja, launched the "**Vamos juntos hacia la sostenibilidad**" (Together towards sustainability) initiative in 2021, to contribute to the necessary transition towards a more sustainable economy and position ourselves as drivers of change. This initiative aims **to support other companies in integrating sustainability** into their strategy by providing them, in addition to appropriate financial solutions, with a wide range of resources. To succeed in this task, a support plan has been designed for our business customers who are sensitive to sustainability and social and environmental concerns. 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.

See chapter 6.3 of this report

The **Ecosistema+ Empresa** (Ecosystem+ Company) initiative, developed by Ibercaja Banco and Fundación Ibercaja, aims to make companies more competitive for the betterment of society. It incorporates a specific **Sustainability** programme to help companies develop it in their businesses.

The **Bank's corporate website** has also been updated, making public the commitments with stakeholders contained in its Sustainability Policy.

Ibercaja Banco, acting in the best interest of its customers, has the duty to seek the generation of medium and long-term value from investment in financial assets. Therefore, as part of its pledge to move towards a sustainable economy and in line with the Bank's mission and values, it has developed a general framework for sustainable investment, which applies to the provision of investment advisory and discretionary portfolio management services. This sustainable investment framework is based on two fundamental pillars, which are set out and developed in Ibercaja Banco's **Sustainability Risk Integration Policy**, in the **Engagement Policy** and the **Due Diligence Policy in relation to Adverse Incidents on Sustainability Factors**.

3.2 Describe how your bank has worked with and/or plans to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

We are going to work to identify our customers' behaviour in relation to sustainability and their interest in achieving the SDGs and propose actions so that we can achieve them together.

We have started with an **initial analysis of customers** who have already taken out sustainable investment products and reached interesting conclusions that will help us to define new products to complete our range of sustainable products. In 2021, we already started marketing **two new ESG investment funds, an ESG SICAV and a new ESG-rated individual pension plan**.

To help make the impact of sustainable investments easier to understand, **specific content has been published on our *Vamos con tu futuro* website**.

To promote sustainability among our customers, we have launched our **communication plan** with a newsletter that

See chapter 6.3 of this report

In most cases, improving efficiency requires investment.

To enable easier access to energy efficiency improvements, **specific financing products** have been developed that offer more attractive prices and repayment periods (including interest-only periods), among other attractive terms and conditions.

Specific products have also been developed for various local and regional public administrations and we act as a collaborator on initiatives that pursue the same aim of energy efficiency and accessibility.

Ibercaja is **a collaborating entity of the IDAE** (Institute for Energy Diversification and Saving) and helps to disseminate its programmes among customers.

To help make buildings more energy efficient, Ibercaja offers its customers an **advisory and subsidy management service. It also arranges to carry out any necessary installation work and offers a range of financing options.** This service offers an assessment of the energy efficiency of the building and the customer can ultimately choose to make it a "turnkey" service, thus affording them the best possible solution for their property with the help of specialised professionals.

To help companies on their path towards sustainability, Ibercaja **offers an advisory service on the eligibility of projects that may be eligible to receive Next Generation funds**, as well as the necessary steps to complete their application.

Aside from environmental aspects, **we also offer products and services that aim to facilitate access for all our customers** through solutions such as **beginner mode** for our mobile banking platform. This option allows customers who have never used online banking to first familiarise themselves with the services it offers via a simple consultation mode. Users of the new Beginner Mode will be assisted by expert professionals and people they trust to answer any questions and address any issues that may arise when attempting to use the app.

To enable more accessible access to financial services for the hearing impaired, Ibercaja has a **service point for deaf**

With **visually impaired customers** in mind, we have added a notch to our debit and credit cards to know which way round they are holding the card and insert it the right way into ATMs or POS terminals.

We have also continued to expand the use of **recycled PVC** in various products in our card range, thus reducing the impact of card production on the environment.

To **bring our services closer to municipalities without a bank branch**, we offer various services, including **Correos Cash** (Post Office cash), whereby customers can use the mobile app to send and receive cash through participating post offices, as well as from their own home, through the delivery service of this communications provider.

This service is complemented by the POS **Cash Back** service, which offers cardholders the possibility of withdrawing cash at the same time as they purchase products at a merchant.

To provide service in sparsely populated rural locations where there is no branch, we have several **mobile bus branches** that offer all the services that can be found in a regular branch, including an ATM.

To get customers involved in the **circular economy and responsible consumption**, Ibercaja has unveiled a new section at the **Consíguelo store** of Ibercaja Connect, which includes refurbished products. It also aims to **make high-quality technology products more accessible to all customers** through competitive pricing and free financing.

When it comes to sustainable consumption, Ibercaja Renting incorporates a **new Sustainable Renting section**, where customers can find an extensive range of electric vehicles, including two new models from the TESLA brand, a global leader in this sector.

Principle 4: stakeholders

We will proactively and responsibly consult, engage, and partner with significant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated, or partnered with to implement these Principles and improve your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Ibercaja works very actively on SDG 17: Partnerships for the goals. It has a **Stakeholder Map**, which was reviewed and updated in 2021 and identifies all stakeholders, analyses the expectations and interests of each of them, and classifies and prioritises them in a bid to improve active listening and engagement from the Bank.

A **new materiality study was drawn up in 2021**, with the new **dual materiality approach**, in which the Bank consulted its 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.

In 2021, Ibercaja joined the **Net Zero Banking Alliance** as a founding entity to achieve carbon neutrality for its portfolios by 2050. Meanwhile, Ibercaja Gestión and Ibercaja Pensión signed up to the **Net Zero Asset Managers** initiative, also committed to attaining neutrality of their own CO2 emissions and those of their portfolios by 2050.

In 2021, Ibercaja partnered up with **Forética**. This national association seeks to promote corporate responsibility, leading the **Social Impact Cluster**, a business meeting point for leadership, knowledge, exchange of ideas and dialogue on internal and external social impacts. Hence, it actively exchanges experiences and best practices linked to sustainability with companies from the same and other productive sectors.

Ibercaja is also a member of **DIRSE** (Spanish Association of Sustainability Executives) and actively participates with **Corporate Excellence**. This think tank promotes the management of intangible assets in companies as a source of differentiation and progress necessary to build responsible and sustainable business practices.

Ibercaja forms part of the **COEPLAN** (Coalition of Companies for the Planet) initiative, which was created to advance sustainable practices and drive the circular economy. Fundación Ibercaja has a partnership agreement on sustainability training for companies and society at its Ibercide centre.

In December 2019, Ibercaja signed the **Collective Commitment to Climate Action together with the other big**

See chapters 3, 6.1 and 6.14 of this report

See chapter 6.1 of this report
GRI indicators:
102-40
102-42
102-43
102-44

We have given notice of our adherence to the **protocol of the Institute for Energy Diversification** (IDAE and Saving, part of MITECO, Ministry for Ecological Transition and the Demographic Challenge) to facilitate the financing of actions in buildings, with an aid programme for the energy rehabilitation of buildings associated with this protocol.

In 2021, Ibercaja worked hard to convey and disseminate economic, business and financial knowledge to households and companies across the country, focusing on its traditional regions and seeking to ensure proximity and adaptation to the needs of each territory and segment. In doing so, Ibercaja relied on alliances with **public agents** (regional governments, provincial councils, town halls, etc.), **private agents** (business and trade union organisations, Chambers of Commerce and Industry, clusters, etc.) and **private companies**.

In 2021, Ibercaja successfully renewed the **RSA and RSA+** badges awarded by the Government of Aragon, which go to companies and institutions committed to social responsibility.

Ibercaja has held the **efr Family-Responsible Company certificate** since 2019, awarded by Fundación Más Familia to companies that champion equality and the reconciliation of work, family and personal life of their employees.

Both Ibercaja Pensión and Ibercaja Gestión adhere to the United Nations **Principles for Socially Responsible Investment (UNPRI)**. 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.

Principle 5: Governance and culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 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 effective implementation of the Principles.

For sustainability management and to support the effective implementation of the PRB (Principles for Responsible Banking), the Bank has developed the following **governance structure**:

- **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. The division reports on the progress of actions to implement the PBR.
- **Reputation and Sustainability Committee**, operating at the senior management level and chaired by the CEO, was tasked with validating and supervising the Bank's Sustainability Strategy and monitoring progress in implementing the PRB.
- **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.
- There are also other committees and specific working groups entrusted with sustainability functions.

Ibercaja has approved the following key items for **building a culture of responsible banking**:

- **Sustainability Policy**> approved by the Board of Directors in December 2020, it establishes sustainability principles and the Bank's commitments to its main stakeholders and is the framework for implementing the sustainability strategy.
- **Corporate Purpose**: the Bank's reason for being and the basis for its corporate strategy, which unifies purpose, inspires and calls us to action. It follows a humanistic approach and focuses on people and generating social value. Our purpose: **"Helping people build their life story because it will be our story"** (approved by the Board of Directors).
- **Ethical Management Model**: consists of the Bank's **Code of Ethics, the Ethics Management Manual**, with the

See chapters 4.2, 6.1, 6.4, 6.5, 6.7, 6.12 and 7 of this report

GRI indicators:

102-18
102-19
102-20
102-22
102-27

- **Suppliers:** the Bank has a **Supplier Code of Conduct** to show them how they are expected to act in relation to sustainability and to get them fully engaged.
- **Environmental Policy:** explains the Bank's environmental commitments and fosters good practices. This Policy was reviewed and updated in 2021 to align it with the commitments set out in the Sustainability Policy, and then approved by the Environment Committee and the Sustainability Committee.
- **FRC (Family Responsible Company) Plan:** work-life balance plan, which describes the actions to be undertaken to help ensure a healthy balance between the personal, family and working lives of employees, following the principles of proactive management and continuous improvement, which are the hallmark of a socially responsible company.
- Ibercaja Banco has been a **signatory of the United Nations Global Compact since 2006**, showing that its business activities are carried out in accordance with the principles established by this initiative. The Bank reports annually on its performance.
- In 2021, the Bank began to **integrate aspects related to environmental climate risks into its credit, market, liquidity and operational risk management policies and manuals**. This work will be further developed during 2022 to fully incorporate these concerns into our existing processes and governance structure. Ibercaja is working to include ESG factors into the various phases of credit risk management. This project is based on the alignment of its credit risk admission and monitoring processes with some of the sections of the new EBA Guidelines on Loan Origination and Monitoring.
- The **Financial Group**, in line with the Bank's objectives and as part of its sustainability strategy, approved **new policies related to sustainability** in 2021, thus making further progress in integrating EG aspects into management and decision-making: Sustainability Policies, Sustainability Risk Integration Policy, Exclusions Policy, Adverse Event Policy and Engagement Policy. It also has an **ESG Committee**, tasked with promoting the effective implementation of responsible asset management investment strategies.

5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, 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 the People Department is leading. 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".

To mark the **2nd anniversary of the signing of the Principles for Responsible Banking**, Ibercaja celebrated the milestone by demonstrating its steadfast commitment to the Principles and its role as a forerunner.

A substantial employee training strategy accompanies the sustainability project and the implementation of the PRB. Therefore, a specific line of **sustainability training has been developed as part of the Bank's Professional Development Plan**, starting with a **Sustainable Finance Programme** for employees directly involved in the sustainability project (15 hours of specialised training; 57 people completed the course between 2020 and 2021). In 2021, it included **mandatory training** in sustainability for the entire workforce, thus helping employees to understand what sustainability means, how it is integrated into financial activity and, what Ibercaja's commitment is to progress towards a more sustainable society, how it is integrated into strategy and business, and how it is regulated, among other important aspects.

See chapters 4.2, 6.1 and 6.4 of this report
GRI indicators:
102-16
102-26
102-35

5.3 Governance structure for implementation of the principles

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.

See chapter 6.1. of this report

Show that your bank has a governance structure in place for the implementation of the PRB, including:

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. Thus, the Bank has a clear structure in place for its development and monitoring: the **Reputation and Sustainability Committee** is responsible for overseeing the progress made towards the Challenges and Milestones of the Purpose and Sustainability Initiative of the **new Strategic Plan Challenge 2023**. Meanwhile, the **Management Committee** and the **Board of Directors** monitor the progress made towards the Strategic Plan, in accordance with the established milestones and indicators and focus on continuous improvement.

a) target-setting and actions to achieve targets set

In defining the objectives and milestones of the Strategic Plan, the Bank's commitment to implement the PRB has been

b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

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. We will continue to move forward with allocating and formalising roles and responsibilities.

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 Progress on implementing the principles for responsible banking

In 2021, work continued on implementing the PRB, following the roadmap defined in 2020 and to be achieved through the Strategic Sustainability Project, which has a three-year horizon under the Desafío 2023 Plan, which is an enabling and transversal plan for the entire Ibercaja Group.

See chapters 6.1, 6.4, 6.5 and 6.12 of this Management Report.

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in a minimum of two areas (see 2.1-2.4).

Milestones, objectives and indicators have been identified to meet the targets set, which are monitored by the highest management and governing bodies. In summary, progress has been made in:

- Strengthening a **corporate culture aligned with our Purpose and our values and sustainability** to drive our responsible banking and to earn us recognition both internally and externally. We have worked on our own inspirational **leadership model**, which translates into daily actions and behaviour in which people and the vocation to help take centre stage. We also integrate this into our customer value proposition, tailored to each segment. We are also diagnosing the Bank's current positioning, in order to continue working on its total alignment with our values, our Purpose and our differential way of banking, based on providing a benefit to society and the environment.
- A **sustainable business strategy** has been designed, with new products and services that respond to the needs of our customers in accordance with the impact analysis carried out and to accompany them towards a decarbonised economy.
- Substantial progress has been made in identifying and managing **climate and environmental risks**, establishing an **action plan** to meet supervisory expectations in this area.
- **Proactive internal and external communication** was maintained to raise awareness and support our stakeholders as they champion sustainable practices and the **achievement of the SDGs**.
- **Staff training** has been strengthened, including a specific line of training in sustainability as part of the Professional

Show that your bank has considered existing and emerging international/regional good practices relevant to implementing the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on implementing these Principles.

- As part of the **Family-Responsible Company Plan**, we are continuing to implement healthy practices and promote diversity, with projects such as Plan LiderA and Ibercaja Saludable. We are also seeking to better reconcile the personal, family and professional lives of the Ibercaja team, with the ultimate aim of improving employees' experience and making progress towards social aspects within Ibercaja.
- **Sustainability governance** has been strengthened, based on the Sustainability Policy approved in 2020. In 2021, there were six meetings of the Reputation and Sustainability Committee, a management-level body chaired by the CEO, which sets the guidelines and objectives, monitors them and approves the necessary measures for making further progress in integrating sustainability into our business. In addition, the **Remuneration Policy** was aligned with the principles of sustainability and a long-term incentive was approved, aligned with the corporate and sustainability strategy and with long-term value creation.
- **Data availability** is one of the most relevant aspects when seeking to integrate ESG factors into business and decision-making. Work is therefore being carried out on a project to design the **ESG reporting model**, to strengthen the structure for this valuable information and give it the same rigour, accuracy and reliability as our financial information. An **ESG data dictionary** was drawn up during the period. The dictionary contains all the necessary information to report in a comprehensive manner while covering all the regulatory requirements in terms of sustainability. It also includes definitions, names the owners and cites the sources to ensure the full traceability of all data.
- Ibercaja adheres to the **TCFD (Task Force for Climate-Related Financial Disclosures) Recommendations** to improve its reporting of environmental risks.
- Ibercaja is a founding signatory of the **Net Zero Banking Alliance** initiative, demonstrating its commitment to sustainable development and the decarbonisation of its portfolios.
- All the progress made during the year is reported in this **consolidated Management Report of Ibercaja**, which

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

Following its signing of the Principles for Responsible Banking, Ibercaja has taken very sizable steps for their effective implementation: it has built a strong position for itself in the realm of sustainability by defining a Purpose and Sustainability initiative as part of the new 2021-2023 Strategic Plan. It is a firm commitment, which has begun by laying the foundations of governance and engaging the entire organisation, under the leadership of the Board of Directors, the Chief Executive Officer and the Management Committee.

We are now working hard on risk management, responsible business strategy, communication and training; the main areas of this new Strategic Plan 21-23.

[1] Source: Bank of Spain

6.12 Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

102-11, 102-12, 102-15, 102-19, 102-20, 102-30, 102-31, 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 to facilitate decision-making

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 to achieve progress towards a carbon-free economy.

Ibercaja, **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 economic activity has on the climate to facilitate investors' decision making.



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 to build a global economy of zero net emissions and meet the objectives of the Paris Agreement.

Therefore, Ibercaja is committed to working towards achieving emission neutrality in its loan book and investment portfolio by 2050.

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.

These are the **first steps and reflect our progress** along these lines: Ibercaja is aware of the long road ahead towards a sustainable future, 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.

6.12.3 Definition of environmental and climate-related risks

Environmental risks fall under ESG (Environmental, Social and Governance) risks. They should be treated as the financial risks posed by an institution's exposures to counterparties or invested assets that 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 derive directly or indirectly from the effects caused by climate change.

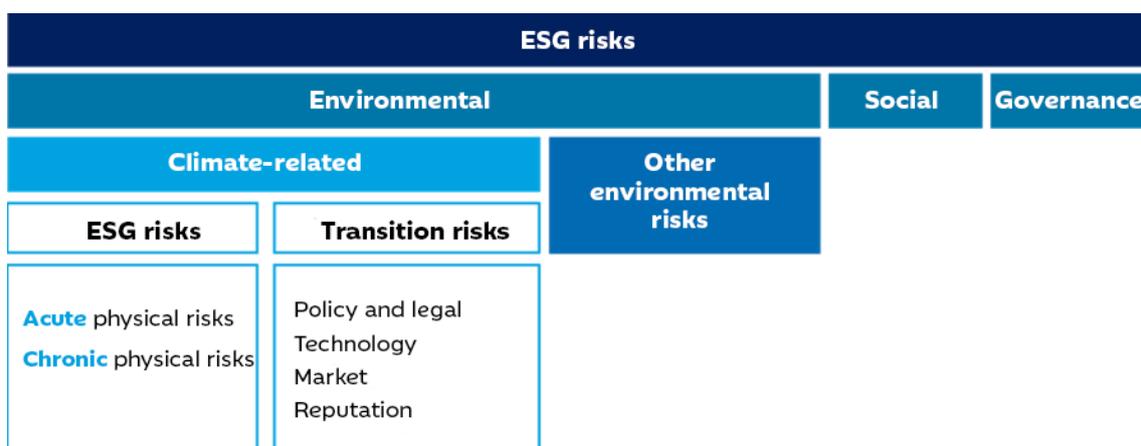


Figure 1. Classification of climate-related risks within ESG factors

Source: prepared in-house.

Climate change risks can be divided and classified into two categories:

Transition risks.

Transition risks are 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 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 activities that contribute to the adverse effects of climate change.
 - Policy actions that seek to promote adaptation to climate change.
- **Technology 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, mainly due to the fact that both the market and consumers are increasingly shifting their preferences towards options viewed as being more sustainable.

- **Reputation risk.** Climate change has been identified as a potential source of reputation risk that is tied to changing customer or community perceptions of an organisation's contribution to or detract from the transition to a lower-carbon economy.

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 may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.

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 entity'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 Entity: thus, 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: “Helping people to 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 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 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.

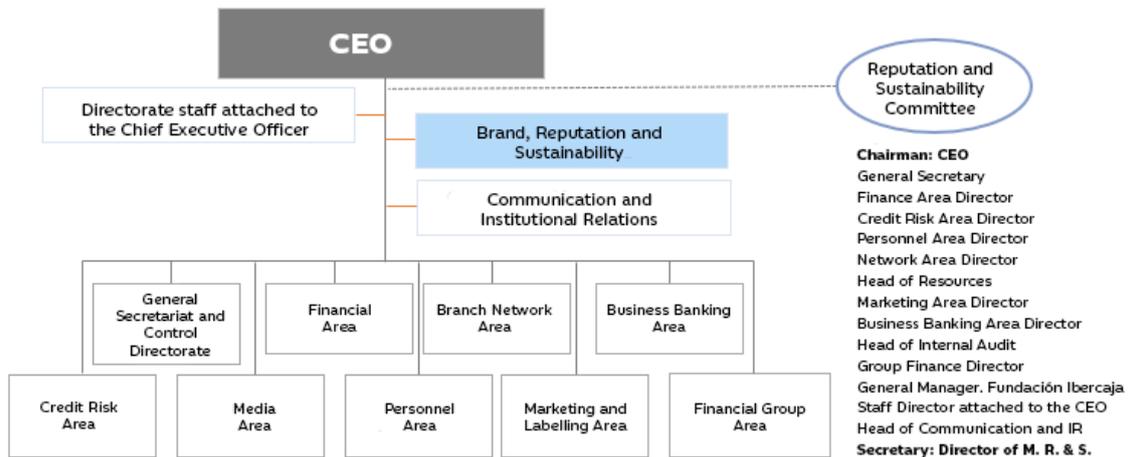
"We are a **different bank**, it's
our reason for being".

The **Strategy Committee** attached to the Board of Directors is especially involved in defining and approving the Strategic Plan, with sustainability as one of its key enabling initiatives. It is deployed through six strategic challenges, one of which addresses climate and environmental risk management. It defends a clear position on the importance of differentiating ourselves as a sustainable Bank, from three points of view: financially, socially, and environmentally. "We are a different bank, it's our reason for being".

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 Desafío 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: see chapter 6.2).

CHALLENGE: *"Business objectives must drive sustainable development, integrating ESG aspects into strategy and decision making".*



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, to respond to its implementation challenges.

In 2021, a new **Strategic Plan, Desafío 2023**, was launched to respond to the Bank's new challenges. This plan includes a transversal initiative, namely **IN02 Purpose and Sustainability**, which aims to activate the Corporate Purpose and integrate ESG aspects into our 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.

To deliver on its commitment to align its commercial strategy with the Principles for Responsible Banking and to comply with the ECB's expectations on climate and environmental risk management, in 2021, the Bank analysed **the impacts that climate factors** could have in Spain, 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 and corporate segment, with the **aim** of:

- Identifying **sectors and geographical areas** more vulnerable to climate change.
- Identifying **new needs** in relation to climate change adaptation.
- Identifying potential **emerging risks**.
- Identifying **business opportunities** for both segments.



When conducting this analysis, two preliminary exercises were carried out: firstly, an **analysis of the climate vulnerability of the loan portfolio**⁵ where the most relevant sectors of activity are identified due to their degree of exposure and predisposition to climate vulnerability; and secondly, an **analysis of the climate risks of real estate collateral**⁶ using the reports provided by SOTASA.

⁵ The purpose of this analysis is to estimate the potential climate vulnerability of the Entity's loan portfolio, resulting in a preliminary segmentation of economic sectors with a greater predisposition to climate risk. It has been carried out on the basis of a tool developed by ECODES in collaboration with the University of Barcelona. For more information, see section 6.12.6.

⁶ This analysis, carried out on the basis of information provided by SOTASA, focuses on the assessment of the physical risk of the real estate portfolio, using the geographical location of the properties under guarantee, and on the assessment of the transition risk, using the energy efficiency certificates of the homes. For more information, see section 6.12.6.

The **results** of the exercise for the **retail portfolio** reveal that the Bank's assets that could present a certain predisposition to **physical risks** are those located in autonomous communities of Spain, where it is estimated that there is a high probability of being potentially affected in the long run by risks derived from rising temperatures or, to a lesser extent, flood risk. In the assessment of **transition risk**, the results show that the ratings of the properties in Ibercaja's portfolio are in line with the national housing stock in Spain, notably with a higher percentage of homes rated as sustainable (categories A and B) in Ibercaja's portfolio.

This analysis revealed certain **business opportunities** for the Bank in relation to physical risks, notably insurance policies to cover the risk of damage to buildings due to natural disasters. Among the opportunities arising from transition risk are specific financing solutions for energy efficiency improvements in housing, as well as solutions based on renting, leasing and loans for electric vehicles, hybrid vehicles and other low-emission certified engines that promote more sustainable mobility.

When analysing the **productive activities segment**, both the volume of exposure that each sector represents with respect to the total portfolio and their predisposition to climate vulnerability and exposure to physical and transition risks have been considered in order to determine which are the most relevant for Ibercaja, as a tool for segmenting its portfolio.

In those industries flagged as most **vulnerable to climate risks**, the **main risks relate to their CO₂ emissions intensity**. Given their significant weight in the Bank's portfolio, the manufacturing industry and the agriculture, livestock, forestry and fishing sectors are particularly notable in this regard. Other industries that are also predisposed to climate vulnerability are less material as they account for a smaller share of the portfolio, such as the power supply, water supply, transport and storage sectors, etc.

The main **business opportunities** that arise in these industries are the financing of CAPEX investments needed to improve the energy efficiency of machinery and facilities, the efficiency of risk systems or waste management, or the financing of environmental practices that aid in the decarbonisation of the agricultural sector. There are also significant financing opportunities to promote renewable or alternative energy sources and sustainable mobility, as well as the range of insurance products to minimise the risk exposure of farms or production plants.

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, ECO vehicles, energy refurbishment of homes, and low-consumption appliances.**
- **Offering sustainable means of payment, such as using 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.**

In response to these opportunities, an ESG business strategy was also defined in 2021, featuring a series of short- and medium-term initiatives grouped into various thematic blocks. Examples of the blocks of sustainability initiatives include the promotion of mobility and sustainable buildings aimed at the retail segment; support for the energy transition for the corporate segment; or sustainable customer investment 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 framework⁷.

To succeed in this task, a **Working Group coordinated by Risk Control** has been 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
- Risk Control Department. Operational risk
- Regulatory Compliance Department.
- Financial Group Area Department. Specific risks of the Financial Group (e.g. risk underwriting).

This Group has worked on identifying **potential climate risks**, their channels of transmission to prudential risks and the qualitative assessment of their impact.

In 2021, ESG aspects were included in the policies and manuals for credit, operational, liquidity and market risk, which clearly state that all such risks must be managed and controlled accordingly. This work will be further developed during 2022 to fully incorporate these concerns into our existing processes and governance structure.

⁷ For more information on the risk management framework, see section 7.

The Bank is also working on integrating climate and environmental risks into the Risk Appetite Framework and Capital and Liquidity Self-Assessment processes, taking into account the supervisory expectations of both the ECB and the EBA.

Ibercaja was heavily involved in properly identifying, measuring, and managing climate-related risks in 2021, as shown in the figure below. This section describes the progress made by the Bank in 2021 in each of these three phases.

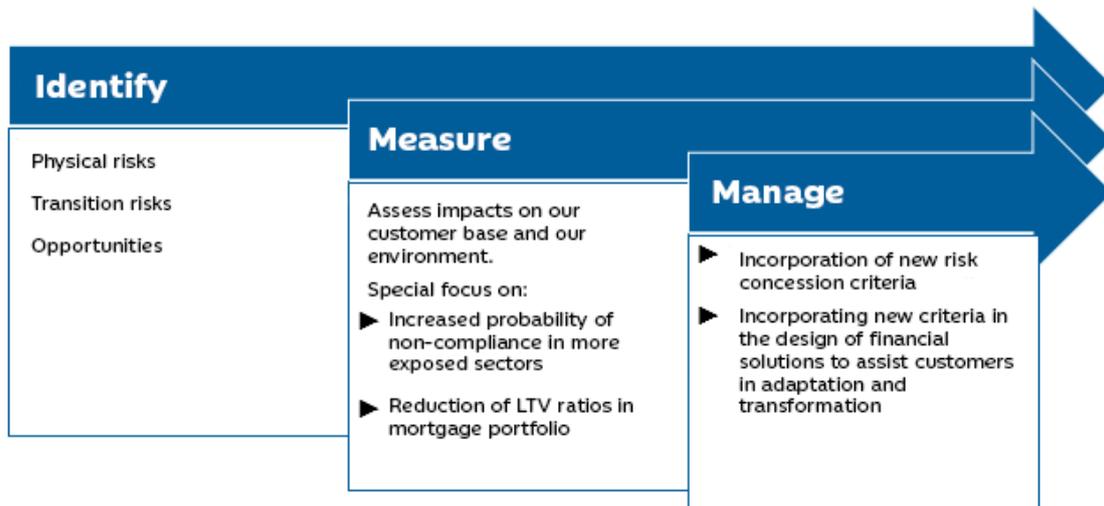


Figure 2. Main phases of climate risk management
Source: prepared in-house.

IDENTIFICATION OF CLIMATE-RELATED RISKS

Developing the climate and environmental risk map is a first step in understanding climate and environmental risks and their transmission channels to prudential risks.

Objectives:

- Further understand the characteristics and particularities of climate and environmental 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 Bank⁸.

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.

⁸ For more information on the risk management model, see Note 3 of the Ibercaja Banco Group's Annual Report for the 2021 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
	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.

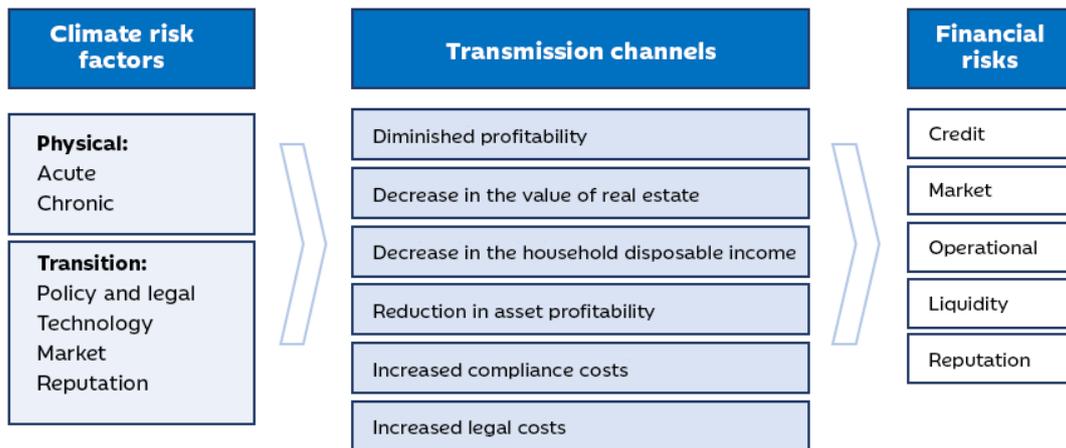


Figure 3. Non-exhaustive summary of climate risks, main transmission channels and financial risks impacted

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 carried out an initial qualitative assessment of the materiality of climate risks and their potential impact on prudential risks (credit, liquidity, market, operational and reputational) 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 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 extreme and chronic weather events, the value of real estate assets financed and/or used as collateral could be reduced if damaged, with potential repercussions at both PD and LGD levels.

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 impact 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 a higher cost of funding. The withdrawal of deposits by customers who need to repair damage caused by these weather events could also impact 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 arising from climate change on the Bank's assets such as buildings, offices, etc. is considered low in terms of expected losses in the short, medium and long run

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. This reduction in customers' ability to pay could impact PD and LGD levels.
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. In these unsustainable sectors, customers' creditworthiness and payment capacity may also be affected.
Operational risk	No potential financial impacts on Ibercaja's operational risk as a result of transition risks have been observed

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).

This exercise resulted in a **climate risk map** in which the major impacts are concentrated in credit and market risk, with 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.

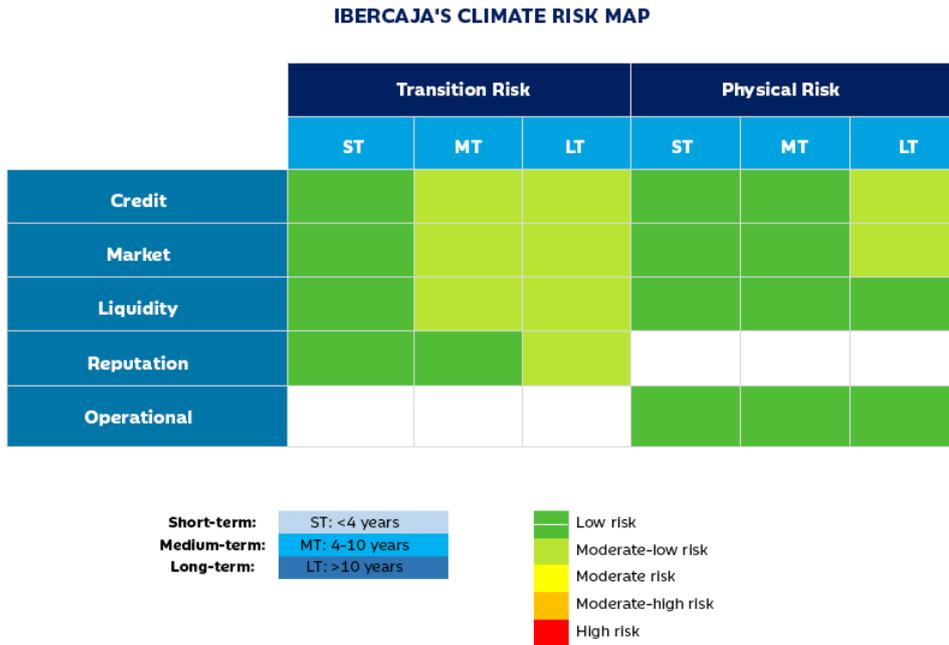


Figure 4. Expected potential impact of climate-related risks on prudential risks in the short, medium and long term.
Source: prepared in-house based on the consolidated results of the risk assessment questionnaires.

The risk map was also updated in 2021 to show the environmental and climate events that could impact this prudential risk and considering how climate-related events could negatively affect business continuity. The operational risk assessment questionnaire was adapted to include the risks of physical damage to the Bank's assets, branches and data centres due to extreme weather events. Special attention will now be paid to the potential impact that physical risks could have on the provision of the Group's services, as well as the potential risks linked to possible bad practices in the achievement of the climate transition objectives by Ibercaja or its counterparties, which may result in reputational costs for the Bank.

MEASUREMENT OF CLIMATE-RELATED RISKS

In 2021, Ibercaja carried out various exercises that allowed it to make further progress in measuring climate risks.

Firstly, it conducted an **analysis of the climate vulnerability of the Bank's loan portfolio**.

This analysis aims to estimate the potential climate vulnerability of Ibercaja's productive activities segment of the loan portfolio, resulting in a preliminary segmentation of economic sectors with a greater predisposition to climate risk. It was carried out based on a tool developed by ECODES⁹ (Ecology and Development Foundation), a national benchmark organisation in sustainability and climate change, in collaboration with the Statistics Service of the Autonomous University of Barcelona, following a methodology agreed upon with the Bank. To identify sectors and geographical areas with a greater predisposition to be impacted by climate factors, the following relevant metrics were analysed in 2021:

- **Metric 1:** measures the predisposition to climate vulnerability of the portfolio of productive activities by means of a variable that addresses not only climatic factors (physical and transition risks) but also environmental factors (soil degradation, water needs in processes, etc.).
- **Metric 2:** measures predisposition to physical risks of the portfolio of productive activities. The variable used reflects the vulnerability associated with extreme weather events such as tornadoes, torrential rainfall, earthquakes, etc.

⁹ This ECODES (Fundación Ecología y Desarrollo) model allows assigning to each of the company clients of the productive segments, a value of the estimated climate predisposition index that best fits the reality of the evaluated company, with certain restrictions that the limitation of the model's input information imposes.

- **Metric 3:** measures predisposition to transition risks of the portfolio of productive activities. With the variable used, it is possible to know which activities within the portfolio are considered intensive in the emission of greenhouse gases in general or CO₂ in particular.

The Bank has also conducted 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)¹⁰. The potential physical climate impacts were determined for the real estate portfolio in the most relevant geographical areas, reflecting low levels of predisposition. Meanwhile, a study was carried out into the energy certification ratings of the housing units included in this portfolio. As a result, the ratings of the properties in Ibercaja's portfolio were found to be in line with those of the national housing stock.

In 2022 Ibercaja will take part in the **ECB's climate stress test exercise** to integrate climate factors into the Bank's internal stress test framework.

¹⁰ 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.

MANAGEMENT OF CLIMATE-RELATED RISKS

Ibercaja is working to **include the 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. Reference to the consideration of ESG risks in the assessment of customers and transactions has now been included in its risk underwriting policies. In 2022, the Bank will work towards implementing an exclusions policy and the ESG rating of its corporate customers. In aspects relating to the monitoring of the production activity portfolio, Ibercaja will start to monitor changes in the Bank's exposure to those sectors with potentially higher levels of ESG risk, especially climate change risks.

This work will continue throughout 2022 to completely integrate **ESG risks** into risk management and control processes.

With regard to **liquidity risk management**, the decline in the value of additional liquid assets for ESG assets was included for the first time during the period (including climate and environmental risks) within the main types of risk.

Last but not least, 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.

Along similar lines, the **asset managers of the Financial Group** (Ibercaja Pensión and Ibercaja Gestión) –both firmly committed to the growth of society and environmental protection through socially responsible investment– are developing an internal and progressive model of investment selection and the management of non-financial risks that is being incorporated into the traditional essential analysis. Thus, in 2021 the **following policies** were approved:

- **Sustainability Policy**, to evidence and formalise the Financial Group's commitment to sustainable development and value creation through its activity and to establish the global action framework for the Group in matters of sustainability, containing the commitments voluntarily assumed to promote long-term sustainable, inclusive and environmentally-friendly growth, with a long-term vision (Regulation (EU) 2019/2088)¹¹.
- **The Sustainability Risk Integration Policy**, which establishes the principles, processes and governance framework, governing ESG risk integration in the investment decisions.
- **Exclusions Policy**, to ensure that the investment policies are not exposed to unethical, irresponsible or unsustainable activities, and to contribute to the attainment of the UN Sustainable Development Goals (SDGs) in the framework of the ESG Risk Integration Policy.
- **Adverse Event Policy** for the proper identification, analysis and management of impacts of investment decisions that could negatively affect sustainability factors¹².

¹¹ In compliance with the provisions regarding transparency in the incorporation of sustainability risks in investment management of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (SFDR).

¹² Pursuant to Art. 4.1.a and 4.2 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (SFDR).

- **Engagement Policy**, which sets out the general principles, criteria and procedures to encourage the long-term engagement of shareholders in listed companies¹³.

¹³ In compliance with the requirements of article 224 bis of the Consolidated Text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, introduced by Act 5/2021, of 12 April, amending the Consolidated Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.

6.12.7 Metrics and targets

Metrics

Ibercaja is aware of the **importance of non-financial information** in making progress in the metrics and targets needed to assess and manage climate-related risks and opportunities

For this reason, 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 underway at the Bank.

Progress made: definition of stages to be undertaken

- 1. Identification of non-financial information** 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) based on 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 make purchasing and investment decisions that positively impact 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** (see current SRI product offering in Chapter 6.3).
- **Complete the financing offer with products with sustainable features** (especially climate change mitigation), thus meeting the needs of the environment and customers.

The new Strategic Plan, Desafío 2023, incorporates specific targets for sustainability and the fight against climate change, as well as indicators for their monitoring and evaluation.

In particular, it has set a target of achieving Scope 1 and 2 emission neutrality, 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, extend our environmental commitment to our suppliers, and promote the circular economy while improving recycling levels.

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 Entity 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 laws 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 was updated in 2021 to align 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 response to the commitments made, in 2019, Ibercaja **registered its carbon footprint in the Registry of Footprint, Offsets and CO2 Absorption Projects of the Ministry for Ecological Transition and Demographic Challenge** with the calculation of CO2 emissions of scope 1+2 and 3.

Ibercaja has drawn up an **Emissions Reduction Plan** and has earned the “**Calculo/Reduzco**” (I calculate, I reduce) seal of excellence from the carbon footprint register kept by MITECO.

As explained in **Chapter 6.5.** of this Management Report, in 2021, Ibercaja offset those emissions calculated in 2020 that could not be avoided, thus making it **Carbón Neutral**.

Furthermore, aware of the importance of directly reducing CO2 emissions, Ibercaja has an **emissions reduction plan** that identifies the most effective measures in achieving this objective.

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 (for more information, see Chapter 6.1. of this report).

6.13 Global Compact Progress Report

Ibercaja has been a signatory of the United Nations Global Compact since 2006, a pact that promotes the implementation of ten universally proclaimed principles to foster sustainable development.

The **2021 Management Report** of Ibercaja describes the **Bank's annual progress** in implementing the ten principles of the UN Global Compact in terms of human and employment rights, the environment and the fight against corruption.

In this way, we are responding to the requirements established for preparing the **Progress Report**, reaching the **Advanced level**, the highest rating awarded by the **Global Compact** within the Reporting levels.

ACTIONS

The 2021 Management Report describes the actions carried out during the year in the task of implementing **these Ten Principles**

In this regard, there are three key issues on which we wish to report:

- **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. The new 2021-2023 Strategic Plan was also launched in 2021, which includes ambitious and specific objectives to advance the integration of sustainability within the business.
- **Sustainable Development Goals** of the United Nations: this report also includes information on the Bank's positioning in relation to the SDGs and the most significant actions carried out, adding to their achievement.
- **Implementation of the Ten Principles** in strategies and operations in Human Rights, Labour, Environment and Anti-Corruption. **Appendix B** contains a table showing the Ten Principles of the Global Compact and the sections of this report that contain information on them and their relationship with the GRI Indicators.

6.14 Communication: listening to and dialogue with our stakeholders

102-21, 102-40, 102-42, 102-43, 102-44, 103-1, 103-2, 103-3, 207-3

For Ibercaja, active listening and dialogue with stakeholders are key to developing its business model, 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, working together, and joining forces through partnerships.

DIALOGUE AND PROXIMITY

*It is necessary **to foster dialogue and proximity with stakeholders**, know their expectations, and 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 to the Bank.

Stakeholders are persons or groups that impact the Entity and are influenced, directly or indirectly, by its activities, products or services.

IDENTIFICATION
Stakeholders

ANALYSIS
of expectations
and interests

CLASSIFICATION
and prioritisation
of stakeholders

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.

Therefore, there is continuous coordination and alignment in disseminating content through the Bank's various communication channels, both externally and internally.

Communications criteria

Transparency, honesty, diligence and neutrality are key criteria present in all the information flows generated by the Bank, both internally and externally.

Based on these four key criteria, these flows are systematised through a communication model.

Transparency

In all matters of public interest that do not compromise the required confidentiality of the activity.

Veracity

So that it accurately responds to the information requests of the stakeholders.

Diligence

To provide timely information that recipients can use to their maximum benefit.

Neutrality

All stakeholders are entitled to information generated by Ibercaja under equal conditions.

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 most important milestones this year was the presentation of the Strategic Plan, Desafío 2023, in April, which was presented online to all Bank employees.

Also, in 2021, Ibercaja continued to deploy its **Internal Sustainability Communication Plan**, which was launched the previous year to accompany the Bank's Sustainability project and help to ensure that Ibercaja's objectives in this area are **known and internalised**, thus helping to foster a new **culture of sustainability**.

External communication

External Communication in 2021 was deployed within the framework of the new Strategic Plan, Desafío 2023. The Bank worked even harder to convey 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 18,677 impacts in 2021

The main external communication actions include:

- seven press conferences, four of which were held online due to existing health protocols at that time. At these events, information was presented to the press and media on the Bank's achievements and actions that were considered relevant to the Bank's various stakeholders. The Bank has been able to keep up normal levels of external communication by going digital in many cases, thus achieving greater outreach. In particular, the press call for the online presentation of the Strategic Plan, Desafío 2023, was attended by 33 media outlets and generated 91 impacts. Meanwhile, the press conference held to report on the Financial Group's performance, which was also held in digital format, was attended by 18 media outlets and generated 56 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", to convey 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 press releases, media collaborations, articles, events, and the like that were carried out or published throughout the year, with 699 hits within the media and an outreach on social networks of 397,072
- **Dissemination of Ecosistema Más Empresa actions:** a meeting point for more than 4,000 entrepreneurs, professionals and managers who interact through an open innovation platform throughout the country. The Ecosystem currently has 48 national and international partners, and a think-tank made up of five leading experts in their sectors. It has also organised more than 130 face-to-face activities throughout Spain. Some of these companies have participated in the Ecosystem Open Innovation challenge platform.
- **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.
- **Boosting the Bank's presence on social networks** by disseminating news related to the Bank, participation in events, sponsorships, partnerships, etc.
- **Preparation and dissemination of the four-monthly issues** of journal Economía Aragonesa and the half-yearly issues of journal Economía Riojana, which include analyses of the international, national and regional economic situation carried out by the Bank's Economic and Financial Studies unit, as well as monographic articles on regional socio-economic issues.

Institutional projection plan. This plan aims to position the Ibercaja brand as a benchmark within the Spanish banking system through participation in the main economic and sectorial forums and meetings and in the general and specialised media, both by members of the management team and other managers and specialists of the Bank. The Bank continued to strengthen its institutional projection in the traditional regions where it has a stronger position, such as Aragon, La Rioja, Guadalajara, Burgos and Badajoz, as well as in those areas of expansion where it has a significant presence, such as Madrid and the Mediterranean Seaboard. In 2021, a total of 436 conferences, events, meetings and webinars were held, of which 63 were online. A total of 11,617 people attended in person, while 5,646 people followed the live streaming of the event.

Lobbying strategy. 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 the European and national level. Therefore, Ibercaja channels its lobbying strategy through CECA on almost all issues.

The main communication channels are as follows:

	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 inboxes
	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 Commitments in 2021 and challenges in 2022

102-11

The attached tables provide information on the degree of achievement of the targets set for 2021, as well as the new challenges for 2022.

2021 Commitments

STAKEHOLDER	2021 COMMITMENTS	RESULTS	%
Customers	Customer experience: Achieve 90% of satisfied or very satisfied customers in post-interaction counselling surveys	A 97.4% customer satisfaction rate was achieved, meaning target attainment was successful and above expectations.	100%
	Marketing and sales:	We added two new investment funds and an ESG pension plan. In addition, Spain's first ESG-rated SICAV was set up.	100%
	• Expanding our range of sustainable investment products to offer each customer the most appropriate solution according to their investment profile.	We incorporated new financing products aimed at the energy efficiency of private properties, homeowners' associations and productive activities. To keep up with sustainable consumption trends, Ibercaja	
	• Enhancing our range of sustainable financing products to provide customers with access to solutions that improve the energy efficiency of their homes, businesses and mobility.	Renting incorporated a new Sustainable Renting section for electric vehicles.	80%
	Digitalisation: 90% of transfers in digital channels.	In 2021 89.5% of transfers were made via digital channels.	100%
	Ibercaja APP: Increase active users of the Ibercaja app by 25%.	In 2021 the number of users of Ibercaja's apps was up 26%.	100%

Human
resources

<p>Launch of a new "Digital Employee Environment" with the following objectives: improve the user experience, bring together the main communication and employee engagement applications and incorporate new forms of internal communication to enhance the employee experience.</p>	<p>Phase 1 of the project developed in a test and production environment. Actual launch for the entire workforce planned for April/May 2022.</p>	<p>75%</p>
<p>Advance in the design and deployment of a governance model to assist the work of Management by establishing basic and uniform guidelines for all divisions, ensuring that this process will consolidate the Leadership Model at Central Services, just as it does across the Network through the Management</p>	<p>The model is designed, but not yet deployed.</p>	<p>50%</p>
<p>Advance in constructing a people development model based on the alignment between value contribution and remuneration.</p>	<p>Currently in the design phase.</p>	<p>50%</p>

Environment	<p>Progress in identifying climate risks for their progressive incorporation into the Bank's wider risk management processes.</p>	<p>The impact of climate factors was analysed, identifying the potentially most vulnerable sectors and focusing on the analysis of mortgage collateral and the portfolio of productive activities of companies.</p> <p>The climate and environmental risk map was developed to understand climate and environmental risks and their transmission channels to prudential risks.</p>	100%
	<p>Progress in integrating environmental criteria in supplier approval processes.</p>	<p>Within the Suppliers Portal, suppliers can incorporate, for approval, information on any seals, recognitions or certifications</p>	80%
	<p>Offset the total carbon footprint (Scopes 1 and 2) through CO2 absorption projects.</p>	<p>In 2021, carbon emissions from 2020 were offset through an Ecodes project in the Amazon.</p>	100%
	<p>Advance in the improvement of selective waste collection at the Bank</p>	<p>In 2021, a selective waste collection system was implemented at the Bank's main centres, and the aim is to make further progress over the coming years.</p>	90%
Suppliers	<p>Review and adapt to the EBA's Guidelines on Outsourcing of outsourced services before they enter into force.</p>	<p>Project carried out on schedule.</p>	100%
	<p>Improve and standardise the model for measuring risks associated with suppliers.</p>	<p>All objectives were met.</p>	100%

Company	Renew the RSA+ Seal	In 2021, both the RSA Seal and the RSA+ Seal, promoted by the Government of Aragon, were renewed.	100%
	Develop a different kind of volunteering that brings added value and can be carried out in the current health circumstances.	In 2021, a professional volunteering model was implemented to unlock the value of the professional experience of Ibercaja's people and help young people make their way into the labour market. This project was developed through digital tools to avoid physical contact amid the ongoing pandemic.	100%
	Convey to society the strategic importance of sustainability for the Ibercaja Group.	Ibercaja has positioned itself in sustainability to accompany customers and society on this path. A prime example of this was the celebration of Planet Week.	100%
Shareholders and investors	Continue increasing the visibility of Ibercaja among institutional investors by increasing the number of events, meetings and telephone conferences.	Numerous contacts were made with leading institutional investors in preparation for the IPO process.	100%
	Adapt the corporate website www.ibercaja.com to include the Bank's commitments and progress in sustainability	The sustainability section of the corporate website was revised and completed to show the progress made in the sustainability project framework and respond to the regulatory requirements arising from EU Regulation 2019/2088 on the disclosure of information relating to sustainability in the financial services sector.	75%
	Enhance communication of Ibercaja's ESG commitment among investors and rating agencies.	Ibercaja began to regularly include information on the Bank's ESG strategy in presentations to investors, while also holding specific meetings on the subject with the rating agencies that cover Ibercaja.	75%

Other
commitments

Making sustainability part of the new Strategic Plan, Desafío 2023: developing a cross-cutting enabling initiative.

The new Strategic Plan, Desafío 2023, includes the initiative IN02: Purpose and Sustainability to integrate the Corporate Purpose into our culture and sustainability into the organisation's strategy (risk management, business strategy, communication and outreach, etc.)

100%

Internally and externally activate the organisational purpose by making it part of the corporate culture.

The first planned activation phase was carried out with an internal and external communication plan; the corporate culture was aligned with the Purpose; the latter was included in the customer value proposition, personalised by segments.

100%

2022 challenges

STAKEHOLDER	2022 COMMITMENTS
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 (source: BMKS – Global Satisfaction) <p>Digitalisation:</p> <ul style="list-style-type: none"> • Users of Ibercaja apps: To exceed 1 million active users of the app and Ibercaja Pay. <p>Marketing and sales:</p> <ul style="list-style-type: none"> • 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
Human resources	<p>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. NPS index update Recertification of the Family Friendly Business Update of the Equality Plan</p>
Environment	<p>Emissions neutrality: Offset the total carbon footprint (Scopes 1 and 2) through CO2 absorption projects.</p> <p>Make progress in measuring the carbon footprint of the loan portfolio for subsequent analysis and definition of reduction targets.</p>
Suppliers	<p>Review of procurement and supplier risk management policies, including ESG criteria.</p> <p>Standardise the approval and review of supplier risk at all Ibercaja Group companies</p>

<p>Company</p>	<p>In collaboration with Fundación Ibercaja, development of a comprehensive environmental action: reforestation activity, alliance with companies and participation of environmental volunteers.</p> <p>Launch of the 2022 Volunteering Plan: visibility, encouraging participation and enhancing the volunteer experience.</p> <p>Renewal of the RSA+ seal from the Government of Aragon</p> <p>Raising public awareness of the relevance of sustainability and the importance of moving towards a decarbonised economy: Internal and external communication actions.</p>
<p>Shareholders and investors</p>	<p>Continue increasing the visibility of Ibercaja among institutional investors by increasing the number of events, meetings and telephone conferences.</p> <p>Enhance communication of Ibercaja's ESG commitment among investors and rating agencies.</p> <p>Development of a communication policy for shareholders, investors and proxy advisors once the Bank is listed on the stock exchange</p>
<p>Other commitments</p>	<p>Development of an action plan to integrate climate and environmental risks in response to supervisory expectations</p>

7 } Risk management

7. Risk management

102-15, 102-30, 102-31, 103-1, 103-2, 103-3

Financial and sustainability-related risk management is key to Ibercaja's business development strategy.

Global risk management is one of Ibercaja's strategic priorities in order to preserve its financial strength and grow the business in accordance with the risk appetite and tolerance levels determined by the governing bodies.

Risk management is organised through the **Risk Appetite Framework**. The key aim is to **establish a set of principles, procedures, controls, and systems through which the Group's risk appetite is specified, communicated and monitored**. Risk appetite is the level or profile of risk that the Bank is willing to accept and maintain in terms of type and amount. Risk appetite must be geared towards achieving the targets of the Strategic Plan in accordance with the established lines of action.

The Group's risk management principles are as follows:

- Maintain a medium-low risk profile.
- Comply with regulatory requirements and with the capital and liquidity targets set in the self-assessment processes.
- Maintain strong risk governance with senior management and the Board of directors' effective involvement.
- Foster a risk-aware culture and ensure that the organisation understands the level and nature of risks to which it is exposed.

- Maintain the trust of customers, investors, employees, suppliers and other stakeholders.
- Preserve credit, market and interest rate risk levels that ensure a medium-low risk profile and the objectives of profitability and solvency.
- Prevent risk concentration.
- Avoid materialising operational, regulatory, legal or reputation risks through active and continuous risk management.
- Maintain a liquidity position to ensure that all payment obligations can be comfortably met.
- Achieve suitable levels of risk-adjusted returns to ensure the achievement of profit targets.

While **credit risk** is the most significant threat to the Bank's business, other risks are managed and controlled, including business and profitability, concentration, operational, interest rate, market, and liquidity.

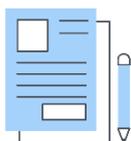
In addition, the Bank has numerous measures and procedures in place to minimise **non-financial risks**, such as reputation risk, compliance risk and risks related to social, human rights and environmental issues.

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). In addition, the Entity undertakes to analyse the risks arising from climate change and environmental deterioration, their impact on customers and its financial activity for gradual integration

into risk management procedures in compliance with supervisory expectations. In this regard, Ibercaja has drawn up an **Action Plan**, also approved by the Board of Directors on 11 May 2021, to respond to the **expectations of the European Central Bank's Guide on climate-related and environmental risks**. This Plan is developed within the Strategic Initiative "Purpose and Sustainability" framework, which is part of the Strategic Plan, Desafío 2023.

It should be noted that Ibercaja is working to include ESG factors in its credit risk underwriting and monitoring processes, in line with the EBA Guidelines on loan origination and monitoring, having already included in its risk underwriting policies an analysis of the potential impact of ESG factors. The Bank is likewise looking to develop an Exclusions Policy that limits the impact of the ESG factors on the Bank's credit risk. ESG aspects were included in the policies and manuals for credit, operational, liquidity and market risk, which clearly state that all such risks must be managed and controlled accordingly. The Bank is also working on integrating climate and environmental risks into the Risk Appetite Framework and Capital and Liquidity Self-Assessment processes, taking into account the supervisory expectations of both the ECB and the European Banking Authority (EBA).

Meanwhile, the asset managers of the Financial Group (Ibercaja Gestión and Ibercaja Pensión) –both firmly committed to the development of society and environmental protection through socially responsible investment– approved the following policies during the year: Sustainability Policy, Sustainability Risk Integration Policy, Exclusions Policy, Adverse Event Policy and Engagement Policy.



Note 3 to the Ibercaja Banco Group's 2021 consolidated annual accounts

provides more extensive and detailed information on the management of each type of risk.

8

Research,
development
and technology



8. Research, development and technology

102-2

The new Strategic Plan reinforces the Bank's commitment to digital transformation and the continuous improvement of operational processes.

Technological innovation plays a key role amid a series of hugely significant changes within the sector: transformation of customer habits, the need to improve the efficiency of operational processes to gain competitiveness, regulation in continuous change, and the emergence of new players who are making inroads in the retailing of financial products.

Technology is a **decisive factor underpinning the competitive advantages of the Bank's business and operating model**. In the 2021-2023 Strategic Plan, the development and growth of the operational model is an initiative that deepens the transformation undertaken in the previous three-year period. The new plan focuses on the **four main courses of action**: efficiency, self-service, outsourcing and robotisation. In developing these aspects, a process map of the Bank has been drawn up as a guide for optimisation and ongoing evaluation, thus completing the process re-engineering carried out over the last few years.

The main actions and projects on which work has been carried out are as follows:

<p>Ibercaja and Pensumo's "Consumer Pension System"</p>	<p><i>This project, submitted in the first edition of the Financial Sandbox, was one of the 18 projects selected out of 67 submitted. The "Consumption-Based Pension System" links retirement savings with consumption by redirecting the economic flows generated by the pension holders' daily lifestyle towards their future pension. A digital service has been created along these lines, available in a new mobile app or via Ibercaja's own app. Through agreements with third parties, commercial establishments and companies, they apply a percentage of the purchase, bonuses, discounts or promotions to the user's savings plan. Moreover, the customer can allocate a fixed amount to their savings system each month or round up the purchase made. This service further innovates the existing mechanisms for savings contributions and further shows the Bank's status as an innovative leader in savings investment.</i></p>
<p>Digital transformation</p>	<p><i>New functionalities and changes to existing applications have been rolled out across all channels to facilitate their use and enhance the customer experience.</i></p>
<p>Improved efficiency for banking transactions</p>	<p><i>The Bank has continued to develop its operating model, which pursues excellence in internal and customer operations and better use of resources. As well as reinforcing mechanisation and robotisation, it has implemented a line of artificial intelligence utilities linked to document and information analysis. The creation of artificial intelligence solutions in processes such as credit investments and risk has already delivered significant results by reducing the hours worked by the human team and leveraging the data obtained by these utilities.</i></p>

<p>Self-service plan</p>	<p><i>New functionalities have been added to the self-service channels, such as payment of taxes to various administrative bodies and transfers, together with improvements in robotic processes. The changes have resulted in better customer service and more efficient and faster assistance to customers' needs. The Bank has also deployed customer support tools in areas with lower service density. They are essentially cash back utilities, which allow cash withdrawals to be made in shops with Ibercaja POS terminals or the implementation of cash couriers; a solution for sending money orders, including home delivery, from the app and via Ibercaja branches.</i></p>
<p>Contact centre</p>	<p><i>There to provide permanent customer service for cards, POS, complaints, general information lines and specialised fraud response.</i></p>
<p>Crisis management and business continuity</p>	<p><i>Ibercaja has reinforced this line of work, which aims to guarantee the quality and continuity of customer service in complex situations, avoiding impacts that alter the functioning of business processes. The process of modernising the continuity management system will culminate with AENOR's certification of the International Business Continuity Management Standard (ISO 22301) in early 2022.</i></p>

9

Information on
treasury stock

9. Treasury shares

There have been no transactions involving Treasury shares in 2021.

10

Other information



10. Other information

10.1 Dividend policy

The distribution of dividends is determined at the General Meeting of Shareholders on the basis of the proposal made by the Board of Directors.

Given the impact of the COVID-19 pandemic on economic growth, on 15 December 2020, the European Central Bank (ECB) issued a [Recommendation \(ECB/2020/62\)](#) addressed to all significant credit institutions in the Eurozone regarding **profit distributions for 2019 and 2020, which was extended until 30 September 2021**, calling for shareholder remuneration to remain below 15% of accumulated profit in both years and not to exceed, under any circumstances, 20 basis points of CET1.

At the General Meeting held on 15 April 2021, shareholders approved the **distribution of a dividend totalling 3,849 thousand euros against the profits reported by the Company in 2020**. Payment of the dividend went ahead on 16 April 2021.

On 23 July, the ECB, through [Recommendation \(ECB/2021/31\)](#), decided **not to extend its recommendation on profit distribution** beyond 30 September 2021.

On 5 October 2021, the Board of Directors of Ibercaja Banco, taking into account the ECB Recommendation of 23 July 2021, resolved, in accordance with Article 277 of the Corporate Enterprises Act, to distribute an **interim dividend of 47 million euros among shareholders in proportion to their respective holdings in the share capital of the Bank**. The dividend was paid out in full on 7 October 2021.

The Board of Directors will lay a motion before the Annual General Meeting calling on shareholders to approve the **distribution of a dividend of 98.14 million euros out of 2021 profits (of which the interim dividend of 47 million euros has already been paid, leaving 51.14 million euros to be approved and distributed)**, representing a pay-out ratio of 65%.

The Bank has no legal restriction or limitation on the payment of dividends and, except in extraordinary circumstances such as the health crisis in which the ECB recommendation has been adopted, it intends to continue its shareholder remuneration policy. 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.

10.2 Ratings by rating agencies

In 2021, the main changes in the ratings awarded by the rating agencies were as follows:

- On 24 June, **Standard & Poor's** raised Ibercaja Banco's outlook from "negative" to "stable", confirming the long-term rating at "BB+".
- On 9 September, **Fitch Ratings** downgraded Ibercaja Banco's outlook to "positive" from "negative", confirming the long-term credit rating at "BB+".
- On 13 July, **Moody's Investors Service**, following an internal review of its methodology, adjusted Ibercaja Banco's long-term deposit rating to "Ba2" from "Ba3". On 1 October, in response to the Bank's fundamentals, Moody's upgraded Ibercaja Banco's long-term deposit rating to "Ba1" from "Ba2", maintaining a "stable" outlook.

Ratings by rating agencies

	LONG TERM	SHORT TERM	OUTLOOK
Standard & Poor's	BB+	B	Stable
Moody's (deposit rating)	Ba1	NP	Stable
Fitch Ratings	BB+	B	Positive

On 27 January 2022, rating agency S&P Global Ratings ratified Ibercaja Banco's long-term rating at "BB+", maintaining a "stable" outlook.

10.3 Average supplier payment period

The average payment period for suppliers in 2021 was **16 days**, well within the legal maximum of 60 days established by Law 15/2010, of 5 July, which establishes measures to combat late payments in commercial transactions.

11

Business outlook
and projections



11. Business outlook and expected performance

Macroeconomic scenario:

The recovery will continue throughout 2022, although material risks have emerged, such as rising inflation and geopolitical tensions, while the pandemic lingers.

Global growth expectations are favourable for 2022, with GDP growth above the long-term potential, though falling short of the higher rates reported in 2021 due to the base effect caused by the recession in 2020. **The IMF expects a 4.4% increase in global GDP in 2022** (5.9% in 2021), with a 4.0% increase in the United States and 3.9% in the Eurozone (5.6% and 5.2%, respectively, in 2021). However, there are significant downside risks. On the one hand, the omicron variant of the coronavirus has stalled the recovery in recent months by requiring further lockdowns and other restrictions on activities and events where people typically gather. On the other hand, rising energy and commodity prices could negatively impact the consumption of goods and services. On top of this, we have the threat of war in Ukraine.

The delay in **Spain's** recovery in the year just ended implies a **higher growth potential in the short term**. It is, therefore, one of the few economies in which the **International Monetary Fund (IMF) expects growth in 2022 (+5.8%) to outpace 2021 growth (+5.0%)**. Beyond a return to pre-pandemic production levels, growth will depend on the impact of the risks mentioned above and on recovering the productivity lost in the last year. To this end, proper use of Next Generation EU funds may well play a key role.

Overview and prospects of the Ibercaja Group

The Strategic Plan launched in 2021 aims to improve the Bank's competitiveness and profitability. It envisions a series of initiatives to help Ibercaja achieve its objectives for the 2021–2023 three-year period.

Ibercaja has completed the first year of the new Strategic Plan 2021-2023, achieving a large part of the demanding commercial and sales objectives it set itself while at the same time taking a big step forward in the transformation of the operating and business model on the road to improving its competitiveness.

Commercial activity developed at a good pace, as evidenced by the progress made in the Bank's strategic business lines: Corporate Banking, Personal Banking and asset management and insurance. Of note was the significant increase in market share in lending to companies within a fiercely competitive environment. In contrast, the foundations have been laid in mortgage lending to reach a natural share of the balance and originations that corresponds to the Bank over the coming years. The balance in asset management (mutual funds, pension plans and unit linked) was excellent, underscoring the Group's outstanding expertise in this area, which is so important for the Bank's profitability. The quality of the balance sheet was strengthened with a further reduction in the volume of non-performing assets. At the same time, the Group managed to maintain one of the highest capital adequacy ratios to be found within the entire Spanish financial system. In addition, intense commercial action got underway in the distribution of risk insurance, which was identified as one of the basic pillars of growth over the 2021-2023 strategic period. Looking further ahead, the Bank continued to work towards digital transformation, improving its operating model and customer relationship model and implementing the Group's sustainability strategy.

The gradual return to normality and the economic recovery expected in 2022 will set the scene for Ibercaja's ongoing growth in the year ahead. The Bank will continue to work to become more commercially dynamic, competitive and profitable within the guidelines set out in the Strategic Plan, *Desafío 2023*.

The main challenges and objectives that will steer our activity moving forward are:

Companies	Providing liquidity to companies and supporting them, seeing as though we are a key player in financing projects supported and promoted by European Next Generation funds.
Individuals	Making mortgage loans available to individuals for home purchases on advantageous terms, as the market is now picking up following the deep slump seen during the darkest months of the pandemic.
Business and Personal Banking	Consolidating the plans for Corporate and Personal Banking , both strategic segments of the Bank's activity, as we strengthen the asset management business and distribution of risk insurance.
Profitability	Maximising profitability by increasing loan revenue with risk-adjusted rates and generating fees for services that provide added value to the customer, mainly through asset management and insurance.
Irregular assets	Managing non-performing assets to bolster the quality of the balance sheet further.
Quality of service	Achieving service excellence and customer loyalty as management guidelines and differentiating factors within a highly competitive market. In this respect, we will continue to improve the expertise of branch network employees across the various segments flagged as key to the Bank's business.
Efficiency	Increasing efficiency and productivity by optimising resource allocation and maintaining strict cost control. When it comes to efficiency, the final stage of the furlough scheme agreed with the majority of employee representatives in late 2020 will be implemented during the first few months of 2022.
Digitalisation	Making decisive progress in the digitalisation of the business to boost commercial activity and deliver on customer expectations.

Sustainability	Supporting the transition towards a more sustainable economy and increasing , in line with the Bank's commitment to sustainability, the range of sustainable products in order to meet the expectations and needs of customers and regulators alike.
Capital adequacy	Ensuring that the Group's capital adequacy remains among the highest in the Spanish banking system after exceeding the CET1 fully-loaded target of 12.5% envisioned in the 2021-2023 Strategic Plan.
Value	Generating value for shareholders by remunerating them with a target payout of 60% of the profit obtained.

One of the main corporate challenges now facing Ibercaja, due to its size and importance for the future of the institution, is to successfully complete the planned IPO to comply with the regulations affecting the Ibercaja Banking Foundation and to place us on the same footing as most of our competitors in Spain and Europe as a listed bank.

12

Events after the reporting period



12. Events after the reporting period

Between the year-end date and the preparation of these annual accounts, no events have taken place that could significantly affect them.

13

Alternative
Performance
Measures



13. 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)	31/12/2021	31/12/2020
+ Interest margin (1)	492,826	533,673
+ Net fees and commissions and exchange differences (2)	438,543	374,987
= Recurrent revenues	931,369	908,660

(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)	31/12/201	31/12/2020
+ Fee and commission income	457,495	390,771
- Fee and commission expenses	19,509	16,636
+ Net exchange differences	557	852
= Net fees and commissions and exchange differences	438,543	374,987

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 recurring revenue.

(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
+ Gains or losses on the disposal of financial assets and liability accounts not expenses measured at fair value through profit or loss.	46,108	128,856
+ Gains/(losses) on financial assets and liabilities held for trading	645	1,149
+ Gains/(losses) on financial assets not held for trading mandatorily measured at fair value through profit or loss	103	(10,476)
+ Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	-	-
+ Gains/(losses) from hedge accounting	(194)	(364)
= Gains/(losses) on financial assets and liabilities	46,662	119,165

Source: consolidated income statement in the financial statements.

OTHER OPERATING INCOME AND EXPENSES:

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 expenses that are not wholly derived from financial activity but which are related to our business.

(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
+ Other operating income	37,944	47,022
- Other operating expenses	78,553	78,581
+ Income from assets covered by insurance and reinsurance contracts	904,463	960,230
- Liability expenses covered by insurance or reinsurance contracts	904,756	960,461
= Other operating income and expense	(40,902)	(31,790)

Source: consolidated income statement in the financial statements.

OPERATING EXPENSES:

Definition: sum of staff expenses, other administrative expenses and depreciation/amortisation.

Relevance: indicator of expenses incurred from our activities.

(THOUSANDS OF EUROS)	31/12/2021	31/12/2010
+ Personnel expenses	375,183	502,568
+ Other administration expenses	169,066	153,020
+ Amortisation/Depreciation	66,973	62,918
= Operating expenses	611,222	718,506

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)	31/12/2021	31/12/2020
+ Operating expenses (1)	611,222	718,506
- Non-recurring expenses (2)	12,842	151,041
= Recurring operating expenses	598,380	567,465

(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)	31/12/2021	31/12/2020
+ Gross income	952,260	1,001,822
- Administrative expenses	544,249	655,588
- Amortisation/Depreciation	66,973	62,918
= Profit/(loss) before write-downs	341,038	283,316

Source: consolidated income statement in the financial statements.

RECURRING INCOME BEFORE WRITE-DOWNS:

Definition: difference between recurring 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)	31/12/2021	31/12/2020
+ Recurrent revenues (1)	931,369	908,660
- Recurring operating expenses (1)	598,380	567,465
= Recurring income before write-downs	332,989	341,195

(1) APM. See definition and calculation above.

PROVISIONS, IMPAIRMENT AND OTHER WRITE-DOWNS:

Definition: The following items are included under the caption "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 caption "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)	31/12/2021	31/12/2020
+ Provisions or (-) reversal of provisions	5,722	(14,236)
+ impairment or (-) reversal of the impairment of financial assets not measured at fair value through profit or loss.	78,008	219,646
+ Impairment or (-) reversal of impairment on investments in joint businesses or associates	128	-
+ Impairment or (-) reversal of impairment of non-financial assets	11,927	1,559
+ Impairment losses on other non-current assets for sale	31,166	18,861
= Provisions, impairment and other write-downs	126,951	225,830

Source: consolidated income statement and Note 42 to the financial statements

OTHER GAINS AND LOSSES:

Definition: sum of gains/(losses) on the disposal of 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 on the derecognition/disposal of assets unrelated to the ordinary activity.

(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
+ Gains or (-) losses on the derecognition of net non-financial assets and shareholders (1)	(5,199)	(3,047)
+ Gains/(losses) on disposal of other non-current assets for sale (2)	5,885	(969)
= Other gains/(losses)	686	(4,016)

(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.

Relevance: profitability indicator of our retail business.

(%)	2021	2020
+ Yields from consumer loans <i>Ratio of interest income on the loan portfolio recorded in the year to the average balance of loans to customers</i>	1.19%	1.36%
- Cost of retail deposits <i>Ratio of interest expense on retail deposits recorded in the year to the average balance of retail deposits</i>	(0.02)%	(0.01)%
= Customer spread (%)	1.21%	1.37%

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)	31/12/2021	31/12/2020
Numerator	Recurring operating expenses (1)	598,380	567,465
Denominator	Gross income (2)	952,260	1,001,822
=	Cost-to-income ratio (%)	62.84%	56.64%

(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 recurring revenues (MARs as defined and calculated above).

Relevance: to measure the efficiency of our recurring activity.

	(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
Numerator	Recurring operating expenses (1)	598,380	567,465
Denominator	Recurrent revenues (1)	931,369	908,660
=	Recurring cost-to-income ratio (%)	64.25%	62.45%

(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)	31/12/2021	31/12/2020
Numerator	Profit/(loss) attributed to the parent (1)	150,985	23,602
Denominator	Total average consolidated assets (2)	57,864,629	55,479,103
=	ROA (%)	0.26%	0.04%

(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)	31/12/2021	31/12/2020
Numerator	Profit/(loss) attributed to the parent (1)	150,985	23,602
Denominator	Risk-weighted assets phased in (2)	18,051,935	18,248,449
=	RORWA (%)	0.84%	0.13%

(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 recorded as equity.

Relevance: to measure profitability in relation to shareholders' equity.

	(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
Numerator	Profit/(loss) attributed to the parent (1)	150,985	23,602
Denominator	Average consolidated shareholders' equity (2)	2,893,921	2,837,079
=	ROE (%)	5.22%	0.83%

(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 recorded as equity.

Relevance: to measure profitability in relation to tangible equity.

	(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
Numerator	Profit/(loss) attributed to the parent (1)	150,985	23,602
Denominator	Average tangible consolidated shareholders' equity (2)	2,651,490	2,622,633
=	ROTE (%)	5.69%	0.90%

(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)	31/12/2021	31/12/2020
Numerator	Risk-weighted assets phased in (1)	18,051,935	18,248,449
Denominator	Total consolidated assets (2)	58,631,409	58,400,790
=	RWA density (%)	30.79%	31.25%

(1) Source: Note 1.7.2 to the financial statements.

(2) Source: consolidated balance sheet in the financial statements.

PAYOUT 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)	31/12/2021	31/12/2020
Numerator	Distribution of dividends (1)	98,140	3,849
Denominator	Profit/(loss) attributed to the parent (2)	150,985	23,602
=	Pay-out ratio (%)	65.00%	16.31%

(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)	31/12/2021	31/12/2020
+ Impaired assets – loans and advances to customers (1)	717,621	1,012,938
+ Gross value of foreclosed assets (2)	542,241	619,527
= Distressed assets	1,259,862	1,632,465

(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)	31/12/2021	31/12/2020	
Numerator	Impaired assets – loans and advances to customers (1)	717,621	1,012,938
Denominator	Gross loans and advances to customers (2)	31,195,451	31,589,582
=	Non-performing loans ratio loans and advances to customers	2.30%	3.21%

(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 exposure value.

Relevance: to evaluate the size of our portfolio of non-performing assets in relative terms.

	(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
Numerator	Distressed assets (1)	1,259,862	1,632,465
Denominator	(a) Gross loans and advances to customers (2)	31,195,451	31,589,582
	(b) Gross value of foreclosed assets (3)	542,241	619,527
	(a) + (b) Value of exposure	31,737,692	32,209,109
=	Distressed asset ratio (%)	3.97%	5.07%

(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)	31/12/2021	31/12/2020
Numerator	Write-downs of loans and foreclosed properties (1)	113,904	232,754
Denominator	Average exposure (gross credit and real estate) (2)	32,086,135	32,884,592
=	Cost of risk (%)	0.35%	0.71%

(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 cumulative negative 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 doubtful loans.

(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
+ Impairment losses on loans and advances to customers (1)	539,147	644,937
+ Accumulated negative changes in fair value of doubtful exposures (2)	1,278	2,241
= Coverage of non-performing exposures	540,425	647,178

(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 doubtful loans.

	(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
Numerator	Coverage of non-performing exposures (1)	540,425	647,178
Denominator	Impaired assets – loans and advances to customers (2)	717,621	1,012,938
=	Coverage of non-performing exposures (%)	75.31%	63.89%

(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)	31/12/2021	31/12/2020
Numerator	Impairment adjustments of foreclosed assets (1)	326,197	367,413
Denominator	Gross value of foreclosed assets (1)	542,241	619,527
=	Coverage of foreclosed assets (%)	60.16%	59.31%

(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 the land.

Relevance: to monitor the extent to which provisions associated with land cover the gross value of these properties.

	(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
Numerator	Land value adjustments (1)	226,627	266,206
Denominator	Gross value of land (1)	331,192	404,800
=	Foreclosed land coverage ratio (%)	68.43%	65.76%

(1) Source: Note 3.5.6.2 to the financial statements.

COVERAGE RATIO OF DISTRESSED ASSETS:

Definition: ratio between the allowances for doubtful risks and foreclosed assets over the problematic 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)		31/12/2021	31/12/2020
Numerator	(a) Coverage of non-performing exposures (2)	540,425	647,178
	(b) Impairment adjustments of foreclosed assets (1)	326,197	367,413
	(a) + (b) Coverage of distressed assets	866,622	1,014,591
Denominator	Distressed assets (2)	1,259,862	1,632,465
=	Coverage rate of distressed assets (%)	68.79%	62.15%

(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 distressed assets, after deducting the provisions linked to those assets, on the balance sheet.

(THOUSANDS OF EUROS)		31/12/2021	31/12/2020
Numerator	(a) Distressed assets (1)	1,259,862	1,632,465
	(b) Coverage of distressed assets (1)	866,622	1,014,591
	(a) - (b) Distressed assets net of coverage	393,240	617,874
Denominator	Total assets (2)	58,631,409	58,400,790
=	Net distressed assets to total assets (%)	0.67%	1.06%

(1) Source: APM. See definition and calculation above.

(2) Source: consolidated balance sheet in the financial statements.

TEXAS RATIO:

Definition: ratio of distressed assets (MAR as defined and calculated above) to shareholders' equity and hedges in place. Excludes the AT1 issue of €350 million recorded as equity.

Relevance: to measure the absorption capacity of potential losses of our distressed assets with the coverage in place and shareholders' equity.

	(THOUSANDS OF EUROS)	31/12/2021	31/12/2020
Numerator	Distressed assets (1)	1,259,862	1,632,465
Denominator	(b) Coverage of distressed assets (1)	866,622	1,014,591
	(b) Shareholders' equity (2)	3,253,857	3,160,630
	(c) Equity instruments issued other than capital (2)	350,000	350,000
	(a) + (b) - (c)	3,770,479	3,825,221
=	Texas Ratio (%)	33.41%	42.68%

(1) Source: APM. See its definition and calculation explained above.

(2) Source: Note 23.1 to the financial statements.

Note: the 2020 Texas ratio has been restated to reflect the criteria adopted for its calculation in 2021.

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)	31/12/2021	31/12/2020
+ Demand deposits (1)	34,673,081	33,014,125
+ Term deposits (1)	3,485,694	4,688,146
- Mortgage-backed bonds (including nominal amount and share premium)	1,027,605	1,536,960
<i>Nominal value of mortgage covered bonds (1)</i>	1,100,470	1,625,470
<i>Mortgage-backed bond issue premium (2)</i>	(72,865)	(88,510)
<i>Term deposits (excluding mortgage-backed bonds)</i>	2,458,089	3,151,186
= Retail deposits	37,131,170	36,165,311

(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 full 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)	31/12/2021	31/12/2020
+ Investment companies and funds (1)	19,600,522	16,234,844
+ Pension funds (1)	6,562,703	5,907,074
+ Insurance products (2)	6,868,109	7,103,732
= Asset management and insurance	33,031,334	29,245,650

(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)	31/12/2021	31/12/2020
+ Retail deposits (1)	37,131,170	36,165,311
+ Asset management and insurance (2)	33,031,334	29,245,650
= Total retail funds	70,162,504	65,410,961

(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)	31/12/2021	31/12/2020
+ Loans and advances to customers ex impaired assets and reverse repos (1)	28,862,436	28,955,787
+ Total retail funds (2)	70,162,504	65,410,961
= Retail business volume	99,024,940	94,366,748

(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)	31/12/2021	31/12/2020
Numerator	(a) Net loans and advances to customers (1)	30,655,026	30,942,404
	(b) Reverse repurchase agreements (2)	1,615,394	1,620,857
	(a) – (b) Net loans ex reverse repos	29,039,632	29,321,547
Denominator	Retail deposits (3)	37,131,170	36,165,311
=	LTD (%)	78.21%	81.08%

(1) Source: consolidated balance sheet in the financial statements.

(2) Source: 11.4 in the annual accounts.

(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)	31/12/2021	31/12/2020
+ Cash and central banks	6,183,416	7,319,717
+ Available in policy	1,050,679	891,981
+ Eligible assets not included in the policy	7,590,280	6,421,078
+ Other marketable assets not eligible by the Central Bank	425,796	326,665
= Available liquidity	15,250,171	14,959,441

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)	31/12/2021	31/12/2020
Numerator	Available liquidity (1)	15,250,171	14,959,441
Denominator	Total assets (2)	58,631,409	58,400,790
=	Available liquidity to total assets (%)	26.01%	25.62%

(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)	31/12/2021	31/12/2020
+ Available liquidity (1)	15,250,171	14,959,441
+ Mortgage bond issuance capacity (2)	8,776,402	8,379,866
= Total available liquidity	24,026,573	23,339,307

(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
BUSINESS MODEL	Brief description of the group's business model, including: 1) its business environment, 2) its organisation and structure, 3) the markets in which it operates, 4) its objectives and strategies, 5) the main factors and trends that may affect its future performance.	-	Ibercaja Banco Group (*)	102-1/ 102-2/ 102-3/ 102-4/ 102-6/ 102-7	4.3. Economic and financial environment 4.5. Business Model and Strategic Plan 2021-2023 11. Business outlook and expected performance	-
POLICIES	A description of the group's policies with respect to such issues, which shall include: 1) the due diligence procedures applied for the identification, assessment, prevention and mitigation of risks and significant impacts 2) verification and control procedures, including the measures that have been taken.	-	Ibercaja Banco Group (*)	103 Management approaches in each area within the economic, environmental and social dimensions	3. Keys points of this document 6.1. Sustainability strategy See the detail of non-financial policies in the following blocks.	-
ST, MT and LT RISKS	The main risks associated with those topics that are linked to the activities of the group, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on those areas; and • how the Group manages those risks, • explaining the procedures used to detect and evaluate them in accordance with the national, EU or international reference frameworks for each subject. Must include information on the impacts that have been detected and a breakdown of these, particularly in relation to the main short-, medium- and long-term risks.	-	Ibercaja Banco Group (*)	102-15	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. Keys points of this document 6.1. Sustainability strategy 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					
	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 Group (*)	103 Management Approach to each area within the Environmental dimension	6.5. Commitment to the environment	
	2) Resources dedicated to the prevention of environmental risks;			Note 21 to the Financial Statements	6.11. Implementation of the Principles for Responsible Banking – UNEP-FI	
	3) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. derived from the Environmental Liability Law).				6.12 Recommendations of the Task Force on	
	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.			103 Effluent and waste management approach	Appendix D.	
	Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste.	YES	Ibercaja Banco Group (*)			
	Actions to combat food waste.	NO	-	306-2	6.5. Commitment to the environment	
Sustainable use of resources						
The consumption of water and water supply according to local constraints.	NO	Ibercaja Banco Group (*)	303-5			
Consumption of raw materials and measures taken to improve the efficiency of their use.	YES		103 Management approach for materials	6.5. Commitment to the environment / Resource management		
Consumption, direct and indirect, of energy, measures taken to improve energy efficiency and use of renewable energies.	YES		301-1 301-2 103 Management approach for energy	Appendix D		
			302-1			

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 (*)	103 Management approach of Emissions 305-1/305-2/305-3/305-4/305-5	6.5. Commitment to the environment / Emissions 6.5. Commitment to the environment / Awareness-raising and communication	-
Measures adopted to adapt to the consequences of climate change.	YES		103 Management approach of Emissions	6.12 Recommendations of the Task Force on Climate-related Financial Disclosures Appendix D	-
Voluntary medium- and long-term reduction targets to reduce greenhouse gas emissions and the means implemented for that purpose.	YES		103 Management approach of Emissions		-

Protection of biodiversity

Measures taken to preserve or restore biodiversity.	NO	-	-	-	-
Impacts caused by activities or operations in protected areas.	NO	-	-	-	-

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	Ibercaja Banco S.A. (accounts for 94% of the Group's total workforce)	103 Employment management approach 102-8 / 405-1		-	
	Total number and distribution of employment contract types.	YES		102-8	6.4. Commitment to our employees	-	
	Annual breakdown of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational category.	YES		102-8 / 405-1	Appendix D	-	
	Number of dismissals by gender, age and occupational category;	YES		401-1		-	
	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		103 Diversity and equal opportunities management approach 405-2	4.4. Corporate Governance 6.4. Commitment to our employees / Remuneration policy	-	
	Average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payment to long-term savings pension schemes and any other payments broken down by gender.	YES		103 Diversity and equal opportunities management approach		-	
	Implementation of digital disconnect policies.	YES		103 Employment management approach	6.4. Commitment to our employees / Social dialogue and organisation of working time	-	
	Employees with some form of disability.	YES		405-1	6.4. Commitment to our employees / Diversity, equality and work-life balance	-	
	Organisation of work						
	Organisation of working time	YES		103 Employment management approach	6.4. Commitment to our employees / Social dialogue and organisation of working time	-	
	Number of hours of absenteeism.	YES	Ibercaja Banco S.A. (accounts for 94% of the Group's total workforce)	403-2	6.4. Commitment to our employees / Occupational health and safety	-	
	Measures aimed at facilitating a work-life balance and encouraging the co-responsible exercise of these rights by both parents.	YES		103 Employment management approach	6.4. Commitment to our employees / Diversity, equality and work-life balance	-	

Health and safety

Health and safety conditions at work;	YES	Ibercaja Banco S.A. (accounts for 94% of the Group's total workforce)	103 Employment management approach 403-1 to 403-8 403-9 403-10	6.4. Commitment to our employees / Occupational health and safety	- -
Occupational accidents, particularly their frequency and severity, occupational diseases, broken down by gender.	YES				

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
SOCIAL AND PERSONNEL ASPECTS	Social relations					
	Organisation of dialogue with employees, including procedures for informing, consulting and negotiating with them;	YES		103 Employer-employee relationship management approach	6.4. Commitment to our employees / Dialogue with employees	-
	Confidentiality of employee complaints/disclosures.		Ibercaja Banco S.A.	GRI 404-1	4.2. Purpose, Mission, Vision, values and Code of Ethics	
	Percentage of employees covered by collective bargaining agreements by country;	YES	(accounts for 94% of the Group's total workforce)	102-41	6.4. Commitment to our Employees / Dialogue with employees	-
	The balance of collective agreements, particularly in the field of health and safety at work.	YES		403-1	6.4. Commitment to our employees / Occupational health and safety	-
	Training					
	Policies implemented in training;	YES	Ibercaja Banco S.A. (accounts for 94% of the Group's total workforce)	103 Training and education management approach	6.4. Commitment to our employees / Cultivating talent	-
	The total number of training hours by occupational category.	YES			6.4. Commitment to our employees / Cultivating talent	-
	Average hours of training by gender and occupational category			404-1	6.4. Commitment to our employees / Cultivating talent	-
	Average hours of training by gender and employee					
	Universal accessibility for persons with disability	YES	Ibercaja Banco S.A. (accounts for 94% of the Group's total workforce)	103 Diversity and equal opportunities and non-discrimination management approach	6.4. Commitment to our employees / Diversity, equality and work-life balance	-
	Training delivered by partners. GRI 404-1					
	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 94% of the Group's total workforce)	103 Diversity and equal opportunities and non-discrimination management approach	6.4. Commitment to our employees / Diversity, equality and work-life balance	-
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	YES	-	103 Management approach to human rights assessment and non-discrimination	6.9. Human Rights	Although the risk of human rights violations in Ibercaja's activities is low, the Bank has several mechanisms to prevent and mitigate any risk in this area.
	Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses.			102-16 / 102-17		
	Complaints due to instances of human rights abuses;	YES	-	406-1		
	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		
	The elimination of discrimination in employment and labour;	Yes	-	103 Non-discrimination management approach		
	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		103 Management approach for anti-corruption	6.10. Fight against corruption and bribery	-
	Measures to combat money laundering	YES	Ibercaja Banco Group (*)	102-16 / 102-17	6.10. Fight against corruption and bribery	-
	Contributions to foundations and not-for-profit entities.	YES		413-1	6.8.1 Social action 6.10. Fight against corruption and bribery	-

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		103 Management approach – Local community and indirect economic impacts	6.8 Contribution to society	-
			Ibercaja Banco Group (*)	203-1 / 413-1		
	Impact of the company's activity on local communities and the territory;	YES				-
	Relationships with local community actors and the types of dialogue with them;	YES		102-43		-
	Partnership or sponsorship actions.	YES		102-12 / 102-13	6.8.4. Sponsorships	-
	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		103 Management approach – Procurement practices	6.7. Commitment to suppliers	-
			Ibercaja Banco Group (*)	102-9 / 204-1		
	Systems of supervision and audits and results thereof.	YES				-
	Consumers					
	Measures for consumer health and safety;	YES	-	103 Customer health and safety		-
	Complaint systems, complaints received and their resolution.	YES	Ibercaja Banco Group (*)	management approach; Marketing and labelling and Customer privacy	6.3 Commitment to customers	-
	Tax information					
	Profits country by country.	YES	Ibercaja Banco Group (*)	103 Economic performance management approach		
Income tax paid.		Ibercaja Banco Group (*)	207-1			
	YES		207-4	6.8.11. Tax information	-	
Public grants received.	YES	Ibercaja Banco Group (*)	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 CORRESPONDENCE
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	102-8, 102-41, 205-1, 205-2, 205-3, 401-1, 401-2, 402-1, 403-1, 403-2, 408-1, 409-1, 413-1, FS13, FS14
	2. Businesses must ensure that they are not complicit in human rights abuses.	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	102-16, 102-25, 102-31, 205-1, 205-2, 205-3, 408-1, 409-1, 413-1, 416-2, 419-1
Employment rules and standards	3. Businesses should uphold the freedom of association and effectively recognise the right to collective bargaining.	Commitment to our Employees; Dialogue with employees.	6.4.	102-41, 402-1, 407-1
	4. Businesses should support eliminating all forms of forced or compulsory 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	102-8, 102-41, 403-1, 403-2, 401-1, 404-1, 404-3
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.	301-1, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, 307-1, 419-1
	8. Businesses should undertake initiatives to 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	301-1, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, 307-1, 419-1
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	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	301-1, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, 307-1, 419-1
	10. Businesses should 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, Omnichannel, Financial Group, Model aimed at Excellence, Brand and Reputation, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Commitment to Suppliers, Customers,	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,	102-16, 102-17, 205-1, 205-2, 205-3

Appendix C – GRI Table of contents

102-8, 102-55

GRI STANDARD	CONTENT	CHAPTER OR DIRECT RESPONSE	OMISSION
GRI 102: 2016 GENERAL CONTENTS	102-1 Name of the organisation	4.1. See Note 1.1 of the Consolidated financial statements at 31 December 2021.	
	102-2 Activities, brands, products and services	1, 4.1, 4.2, 4.5.1, 4.5.2, 4.5.4, 8	
	102-3 Location of headquarters	4.1. See Note 1.1 of the Consolidated financial statements at 31 December 2021	
	102-4 Location of operations	1, 4.5.1, 4.5.4	
	102-5 Ownership and legal form	1, 4.1, 4.5.5	
	102-6 Markets served	1, 4.5.1, 4.5.4, 6.3	
	102-7 Scale of the organisation	4.5.1, 5.1, 5.2, 6.3, 6.4	
	102-8 Information on employees and other workers	6.4, Appendix C, Appendix D Ibercaja Banco carries out most of its activities using its own staff, with investees collaborating in maintenance, editing, logistics and other works. There were no significant changes in the organisation's	
	102-9 Supply chain	1, 4.5.2, 4.5.4, 6.7	
	102-10 Significant changes to the organisation and its supply chain	5.1, 6.4, 6.7	
	102-11 Precautionary principle or approach	6.5, 6.12, 6.15	
	102-12 External initiatives	6.1, 6.4, 6.5, 6.12	
	102-13 Membership of associations	Ibercaja participates in the sectoral associations representing the financial activity and other associations of reference: Cecabank, AEC, Forética, Commission for the Integrity of the Financial System for	
	102-14 Statement from senior decision-maker	1	
	102-15 Key impacts, risks and opportunities	1, 4.4, 6.1, 6.5, 6.11, 6.12, 7	
	102-16 Values, principles, standards and norms of behaviour	4.2, 4.4, 6.1, 6.9, 6.10, 6.11	
	102-17 Mechanisms for advice and concerns about ethics	4.4, 6.9	
	102-18 Governance structure	4.4	
	102-19 Delegating authority	4.4, 6.1, 6.5, 6.12	
	102-20 Responsibility at the executive level regarding economic, environmental and social issues.	4.4, 6.1, 6.5, 6.12	
	102-21 Consultation of stakeholders regarding economic, environmental and social issues.	3, 6.1, 6.14	
	102-22 Composition of the highest governance body and its committees	4.4	
	102-23 Chair of the highest governance body	4.4 In 2021, the Chairman of Ibercaja Banco did not have any executive functions	
	102-24 Nominating and selecting the highest governance body	4.4	
	102-25 Conflicts of interest	4.4	
	102-26 Role of the highest governing body in the selection of objectives, values and strategies	4.4, 6.1	
	102-28 Evaluation of the performance of the highest governing body	4.4, 6.1	
	102-30 Efficiency of risk management processes	4.4, 6.1, 6.5, 6.11, 6.12, 7	
	102-31 Review of economic, environmental and social issues	4.4, 6.1, 6.5, 6.11, 6.12, 7	

102-32 Role of the highest governing body in the preparation of sustainability reports	4.4, 6.1	This document was approved at the Board meeting for the authorisation for the issue of the Financial Statements held on 25 February 2022
102-35 Remuneration policies	4.4, 6.4	
102-36 Processes to determine the remuneration	4.4, 6.4	
102-40 List of stakeholders	3, 4.2, 6.14	
102-41 Collective bargaining agreements	100% of Ibercaja Banco employees are covered by Collective Agreements and represented on formal committees.	
102-42 Identification and selection of stakeholders	3, 4.2, 6.14	The Bank's Stakeholder Map was updated in 2021.
102-43 Approaches for the participation of stakeholders	3, 6.1, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.14	
102-44 Key issues and concerns mentioned	3, 6.1, 6.3, 6.4, 6.5, 6.6., 6.7, 6.8	
102-45 Entities included in the consolidated financial statements	3, 4.1, 4.5.5	
102-46 Definition of the contents of the reports and the Coverage of the topic	3	See consolidated Financial Statements at 31 December 2021
102-47 List of material issues	3	
102-48 Restatement 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.
102-49 Changes in the preparation of reports		There have been no significant changes in the scope, coverage or valuation methods. A new materiality analysis was carried out in 2021, including the dual approach to materiality.
102-50 Period covered by the report	2021	
102-51 Date of last report	2020	
102-52 Report preparation cycle	Annual	
102-53 Contact point for questions about the report	mcampob@ibercaja.es	
102-54 Declaration of preparation of the report in accordance with the GRI Standards	3	
102-55 GRI content index	Appendix C	
102-56 External verification	Appendix E	

Economic performance

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	5.1, 5.2, 5.3
	103-2 Management approach and its components	5.1, 5.2, 5.3
	103-3 Evaluation of the management approach	5.1, 5.2, 5.3
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 Government.

Market presence

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 4.3, 4.5.1, 6.4. Remuneration policy
	103-2 Management approach and its components	1, 4.5.1, 6.4. Remuneration policy
	103-3 Evaluation of the management approach	4.5.1, 6.4. Remuneration policy
GRI 202: Market presence 2016	202-1: Ratio of the standard initial category salary by gender with respect to the minimum local salary	6.4. Remuneration policy
		The range of the relationships between the standard initial salary and the minimum local salary in places in which significant transactions are

202-2: Proportion of senior executives hired from the local community.

Ibercaja Banco recruits 100% of its employees in Spain and 100% of senior executives are Spanish nationals.

Indirect economic impacts

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.5.5
	103-2 Management approach and its components	4.5.5
	103-3 Evaluation of the management approach	4.5.5
GRI 203: Indirect economic impacts 2016	203-1: Infrastructure investments and services supported	Appendix D

Procurement practices

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundary	6.7.
	103-2: The management approach and its components	6.7.
	103-3: Evaluation of the management approach	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.
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, when doing business with us, all suppliers accept the Bank's Code of Ethics and Supplier Code of Conduct, which explicitly states zero tolerance for
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, when entering into business with us, all suppliers accept the Bank's Code of Ethics and Supplier Code of Conduct, which explicitly states zero tolerance for

Unfair competition

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4, 6.14, 7
	103-2 Management approach and its components	4.4, 6.14, 7
	103-3 Evaluation of the management approach	4.4, 6.14, 7
GRI 206: Unfair competition 2016	206-1: Legal action related to unfair competition and monopolistic practices and against free competition	In 2021, 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 Anti-competitive practices, monopolistic practices or against free

Anti-corruption

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4, 6.10, 7
	103-2 Management approach and its components	4.4, 6.10, 7
	103-3 Evaluation of the management approach	4.4, 6.10, 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	91% 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	In 2021, no cases of corruption arose.

415-1 Political contributions

Ibercaja does not accept or offer contributions to political parties and/or representatives.

Taxation

GRI 103: Management Approach 2019	103-1 Explanation of the material topic and its Boundary	6.8.11
	103-2 Management approach and its components	6.8.11
	103-3 Evaluation of the management approach	6.8.11
GRI 207: Tax	207-1 Approach to tax	6.8.11
	207-2: Tax governance, control and risk management	6.8.11.
		The Company is currently working to report tax information on a cash basis through the CECA Total Tax Contribution report and a specific report by Ibercaja.
	207-4 Presentation of reports country by country	6.8.11
		The Company does not currently have any permanent establishments in other countries and is therefore not required to issue this report.

Customer privacy

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4. Commitment to privacy, 6.3
	103-2 Management approach and its components	4.4. Commitment to privacy, 6.3
	103-3 Evaluation of the management approach	4.4. Commitment to privacy, 6.3
GRI 418: Customer privacy 2016	418-1: Claims based on violations of customer privacy and loss of customer data	In 2021, there were 538 case files relating to GDPR and 3,808 cancellations of online advertising unsubscribes. In 2021, no significant penalties or fines were received of a definitive nature with regard to data protection.

Health and safety of customers

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4. Internal rules and control bodies, 6.3
	103-2 Management approach and its components	4.4. Internal rules and control bodies, 6.3
	103-3 Evaluation of the management approach	4.4. Internal rules and control bodies, 6.3
	416-2: Cases of non-compliance related to the health and safety impacts of the product and services categories	In 2021, 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.

Marketing and labelling

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4. Internal rules and control bodies, 4.5.4
	103-2 Management approach and its components	4.4. Internal rules and control bodies, 4.5.4
	103-3 Evaluation of the management approach	4.4. Internal rules and control bodies, 4.5.4
GRI 417: Marketing and labelling	417-1: Information requirements and the labelling of products and services	4.4. Internal rules and control bodies, 4.5.4
	417-2: Cases of breaches related to information and the labelling of products and services	In 2021, 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 of labelling.

417-3: Cases of breaches related to marketing notifications	In 2021, 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.
305-3 Other indirect (Scope 3) GHG emissions	6.1, 6.3 Appendix D

GRI 103: Management approach

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.4
	103-2 Management approach and its components	6.4
	103-3 Evaluation of the management approach	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
	401-3 Parental leave:	6.4.

Labour/management relations

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.4. Social dialogue
	103-2 Management approach and its components	6.4. Social dialogue
	103-3 Evaluation of the management approach	6.4. Social dialogue
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.

Occupational health and safety

GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	6.4. Occupational health and prevention
	103-2 Management approach and its components	6.4. Occupational health and prevention
	103-3 Evaluation of the management approach	6.4. Occupational health and prevention
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 rotation to the investees' workers who 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.
403-9 Work-related injuries	6.4. Occupational health and prevention
403-10 Occupational illnesses and diseases	6.4. Occupational health and prevention

Training and education

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.4. Cultivating talent
	103-2 Management approach and its components	6.4. Cultivating talent
	103-3 Evaluation of the management approach	6.4. Cultivating talent
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 2020 was 78 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.

Diversity and equal opportunities

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4, 6.4.
	103-2 Management approach and its components	4.4, 6.4.
	103-3 Evaluation of the management approach	4.4, 6.4.
GRI 405: Diversity and equal opportunities	405-1: Diversity of governance bodies and employees	4.4, 6.4. Diversity, equality and work-life balance, Appendix D

Non-discrimination

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.4. Diversity, equality and work-life balance, 6.9
	103-2 Management approach and its components	6.4. Diversity, equality and work-life balance, 6.9
	103-3 Evaluation of the management approach	6.4. Diversity, equality and work-life balance, 6.9
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 2021.

Local communities

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.5.4, 6.8
	103-2 Management approach and its components	4.5.4, 6.8
	103-3 Evaluation of the management approach	4.5.4, 6.8
GRI 402-1: Local communities 2016	413-1: Operations with the participation of the local community, impact assessments and development programmes	6.8
	FS13: Accessibility in unpopulated areas or in marginalised zones	In 2021, Ibercaja provided services in 104 towns as the only company present, and 23% of branches provides services in towns with fewer than 1,000 inhabitants.
	FS14: Initiatives to improve access to financial services for disadvantaged people.	4.5.4, Appendix D

Socio-economic compliance

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4. Internal rules and control bodies
	103-2 Management approach and its components	4.4. Internal rules and control bodies
	103-3 Evaluation of the management approach	4.4. Internal rules and control bodies
GRI 419: Socioeconomic compliance 2016	419-1: Breach of laws and regulations in social and economic areas	In 2021, 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.

Materials

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 301: Materials 2016	301-1: Materials used by weight or volume.	6.5, Appendix D
	301-2: Recycled inputs	6.5, Appendix D

Energy

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 302: Energy	302-1: Energy consumption within the organisation	6.5, Appendix D
	302-3: Energy intensity	Appendix D
	302-4 Reduction of energy consumption	6.5, Appendix D

Emissions

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	6.5, Appendix D
	305-2: Indirect GHG emissions when generating energy (Scope 2)	6.5, Appendix D
	305-3: Other indirect (Scope 3) GHG emissions	Appendix D
	305-4: GHG emissions intensity	Appendix D
	305-5 Reduction of GHG emissions	6.5, Appendix D

Effluents and waste

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 306: Effluents and waste 2016	306-2: Waste by type and disposal method	Appendix D

Environmental compliance

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.4. Internal rules and control bodies
	103-2 Management approach and its components	4.4. Internal rules and control bodies

	103-3 Evaluation of the management approach	4.4. Internal rules and control bodies, 6.1, 6.5
GRI 307: Environmental compliance	307-1: Non-compliance with environmental laws and regulations	No significant penalties, sanctions or fines were received in 2021 for failure to comply with environmental laws and regulations.

Product portfolio

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.5.4, 4.5.5
	103-2 Management approach and its components	4.5.4, 4.5.5
	103-3 Evaluation of the management approach	4.5.4, 4.5.5
Product portfolio	FS6: Portfolio breakdown by line of business, specific ensuring region, size (microenterprise, SME, large company) and sector	4.5.4, 4.5.5
	FS7: Monetary value of products and services designed to offer a specific social benefit for each line of business broken down by objectives.	Appendix D
	FS8: Monetary value of products and services designed to offer a specific environmental benefit for each line of business broken down by objectives	Appendix D

Audit

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	The Environmental Management System extends to the entire organisation, taking care to ensure operations in accordance with the UNE-EN ISO 14001: 2015 standard. The headquarters at Plaza Paraíso 2, Zaragoza, also has ISO certification in environmental management. In
	103-2 Management approach and its components	6.5.
	103-3 Evaluation of the management approach	6.5.

Active ownership

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4.5.4, 4.5.5
	103-2 Management approach and its components	4.5.4, 4.5.5
	103-3 Evaluation of the management approach	4.5.4, 4.5.5
Active ownership	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

Appendix D – Additional non-financial information, GRI content and Taxonomy information

102-8, 201-1, 203-1, 205-1, 401-1, 405-1, 301-1, 301-2, 302-1, 302-3, 302-4, 303-1, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, FS7, FS8, FS10, FS11, FS14

201-1

THOUSANDS OF EUROS	2019	2020	2021
Gross income	926,579	1,001,822	952,260
Net profit/(loss) discontinued operations	0	0	0
Gains or (-) losses on the derecognition of net non-financial assets and equity interests	-6,544	-3,047	-5,199
Gains/(losses) non-current assets held for sale	-6,775	-969	5,885
Economic value generated	913,260	997,806	952,946
Dividends	17,500	3,849	98,140
Other general administrative expenses	152,149	132,799	150,896
Personnel expenses	360,944	502,568	375,183
Tax on profits and contributions and other taxes	64,414	50,089	81,958
Economic value distributed	595,007	689,305	706,177
Economic value withheld (VEG-VED)	318,253	308,501	246,769

205-1

SUMMARY OF REVIEWS CONDUCTED	2019	2020	2021
Distribution Network Audit	333	289 (*)	274 (*)
Credit Risk Audit	13	13	13
Financial Audit	26	26	28
Internal Models and Systems Audit	25	22	32
Technical and Quality Supervision	5	4	5
Total	402	354	352
Office audits	2019	2020	2021
Revised offices	321	265	254 (*)
Percentage of the average number of offices	28.69%	24.33%	24.42%

(*) Continuous audit process across the entire Branch Network

102-8, 405-1

The following tables show the distribution of Ibercaja Banco's workforce at 31 December 2021, 2020 and 2019, broken down by gender, employee category, age, type of contract, professional level and area.

2021 EMPLOYEE CATEGORY	GENDER		TOTAL	AVERAGE AGE
	MEN	WOMEN		
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 EMPLOYEE CATEGORY	GENDER		TOTAL	AVERAGE AGE
	MEN	WOMEN		
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

2019 EMPLOYEE CATEGORY	GENDER		TOTAL	AVERAGE AGE
	MEN	WOMEN		
Executives	649	279	928	47
Middle managers	593	524	1,117	46
Technicians	699	851	1,550	45
Clerical staff	707	751	1,458	47
Total	2,648	2,405	5,053	46

** 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

2021 AGE	GENDER		
	MEN	WOMEN	TOTAL
21 - 30 YEARS	132	132	264
31 - 40 YEARS	279	265	544
41 - 50 YEARS	1,005	1,051	2,056
51 - 60 YEARS	920	787	1,707
61 - 70 YEARS	14	2	16
Total	2,350	2,237	4,587

2020 AGE	GENDER		
	MEN	WOMEN	TOTAL
21 - 30 YEARS	105	102	207
31 - 40 YEARS	359	361	720
41 - 50 YEARS	1,036	1,086	2,122
51 - 60 YEARS	1,157	840	1,997
61 - 70 YEARS	8	1	9
Total	2,665	2,390	5,055

2019 AGE	GENDER		
	MEN	WOMEN	TOTAL
21 - 30 YEARS	106	102	207
31 - 40 YEARS	426	459	885
41 - 50 YEARS	1,076	1,109	2,185
51 - 60 YEARS	1,032	714	1,746
61 - 70 YEARS	8	1	9
Total	2,648	2,405	5,053

2021 GENDER	I	T	TOTAL
MEN	2,258	92	2,350
WOMEN	2,158	79	2,237
TOTAL	4,416	171	4,587

2020 GENDER	I	T	TOTAL
MEN	2,590	75	2,665
WOMEN	2,329	61	2,390
TOTAL	4,919	136	5,055

2019 GENDER	I	T	TOTAL
MEN	2,580	68	2,648
WOMEN	2,329	76	2,405
TOTAL	4,909	144	5,053

P: permanent contracts

T: temporary contracts

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 V	1	—	1
TOTAL	2,665	2,390	5,055

2019 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	16	4	20
GR.1 LEVEL II	43	11	54
GR.1 LEVEL III	321	111	432
GR.1 LEVEL IV	557	250	807
GR.1 LEVEL V	434	356	790
GR.1 LEVEL VI	252	225	477
GR.1 LEVEL VII	305	335	640
GR.1 LEVEL VIII	345	613	958
GR.1 LEVEL IX	130	192	322
GR.1 LEVEL X	112	178	290
GR.1 LEVEL XI	35	32	67
GR.1 LEVEL XII	36	55	91
GR.1 LEVEL XIII	26	26	52
GR.1 LEVEL XIV	13	14	27
GR.2 LEVEL I	4	—	4
GR.2 LEVEL II	18	3	21
GR.2 LEVEL V	1	—	1
TOTAL	2,648	2,405	5,053

2021 - AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	11	12	23
TERR. DIV. ARAGÓN	638	589	1,227
TERR. DIV. MEDITERRANEAN SEABOARD	290	268	558
TERR. DIV. EXTREMADURA AND SOUTHERN SPAIN	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. ARAGÓN	805	638	1,443
TERR. DIV. MEDITERRANEAN SEABOARD	351	291	642
TERR. DIV. EXTREMADURA AND SOUTHERN SPAIN	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

2019 - AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	16	16	32
TERR. DIV. ARAGÓN	811	652	1,463
TERR. DIV. MEDITERRANEAN SEABOARD	354	305	659
TERR. DIV. EXTREMADURA AND SOUTHERN SPAIN	225	219	444
TERR. DIV. MADRID AND NORTH-WEST SPAIN	482	510	992
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	358	327	685
CENTRAL UNITS	402	376	778
TOTAL	2,648	2,405	5,053

The following tables present the distribution of the workforce of Ibercaja in 2021, 2020 and 2019 by gender, occupational category, age and type of contract in terms of average number of days.

AVERAGE NUMBER OF DAYS BY GENDER, TYPE OF CONTRACT AND OCCUPATIONAL CATEGORY

2021	PERMANENT			TEMPORARY		
			TOTAL			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		
			TOTAL			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%

2019	PERMANENT			TEMPORARY		
			TOTAL			TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	100%	100%	100%	0%	0%	0.03%
Clerical staff	84.91%	83.24%	84.05%	15.09%	16.76%	15.95%
TOTAL	95.80%	94.54%	95.20%	4.20%	5.46%	4.80%

AVERAGE NUMBER OF DAYS BY GENDER, TYPE OF CONTRACT AND AGE RANGE

2021	PERMANENT		TOTAL	TEMPORARY		TOTAL
21 - 30 YEARS	32.37%	35.96%	34.20%	67.63%	64.04%	65.80%
31 - 40 YEARS	98.10%	98.41%	98.25%	1.90%	1.59%	1.75%
41 - 50 YEARS	100%	99.94%	99.95%	0%	0.06%	0.05%
51 - 60 YEARS	99.91%	100%	99.95%	0.09%	0%	0.05%
61 - 70 YEARS	100%	100%	100%	0%	0%	0%
Total	96.26%	96.07%	96.17%	3.74%	3.93%	3.83%

2020	PERMANENT		TOTAL	TEMPORARY		TOTAL
21 - 30 YEARS	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	100%	99.86%	99.93%	0%	0.14%	0.07%
51 - 60 YEARS	99.92%	100%	99.95%	0.08%	0%	0.05%
61 - 70 YEARS	100%	100%	100%	0%	0%	0%
Total	96.41%	95.98%	96.21%	3.59%	4.02%	3.79%

2019	PERMANENT		TOTAL	TEMPORARY		TOTAL
21 - 30 YEARS	26.05%	25.97%	26.01%	73.95%	74.03%	73.99%
31 - 40 YEARS	97.75%	98.35%	98.06%	2.25%	1.65%	1.94%
41 - 50 YEARS	100%	99.70%	99.85%	0%	0.30%	0.15%
51 - 60 YEARS	100%	100%	99.97%	0%	0%	0.03%
61 - 70 YEARS	100%	100%	100%	0%	0%	0%
Total	95.80%	94.54%	95.20%	4.02%	5.46%	4.80%

401-1

In 2021, the number of **permanent employees** decreased by 503. The **churn rate** of permanent employees was 14.88% in 2021.

CHURN NUMBER AND RATE (INCOMING AND OUTGOING EMPLOYEES)

2021	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 - 30 YEARS	27	1.20%	18	0.83%	45	1.02%
31 - 40 YEARS	12	0.53%	22	1.02%	34	0.77%
41 - 50 YEARS	24	1.06%	29	1.34%	53	1.20%
51 - 60 YEARS	345	15.28%	176	8.16%	521	11.80%
61 - 70 YEARS	2	0.09%	2	0.09%	4	0.09%
Total	410	18.16%	247	11.45%	657	14.88%

2020	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 - 30 YEARS	10	0.39%	9	0.39%	19	0.39%
31 - 40 YEARS	17	0.66%	22	0.94%	39	0.79%
41 - 50 YEARS	20	0.77%	27	1.16%	47	0.96%
51 - 60 YEARS	21	0.81%	12	0.52%	33	0.67%
61 - 70 YEARS	2	0.08%		0.00%	2	0.04%
Total	70	2.70%	70	3.01%	140	2.85%

2019	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 - 30 YEARS	17	0.66%	22	0.94%	39	0.79%
31 - 40 YEARS	13	0.50%	22	0.94%	35	0.71%
41 - 50 YEARS	11	0.42%	30	1.29%	41	0.83%
51 - 60 YEARS	13	0.50%	9	0.39%	22	0.45%
61 - 70 YEARS	1	0.04%	1	0.04%	2	0.04%
Total	55	2.12%	84	3.61%	139	2.85%

The hiring rate of permanent employees was 1.74% in 2021.

NUMBER AND RATE OF NEW HIRES (INCOMING EMPLOYEES)

2021	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 - 30 YEARS	24	1.06%	17	0.79%	41	0.93%
31 - 40 YEARS	4	0.18%	8	0.37%	12	0.27%
41 - 50 YEARS	8	0.35%	10	0.46%	18	0.41%
51 - 60 YEARS	3	0.13%	2	0.09%	5	0.11%
61 - 70 YEARS		0.00%	1	0.05%	1	0.02%
Total	39	1.73%	38	1.76%	77	1.74%

2020	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 - 30 YEARS	9	0.35%	7	0.30%	16	0.33%
31 - 40 YEARS	13	0.50%	7	0.30%	20	0.41%
41 - 50 YEARS	10	0.39%	14	0.60%	24	0.49%
51 - 60 YEARS	7	0.27%	7	0.30%	14	0.28%
61 - 70 YEARS	1	0.04%		0.00%	1	0.02%
Total	40	1.54%	35	1.50%	75	1.52%

2019	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 - 30 YEARS	16	0.62%	19	0.82%	35	0.71%
31 - 40 YEARS	9	0.35%	12	0.52%	21	0.43%
41 - 50 YEARS	3	0.12%	15	0.64%	18	0.37%
51 - 60 YEARS	5	0.19%	4	0.17%	9	0.18%
61 - 70 YEARS	0	0.00%	0	0.00%	0	0.00%
Total	33	1.27%	50	2.15%	83	1.69%

A total of 539 people were laid off due to dismissal or termination of contract, with an average age of 57, and none of them was aged under 35 or had children aged under 12.

2021 EMPLOYEE CATEGORY	GENDER		TOTAL	AVERAGE AGE
	MEN	WOMEN		
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 EMPLOYEE CATEGORY	GENDER		TOTAL	AVERAGE AGE
	MEN	WOMEN		
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

2019 EMPLOYEE CATEGORY	GENDER		TOTAL	AVERAGE AGE
	MEN	WOMEN		
Executives	0	0	0	
Middle managers	2	0	2	43
Technicians	1	1	2	44
Clerical staff	4	6	10	49
Total	7	7	14	47

301-1, 301-2, 302-1, 302-3, 302-4, 303-1

CONSUMPTION

WATER CONSUMPTION (m3)	2019	2020	2021
Water consumption (headquarters)	11,473	8,210	12,515
Water consumption (branch network)	29,978	28,818	26,419
Average water consumption per employee and year (Entity)	8.08	7.18	7.92

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.

ENERGY CONSUMPTION (Gj)	2019	2020	2021
Electricity (headquarters)	30,991.3	28,455.83	28,850.71
Electricity (branch network)	100,164.8	93,390.28	92,132.60
Average electricity consumption per employee and year (Entity)	25.6	23.65	24.64
Diesel (central building)	30.7	41.54	73.85
Diesel (branch network)	3,199.7	3,427.11	3,017.86
Natural Gas (branch network)	3,720.6	4,465.97	4,063.22
Average consumption of diesel and natural gas per employee and year (Entity)	1.4	1.45	1.46

PAPER CONSUMPTION Tm	2019	2020	2021
Type DIN A4 white (entity)	8.17	9.64	9.03
Recycled DIN A4 type (entity)	257.3	211.57	224.92
Total type DIN A4 (entity)	265.4	221.21	233.95
Type DIN A3 (entity)	0.4	0.27	0.33
Envelopes	26.5	23.82	54.25
Bovine (insert)	77.0	88.03	59.1
Average total paper consumption per employee (Entity)	0.1	0.06	0.07
Total paper consumption	369.3	333.3	347.3

Specific observations on envelopes: Indicator based on the most commonly used envelope size (115x225). In 2021, the accuracy of envelope consumption data was improved and the quantity consumed in previous years was updated.

General remarks

Entity = headquarters + network of branches

No. of employees at central headquarters is considered to be the average workforce: 822 in 2019, 854 in 2020 and 866 in 2021

No. employees per entity is considered to be the average workforce: 5,127 in 2019, 5,152 in 2020 and 4,910 in 2021

Remarks on branch network electricity consumption: the annual electricity consumption of the Branch Network is calculated based on the electricity invoices of the various companies for the period from 1 December of the previous year to 30 November of the current year. This is because real calendar year data are not available until March of the following year.

Endesa's actual bills are not available for 2021. The data shown for office electricity consumption corresponds to Endesa's estimated consumption, which has been taken from the billing period from October 2020 to September 2021.

5-1, 305-2, 305-3, 305-4, 305-5

CO2 EMISSIONS*	2019	2020	2021
Emissions from diesel consumption, in Tn of CO2 (total entity)	250.9	269.22	234.34
Emissions from natural gas consumption, in Tn of CO2 (total entity)	209.9	203.43	205.41
Emissions for electricity consumption, in Tn of CO2 (Central Building)	0	0	0
Emissions for electrical consumption, in Tn of CO2 (Branch network)	7,512.36	0	0
Emissions in Tn of CO2 by displacement of employees by car	1,133.5	607.42	687.06
Emissions in CO2 Tn by vehicle displacement (Total Entity)	77.6	44.98	58.31
missions in Tn of CO2 by messaging service (Total Entity)	82.42	69.15	58.65
Emissions in Tn of CO2 by leakage of fluorinated gases (Total Entity)	570.4	767.39	375.90
Emissions in Tn of CO2 by leakage of fluorinated gases (Central Building)	0	0	0
Total emissions, in Tn of CO2	9,837.04	1,961.60	1,619.68
Average CO2 emissions per employee in Tn CO2**	1.92	0.38	0.33

Specific observations: The carbon footprint calculation tool of the Ministry for Ecological Transition (MITECO), 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)

The average number of employees is as follows: 5,127 in 2019, 5,152 in 2020 and 4,910 in 2021.

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.

(*) This figure varies from that reported in the 2020 Management Report (767.39 and 1,961.60) due to a calculation error.

TABLE OF CO2 EMISSIONS – SCOPES 1, 2 and 3

SCOPE	EMITTING SOURCE	EMISSIONS (Tn CO2 eq)		
		2019	2020	2021
1	Fuel consumption in buildings	460.8	472.65	439.76
	Leakage of fluorinated gases	570.4	763.77	375.90
	Fuel consumption of own vehicles	77.63	44.98	58.31
2	Electricity consumption	7,512.36	0.00	0.00
TOTAL EMISSIONS, SCOPE 1+2 (Tn CO2 eq)		8,621.19	1,281.4	873.97

SCOPE	EMITTING SOURCE	EMISSIONS (Tn CO2 eq)		
		2019	2020	2021
3	Commuting of employees by car for work purposes	1,133.5	607.42	687.06
	Delivery and distribution by courier service	82.42	69.16	58.65
TOTAL EMISSIONS, SCOPE 3 (Tn CO2 eq)		1,215.92	676.58	745.71

SCOPES	EMISSIONS (Tn CO2 eq)		
	2019	2020	2021
SCOPE 1	1,108.80	1,281.40	873.97
SCOPE 2	7,512.30	0	0.00
SCOPE 3	1,215.90	676.58	745.71
TOTAL EMISSIONS	9,837.00	1,957.90	1,619.68

306-2

KILOS	2019	2020	2021
TOTAL NON-HAZARDOUS WASTE (kg)	241,183.0	209,789.40	251,564.8
TOTAL HAZARDOUS WASTE (kg)	3,475.59	7,506.56	10,089.08
CONFIDENTIALLY DESTROYED PAPER (kg) (*)	230,996.0	67,050	242,921

(*) The actual quantity, in kg, of documentation in custody in 2020, expurgated and certified in 2021, is shown.

To calculate the amount of documentation in custody in 2021 to be destroyed, the same amount has been estimated as in 2020 (146,778 kg).

Confidential Destruction is certified according to UNE-EN 15713 - Secure destruction of confidential material.

FS14

CHANNEL OF RELATIONSHIP WITH CUSTOMERS	2019	2020	2021
Number of offices	1,084	1,031	914
Number of ATMs	1,316	1,287	1,172
% over-the-counter transactions	12.78%	9.53%	10.01%
% transactions performed via distance banking	72.03%	75.96%	74.27%
% transactions carried out at ATM	4.18%	2.98%	2.76%
% transactions carried out at POS	10.86%	11.33%	12.97%
% operations performed on updater	0.15%	0.03%	0.00%
Active digital banking users per month	765,585	842,486	878,818
Active mobile banking users per month	432,211	521,551	603,409
Active mobile payment users per month	86,040	213,765	322,975
Total visits to ibercaja.es homepage	26,375,480	28,008,266	25,779,055

FS8

PARTICIPATED COMPANY	ENVIRONMENTAL PROJECT	INVESTMENT IBERCAJA			QUANTITATIVE INDICATOR
		2019	2020	2021	
Rioja Nueva Economía, S.A.	Bio-diesel plant in Calahorra and wind farm	7,124	5,592	5,592	Wind farm with 39 Mw of installed capacity Biodiesel plant of 250 m Tn/year of
Solavanti	Photovoltaic projects	6,030	6,030	6,030	Total installed capacity: 44.46 Mw
Foresta Project	Forest plantations in Extremadura	4,553	4,773	5,000	640 ha (Reservoir of 232,541 trees)
Energías Alternativas de Teruel	Promotion and exploitation of wind power	26	26	-	Projects under development with a capacity of 159 Mw
Total investment Ibercaja		17,733	16,421	16,622	

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.

ECONOMIC VALUES IN THOUSANDS OF EUROS	2019	2020	2021
Línea Joven			
Scholarships, postgraduate, etc.			
No. of transactions	27	8	9
Financing amount	87	23	9
Home purchases			
No. of transactions	2,219	1,308	1,319
Financing amount	214,421	129,473	129,864
Individuals			
Citizen Card Zaragoza			
No. of transactions	3,873,480	1,984,572	2,357,222
OPERATIONAL amount	2,495	1,313	1,556
Citizen Card Guadalajara			
No. of transactions	33,577	18,384	15,794
OPERATIONAL amount	14	8	7
Companies			
ICO Lines-Companies and Entrepreneurs			
No. of transactions	525	439	439
Financing amount	29,480	24,879	29,597
EIB agreements			
No. of transactions	1,964	915	167
Financing amount	111,374	50,446	8,573
Agro industry			
No. of transactions	3,598	2,860	2,519
Financing amount	137,198	120,069	102,542
Young Farmers and Cattle Ranchers			
No. of transactions	109	125	113
Financing amount	10,211	12,746	9,933

FS10, FS11

IBERCAJA INVESTMENTS IN COMPANIES AT WHICH CSR IS MATERIAL

IBERCAJA'S INVESTMENTS IN COMPANIES IN WHICH CSR IS SIGNIFICANT (THOUSANDS OF EUROS)	2019	2020	2021
Amounts	107,306	103,3336	103,646
Companies	20	19	20
% of total equity interests	39%	45%	45%

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BUSINESS SHAREHOLDINGS	INVESTMENT PAID	2019	JOB CREATION	INVESTMENT PAID	2020	JOB CREATION
		DIRECT WEALTH GENERATION			DIRECT WEALTH GENERATION	
	Thousands of euros	Thousands of euros	Direct and indirect	Thousands of euros	Thousands of euros	Direct and indirect
Tourism sector	66,647	28,175	13,596	66,647	29,873	13,634
Logistics industry	-	-	-	-	-	-
Food and agriculture	1,306	25,292	1,147	1,306	9,984	1,154
Other sectors	6,600	1,173	5,570	6,600	873	5,803
Total	74,553	54,640	20,313	74,553	40,731	20,591

BUSINESS SHAREHOLDINGS	INVESTMENT PAID	2021	
		DIRECT WEALTH GENERATION	JOB CREATION
	Thousands of euros	Thousands of euros	Direct and indirect
Tourism sector	67.463	1.331	13.603
Food and agriculture industry	1.306	9.127	1.057
Other sectors	8.523	3.403	26.446
Total	77,292	13,861	41,106

Investment in strategic sectors (thousands of euros)	2019	2020	2021
Amounts	77,880	75,481	74,911

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 equitably 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 an activity's environmental performance or sustainability 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 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.

Below we break down below the quantitative information as at 31 December 2021, following the recommendations published by the European Commission in its FAQs document of December 2021, which states that credit institutions should report while 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	As %	Description of content
% of total assets exposed to Taxonomy-eligible economic activities	55.03	Activities with entities subject to the NFRD, households and local governments covered by the Taxonomy Regulation divided by the total assets covered (1) and (3)
% of total assets exposed to Taxonomy-non-eligible economic activities	18.30	Activities with entities subject to the NFRD, households and local governments not covered by the Taxonomy Regulation divided by the total
% of total assets exposed to Central Governments, Central Banks and Supranational Issuers	16.72	Exposures to Central Governments, Central Banks and Supranational Issuers divided by total on-balance sheet assets (2)
% of total assets exposed to derivatives	0.14	Derivative exposures divided by total balance sheet assets (2)
% of total assets exposed to entities not required to publish non-financial information	26.67	Exposures to entities not required to report under NFRD divided by total assets covered (1)
% of total assets corresponding to the trading book	0.006	Trading book exposures divided by total on-balance sheet assets (2)
% of total assets corresponding to overnight interbank loans	0.00	Exposures to overnight interbank loans divided by total on-balance sheet assets (2)
<p>(1): "Total assets covered" includes financial assets within the perimeter of the GAR calculation: 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 through profit or loss as at 31 December 2021</p> <p>(2): "Total balance sheet assets" is the total amount of assets considering the prudential consolidation perimeter as at 31 December 2021</p> <p>(3) For the purpose of presenting a like-for-like perimeter with the information published in this management report, the figure of % of total assets exposed to Taxonomy-eligible economic activities is reported by following the consolidation perimeter of the consolidated financial information that includes the entire Ibercaja Group, which represents 49.23%; and the figure of % of total assets exposed to non-eligible economic activities, which represents 19.39%.</p>		

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.

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 counterparty. As at the date of authorisation for issue of this report, the entities required to publish non-financial information have yet to report their eligibility indicators. Therefore, in the information broken down above, the percentages of exposure to eligible activities do not include information about the potential eligibility of the activities associated with those entities.

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: “Helping people build their life story because it will be our 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 designing products and services with sustainable characteristics. During the year, it made progress in identifying and integrating sustainability risks and 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 2021**

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy the Spanish-language version prevails

To the Shareholders of Ibercaja Banco, S.A. (Parent company):

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Non-Financial Information Statement Consolidated (hereinafter NFIS) for the year ended 31 December 2021, of Ibercaja Banco, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the 2021 consolidated Group's Director's Report.

The consolidated Director's Report includes additional information to that required by prevailing mercantile legislation governing non-financial information that has not been subject of our assurance work. In this regard, our assurance work was limited only to providing assurance on the information contained in Appendix A "Requirements of Law 11/2018 on non-financial information and diversity", Appendix C "GRI Content Index", and in principles 2.1, 2.2, 2.3, 2.4, 5.3 and 6.1 of the chapter 6.11 "Implementation of the UNEP-FI Principles for Responsible Banking", included in the attached consolidated Group's Director's Report.

Directors' responsibilities

The Board of Directors of the Parent is responsible for the preparation and presentation for the NFIS included in the Group's Director's Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative of the selected GRI Standards, as well as those other criteria among which are the sectorial supplement "Financial Services of GRI-G4 guidelines" and "Principles for Responsible Banking of United Nation", described in accordance with that mentioned for each subject in Appendix A "Requirements of Law 11/2018 on non-financial information and diversity", Appendix C "GRI Content Index", and in principles 2.1, 2.2, 2.3, 2.4, 5.3 and 6.1 of the chapter 6.11 "Implementation of the UNEP-FI Principles for Responsible Banking", included in the attached consolidated Group's Director's Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Parent directors of Ibercaja Banco, S.A., are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialized in reviews of non-financial information and, specifically, in information on 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. We conducted our review engagement in accordance with International Standard on Assurance Engagements, "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), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE) and the Limited Assurance Guide on the reporting of the Principles for 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 from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the Group that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- ▶ Meetings with the Group personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- ▶ Analysis of the processes for compiling and validating the data presented in the NFIS for 2021, based on the materiality assessment performed by Group Management and described in section 3 "Guidelines to this document", in light of the content required under prevailing mercantile legislation.
- ▶ Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2021.
- ▶ Review of the processes for compiling and validating the information presented in the NFIS of 2021.
- ▶ Corroboration, through sample testing, of the information relative to the content of the NFIS for 2021 and whether it has been adequately compiled based on data provided by internal and external information sources or third-party reports.
- ▶ Procurement of a representation letter from the 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 investment stipulates the obligation to disclose information on how and to what extent the entity's investments are associated with economic activities eligible in accordance with the Taxonomy. This obligation applies for the first time for the 2021 fiscal year, provided that the Non-Financial Information Statement is published from 1 January 2022 onwards. Consequently, the NFIS which forms part of the aforementioned consolidated Director's Report does not contain comparative information on this matter. Additionally, certain information has been included in respect of which, at the date of preparation of the NFIS which forms part of the aforementioned consolidated Director's Report, the directors of Ibercaja Banco, S.A. have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation and those defined in the section "Information related to the European Taxonomy (UE) 2020/852" of the NFIS which forms part of the aforementioned consolidated Director's Report. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the Assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Non-Financial Information Statement Consolidated of Ibercaja Banco, S.A. and subsidiaries for the year ended 31st December 2021 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, as well as those other criteria among which are the sectorial supplement "Financial Services of GRI-G4 guidelines" and "Principles for Responsible Banking of United Nations", described in accordance with that mentioned for each subject in Appendix A "Requirements of the Law 11/2018 on non-financial information and diversity", Appendix C "GRI Content Index", and in principles 2.1, 2.2, 2.3, 2.4, 5.3 and 6.1 of the chapter 6.11 "Implementation of the UNEP-FI Principles for Responsible Banking", included in the attached consolidated Group's Director's Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

José Carlos Hernández Barrasús

March 8, 2022



**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 2021

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 March 18, 2021, 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 2021 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.

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 8, 2022

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