Ibercaja Banco, S.A.
and subsidiaries
(Ibercaja Banco Group)

Consolidated financial statements at 31 December 2023
and consolidated directors' report for 2023

Audit Report on Financial Statements issued by an Independent Auditor

IBERCAJA BANCO, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2023

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of IBERCAJA BANCO, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Ibercaja Banco, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2023, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2023, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Estimate of impairment losses due to credit risk of the loans and advances portfolio at amortized cost	
Description	The Group's portfolio of loans and advances to customers at amortized cost presented a balance of Euros 29,793 million at December 31, 2023, net of valuation adjustments. Valuation adjustments included Euros 449 million of provisions for impairment losses due to credit risk, as disclosed in note 11.4 to the accompanying consolidated financial statements. Estimating provisions for impairment on the portfolio of loans and advances to customers at amortized cost is significantand complex. It considers a number of variables, such as classification of the financial assets, the use of measurement methods and models, and the estimate of assumptions used in the calculation, such provisions are calculated on both an individual and collective basis and it requires high degree of judgment by management according to the principles and policies applied by the Group, as described in note 2.3 to the accompanying consolidated financial statements. The methodology used for the individual estimates primarily entails identifying and classifying impaired exposures or those in which there has been a significant increase in risk since their approval, examining forecasts of the debtors' future cash flows or, where appropriate, the estimates of the realizable value of the related guarantees. Meanwhile, collective estimates of impairment losses are performed by means of internal models that use large databases, different macroeconomic scenarios, and present, past, and future information. Estimating impairment losses is a highly automated and complex process that relies on segmentation criteria for exposures and the use of judgement in determining exposure at default (EAD) and the parameters of expected loss: probability of default (PD) and loss given default (LGD). The Group periodically recalibrates and performs contrast test on its internal models and analyzes sensitivity to macroeconomic scenarios with a view to improving their predictive power on the basis of actual past experience. Additionally, as described in note 11.5 of the accompanying consolidated financial statements, given the uncertainty that persists in the current macroeconomic context, the Group maintains certain additional adjustments of a temporary nature that complement the impairment losses resulting from the internal models that have been considered necessary to reflect the particular characteristics of borrowers or portfolios that may not be identified in the general process of collective estimation of impairment losses. As a result, we determined the estimate of impairment loss allowances for credit risk on the portfolio of loans and advances at amortized cost to be a key audit matter.

Our response

Our audit approach in relation to this matter included understanding the processes put in place by management to estimate impairment of loans and advances to customers at amortized cost due to credit risk, the analysis and evaluation of the internal control environment and the relevant controls established in the aforementioned processes, as well as the performance of detailed tests, for which we have involved our credit risk specialists, focusing on the evaluation of the methodology applied by the Group for the calculation of expected losses, the data and assumptions used in the determination of the expected loss parameters, the macroeconomic variables used and the qualitative and quantitative criteria to adjust the collective provisions resulting from the internal models, as well as in the arithmetic correction of the calculations.

Our procedures related to the assessment of the design and implementation of the relevant controls and verification of their operating effectiveness focused primarily on:

- Reviewing the credit risk management framework, including the design and approval of accounting policies, and of the methodologies and models for estimating expected loss.
- Reviewing the criteria for classification of transactions into stages based on credit risk, taking into account the age of the defaults, the conditions of the operation, including refinancing or restructuring, and the monitoring controls or alerts established by the Group, including those of the files of borrowers whose analysis is carried out individually. Reviewing the methods and assumptions used to estimate EAD, PD and LGD and to determine the macroeconomic variables and the integrity, accuracy an updating of the databases used to calculate expected losses.
- Verifying the reliability and coherence of the data sources used and evaluation of the integrity of the data used and the control and management process established on them.
- Reviewing of the governance framework on additional adjustments to impairment losses identified in the general.
- Reviewing of the reports made by the Internal Validation Unit in relation to the recalibration and backtesting of the collective impairment loss estimation models.

Our tests of detail on the estimated impairment losses included the following:

- We assessed the suitability of accounting policies applied by the Group in accordance with the applicable financial reporting framework, as well as the internal credit risk and valuation models for real estate assets (collaterals).
- Carrying out detailed tests on a sample of files whose process of estimating impairment losses is carried out individually to evaluate the correct classification, as well as estimating and recording, where appropriate, the corresponding impairment losses.
- Carrying out selective checks on internal models, with the involvement of our financial risk specialists, in relation to the correct classification of credit transactions (staging) and the estimation of the parameters of expected losses (for example, the age of defaults, existence of forbearance and collateral values) as well as the reasonableness of the hypotheses and assumptions made about the future evolution of the macroeconomic variables. We also performed tests of detail on a sample of transactions to assess the correctness of their classification and segmentation for purposes of estimating impairment.

- Evaluation with the assistance of our credit risk specialists, the approach and methodology used by the Group for collectively estimating impairment losses by analyzing a sample of internal models. We also assessed the operation of the expected loss calculation engine by recalculating impairment losses on a collective basis for a sample of credit portfolios.
- Assessing the need for additional adjustments to the expected losses identified by the internal models, as well as a review of the reasonableness of the assumptions and information used by the Group to estimate such adjustments.

In addition, we assessed whether the disclosures in the notes to the consolidated financial statements were prepared in conformity with the criteria provided in the financial reporting framework applicable to the Group.

Assessment of goodwill recoverability

Description

In note 2.16.1 to the accompanying consolidated financial statements, the Group describes the relevant principles and criteria applied by management to verify whether there is impairment of the goodwill recorded by the Group as at December 31, 2023 amounting to €145 million (see Note 16.1).

This goodwill is associated with a single cash generating unit (CGU) that encompasses the Group's entire business. To estimate the recoverable amount of the CGU, the Group uses business projections that are based on assumptions about the future developments in the economic situation and other key business assumptions (credit trends, delinquency, sources of financing, interest rates or capital requirements), as well as the discount rate and long-term growth rate used to discount expected cash flows. The assessment of the CGU and some of these assumptions are carried out by management’s experts.

Given that the assessment impairment of goodwill is a process that requires a high degree of judgment and estimation, especially given the uncertainties related to the economic and geopolitical environment, we determined this to be a key audit matter.

Our response

Our audit procedures, which have been carried out with the collaboration of our valuation experts, included primarily:

- Reviewing the criterion used for defining the Group’s CGU to which the goodwill is associated.
- Evaluating methodology used for estimating impairment of goodwill and determining any losses.
- Reviewing the annual valuation report prepared by an external expert, which serves as a basis for Management to carry out its assessment of the impairment of goodwill and evaluate the assumptions used to determine the discount rate and growth in perpetuity.
- Evaluating assumptions used by the Management to construct financial projections (growth rates, interest rate curves, cost of risk, capital requirements, etc.).
- Reviewing the sensitivity analysis carried out by the Management to evaluate the impact of changes in the main variables on the result of the impairment test.

In addition, we assessed whether the disclosures in the notes to the consolidated financial statements were prepared in conformity with the criteria provided in the financial reporting framework applicable to the Group.

Valuation of liabilities for life insurance contracts

Description

The Group's insurance business is carried out through its Ibercaja Vida Compañía de Seguros y Reaseguros S.A. subsidiary, whose products (insurance contracts) are marketed primarily through the Group's bank branches.

The Group recognises the liabilities associated with those contracts in accordance with IFRS 17 "Insurance Contracts", which became effective 1 January 2023. The transition date was 1 January 2022 (see Note 1.4). Obligations created by insurance contracts are presented in the consolidated balance sheet under "Liabilities under insurance or reinsurance contracts", which amounted to €7,576 million as at 31 December 2023, of which €7,576 million related to "Remaining coverage liabilities" (see Note 20).

In Note 2.19 to the accompanying consolidated financial statements, the Group describes the significant principles and policies applied for recognising these liabilities and in Note 1.4 the assumptions used at the transition date and the impacts at that date. For " Remaining coverage liabilities", the Group measures insurance contracts using measurement models provided in applicable regulations, primarily the general model ("Building Block Approach" or "BBA") and the variable fee approach ("VFA"). The applicable model is determined based on the features of the insurance contracts.

The BBA and VFA measurement models require elements of judgement by Group management in determining the value of the liabilities under insurance contracts for remaining coverage, such as calculating the present value of future cash flows, determining the risk adjustment for non-financial risk and calculating the contractual service margin.

Calculating the present value of future cash flows requires the use of complex actuarial models and Group management to make both financial and non-financial assumptions such as the transition approach, the discount rate, mortality tables, assumptions regarding surrender and expenses, expected claims ratios or the definition of coverage units. As disclosed in Note 2.19, for "Insurance contracts issued that are liabilities – Liabilities for claims incurred", the value of the liabilities is determined as the present value of the future cash flows plus a non-financial risk adjustment.

Therefore, we have determined the measurement of liabilities under insurance contracts for remaining coverage and the impacts of the adoption for the first time of IFRS 17 to be a key audit matter.

Our response

Our audit procedures consisted of, among others, obtaining an understanding, with the assistance of our actuarial specialists, of the process for measuring liabilities under insurance contracts, which included evaluating the design, implementation and operating effectiveness of the relevant controls of the process, including information system controls relating to the measurement and recognition of these liabilities. We also performed detailed procedures on application of IFRS 17 at the transition date and the measurement of the liabilities under insurance contracts at 31 December 2023.

Our detailed procedures related to application of IFRS 17 at the transition date included:

- Assessing the suitability of the accounting policies adopted by the Group.
- Evaluating the transition method applied based on historical information available and analysing the discount rates determined by the Group at the transition date.

- Checking the uniformity of the coverage units defined by Group management.
- Checking the approach and key assumptions used by Group management for calculating the present value of future cash flows and the contractual service margin, and recalculating the present value of the future cash flows and contractual service margin for a sample of products.

Our detailed procedures related to the measurement of liabilities under insurance contracts for remaining coverage as at 31 December 2023 included:

- Assessing the suitability of the accounting policies adopted by the Group.
- Assessing the completeness and accuracy of the key data used by the Group to estimate the present value of future cash flows.
- Finally, for a sample of products, these detailed procedures entailed:
  - Reviewing the suitability of the actuarial models used to determine and recalculate the present value of the future cash flows.
  - Checking the approach and the reasonableness of the non-financial risk adjustment.
  - Checking the approach and reasonableness of the contractual service margin at initial recognition and the change and amortisation of the contractual service margin during the period based on the coverage unit defined.
  - Checking the suitability of the yield curves used to discount cash flows and changes relative to those used at the transition date.

Finally, we assessed whether the accompanying consolidated financial statements contain the disclosures required under the financial reporting framework applicable to the Group.

Assessment of the Group´s ability to recover deferred tax assets

Description In accordance with the Group's accounting policies, as explained in note 2.14 to the attached consolidated financial statements, deferred tax assets are only recognized if it is considered likely that sufficient tax gains will be obtained in the future to make them effective. As indicated in note 25 to the accompanying consolidated financial statements, at December 31, 2023, the Group maintains deferred tax assets amounting to 1,266 million euros, of which the recovery of 632 million euros is guaranteed through the monetization mechanisms established in Royal Decree Law 14/2013 and Article 130 of the Corporate Tax Law.

Management evaluates the Group's ability to recover deferred tax assets based on estimates of future tax gains, made on the basis of the Group's financial projections and business plans, and considering the applicable tax regulations. Given that the assessment of the Group's ability to recover deferred tax assets is a complex process that requires a high degree of judgment and estimation, we determined this process to be key audit matter.

Our response	We carried out audit procedures, with the involvement of our valuation and tax specialists, to evaluate the assumptions considered by management to estimate the recovery of deferred tax assets, focusing our analysis on the economic and financial assumptions used by the Group to estimate future tax benefits considering the applicable legal regulations. In addition, we carried out a sensitivity analysis of the results and evaluated whether the attached consolidated financial statements contain the disclosures required by the regulatory financial reporting framework applicable to the Group.

Automated financial information systems

Description	The continuity of the Group's business processes is highly dependent on its technological infrastructure. The rights of access to the different systems are granted to their employees for the purpose of allowing the development and fulfillment of their responsibilities. These access rights are relevant, as they are designed to ensure that changes to applications are properly authorized, implemented, and monitored, and are key controls to mitigate the potential risk of fraud or error as a result of application changes. In this context, it is necessary to assess aspects as the organization and the management framework that allows an adequate management of technological risks that could affect to the Information Systems, and the physical and logical security controls he maintenance, development and exploitation of the systems, databases and applications used in the process of elaboration of financial Information. Therefore, we have considered the risks associated with information technologies as a key audit matter.
Our response	In the context of our audit and with, with the collaboration of our information systems specialists, we evaluated the control environment of the Group regarding the operation systems, databases and key applications involved in the preparation of financial information. In this regard, our work consisted primarily testing the general access controls to the systems, changes in the management and development of applications, and security, as well as the application controls established in the key processes for financial reporting.

Other information: consolidated management report

Other information refers exclusively to the 2023 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations, and if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on March 1, 2024.

Term of engagement

The ordinary general shareholders' meeting held on December 19, 2019 appointed us as auditors for three years, commencing on January 1, 2021.

In addition, the ordinary general shareholders' meeting held on April 13, 2023 appointed us as auditors for a period of one year, starting from the financial year beginning on January 1, 2024.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under Nº S0530)

(Signed on the original version in Spanish)

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José Carlos Hernández Barrasús
(Registered in the Official Register of
Auditors under Nº 17469)

March 1, 2024

IBERCAJA BANCO, S.A.

PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT

At its meeting on 29 February 2024 in Zaragoza, pursuant to the prevailing legislation, the Board of Directors of Ibercaja Banco, S.A. resolved to authorise for issue the 2023 consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, the notes to the consolidated financial statements (Notes 1 to 45 and Appendices I to IV) and the 2023 consolidated directors' report, which were set forth on official stamped paper and were numbered correlatively. Those documents were approved by means of the Directors' signatures, which appear below.

To the best of our knowledge, the 2023 consolidated financial statements, prepared in accordance with the applicable accounting principles, present fairly the equity, financial position, results and cash flows of the Company and subsidiaries forming the Ibercaja Banco Group. The 2023 consolidated directors' report presents fairly the performance, results and position of the Company and subsidiaries forming the Ibercaja Banco Group, together with a description of the main risks and uncertainties facing them.

SIGNATORIES:

MR FRANCISCO SERRANO GILL DE ALBORNOZ
Chairman

MR JESÚS BARREIRO SANZ
Non-Director Secretary

MR VÍCTOR IGLESIAS RUIZ
CEO

MR JOSÉ MIGUEL ECHARRI PORTA
Member

MR VICENTE CÓNDOR LÓPEZ
Member

MS MARÍA NATIVIDAD BLASCO DE LAS HERAS
Member

MR FÉLIX LONGÁS LAFUENTE
Member

MS MARÍA LUISA GARCÍA BLANCO
Member

MR JESÚS TEJEL GIMÉNEZ
Member

MR ENRIQUE ARRUFAT GUERRA
Member

MS MARÍA PILAR SEGURA BAS
Member

MS MARÍA LOPEZ VALDES
Member

Ibercaja Banco, S.A.
and subsidiaries
(Ibercaja Banco Group)

Consolidated financial statements at
31 December 2023

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022
(Thousands of euros)

ASSETS	Note	2023	2022 (*)
Cash and cash balances at central banks and other demand deposits	**6**	**1,999,017**	**1,582,223**
Financial assets held for trading	**7**	**24,884**	**25,177**
Derivatives		24,884	25,177
Debt securities		-	-
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Non-trading financial assets mandatorily measured at fair value through profit or loss	**8**	**1,485,994**	**1,547,710**
Equity instruments		1,484,702	1,546,214
Debt securities		-	-
Loans and advances		1,292	1,496
Customers		*1,292*	*1,496*
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Financial assets at fair value through profit or loss	**9**	**444,475**	**433,048**
Debt securities		444,475	433,048
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Financial assets at fair value through other comprehensive income	**10**	**4,729,521**	**4,010,230**
Equity instruments		238,388	298,907
Debt securities		4,491,133	3,711,323
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Financial assets at amortised cost	**11**	**42,692,570**	**43,841,441**
Debt securities		12,558,457	12,282,217
Loans and advances		30,134,113	31,559,224
Credit institutions		*790,740*	*660,200*
Customers		*29,343,373*	*30,899,024*
Memorandum items: loaned or delivered as collateral with the right to sell or pledge		-	-
Derivatives - Hedge accounting	**12.1**	**154,553**	**199,034**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging		-	-
Investments in joint ventures and associates	**13**	**80,223**	**89,810**
Joint ventures		31,557	29,242
Associates		48,666	60,568
Assets under insurance or reinsurance contracts	**14**	**804**	**1,162**
Tangible assets	**15**	**977,792**	**978,150**
Property, plant and equipment		783,936	755,147
For own use		642,607	650,890
Assigned under operating lease		*141,329*	*104,257*
Investment property		193,856	223,003
Of which: assigned under operating lease		*88,972*	*91,674*
Memorandum items: acquired under finance lease		-	-
Intangible assets	**16**	**366,407**	**302,950**
Goodwill		144,934	144,934
Other intangible assets		221,473	158,016
Tax assets	**25**	**1,276,474**	**1,322,569**
Current tax assets		10,147	10,421
Deferred tax assets		1,266,327	1,312,148
Other assets	**17**	**140,016**	**126,297**
Inventories		64,186	69,135
Remainder of other assets		75,830	57,162
Non-current assets and disposal groups classified as held for sale	**18**	**143,750**	**176,292**
TOTAL ASSETS		**54,516,480**	**54,636,093**

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 1.4.

The accompanying Notes 1 to 45 and the Appendices are an integral part of the consolidated balance sheet at 31 December 2023.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022
(Thousands of euros)

LIABILITIES	Note	2023	2022 (*)
Financial liabilities held for trading	**7**	**145,070**	**130,150**
Derivatives		145,070	130,150
Financial liabilities at fair value through profit or loss		-	-
Memorandum items: subordinated liabilities		-	-
Financial liabilities at amortised cost	**19**	**42,399,639**	**43,724,222**
Deposits		39,619,294	40,855,197
Central banks		-	-
Credit institutions		*4,402,017*	*2,013,412*
Customers		*35,217,277*	*38,841,785*
Debt securities issued		1,684,814	1,715,207
Other financial liabilities		1,095,531	1,153,818
Memorandum items: subordinated liabilities		*479,715*	*462,654*
Derivatives - Hedge accounting	**12.1**	**537,768**	**609,795**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	**12.2**	**(79,093)**	**(140,313)**
Liabilities under insurance or reinsurance contracts	**20**	**7,576,470**	**6,438,199**
Provisions	**21**	**197,245**	**219,055**
Pensions and other post-employment defined benefit obligations		62,891	65,034
Other long-term employee remuneration		4,376	3,088
Lawsuits and litigation for outstanding taxes		12,937	10,628
Commitments and guarantees given		20,354	20,001
Other provisions		96,687	120,304
Tax liabilities		**197,564**	**230,799**
Current tax liabilities		526	1,058
Deferred tax liabilities	25.4	197,038	229,741
Other liabilities	**22**	**224,358**	**218,191**
Liabilities within disposal groups classified as held for sale		-	-
TOTAL LIABILITIES		**51,199,021**	**51,430,098**

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 1.4.

The accompanying Notes 1 to 45 and the Appendices are an integral part of the consolidated balance sheet at 31 December 2023.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022
(Thousands of euros)

EQUITY	Note	2023	2022 (*)
Shareholders' equity	**23**	**3,302,298**	**3,224,196**
Capital		214,428	214,428
Paid-in capital		*214,428*	*214,428*
Called-up capital		-	-
Memorandum items: uncalled capital		-	-
Share premium		-	-
Equity instruments issued other than capital		350,000	350,000
Equity component of compound financial instruments		-	-
Other equity instruments issued		*350,000*	*350,000*
Other equity items		-	-
Retained earnings		742,305	678,673
Revaluation reserves		3,272	3,280
Other reserves		1,856,144	1,897,016
Accumulated reserves or losses on investments in jointly-controlled entities and associates		*(37,359)*	*(36,159)*
Other		*1,893,503*	*1,933,175*
(Treasury shares)		-	-
Profit attributable to owners of the Parent		304,396	181,871
(Interim dividends)		(168,247)	(101,072)
Accumulated other comprehensive income		**14,959**	**(18,201)**
Items that will not be reclassified to profit or loss		48,739	29,906
Actuarial gains/(losses) on defined benefit pension plans	24.1	*5,101*	*2,863*
Non-current assets and disposal groups classified as held for sale		-	-
Share in other income and expense recognised in joint ventures and associates		-	-
Changes in the fair value of equity instruments measured at fair value changes through other comprehensive income	24.3	*43,638*	*27,043*
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)		-	-
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-	-
Items that may be reclassified to profit or loss		(33,780)	(48,107)
Hedges of net investment in foreign operations (effective portion)		-	-
Foreign currency translation		-	-
Hedging derivatives. Cash flow hedge reserve (effective portion)	24.2	*7,469*	*(1,087)*
Changes in the fair value of debt instruments measured at fair value through other comprehensive income	24.3	*(41,248)*	*(47,020)*
Hedging instruments (undesignated items)			
Non-current assets and disposal groups classified as held for sale		-	-
Share in other income and expense recognised at joint ventures and associates		*(1)*	-
Non-controlling interests	**23.2**	***202***	**-**
Accumulated other comprehensive income		-	-
Other items		*202*	-
TOTAL EQUITY		**3,317,459**	**3,205,995**
TOTAL EQUITY AND LIABILITIES		**54,516,480**	**54,636,093**
Memorandum items: off-balance sheet exposures			
Loan commitments given	**27.3**	**3,347,542**	**3,180,128**
Financial guarantees granted	**27.1**	**107,269**	**98,854**
Other commitments given		**790,638**	**807,230**

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 1.4.

The accompanying Notes 1 to 45 and the Appendices are an integral part of the consolidated balance sheet at 31 December 2023.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS FOR YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Note	2023	2022 (*)
Interest income	**28**	**1,180,490**	**607,667**
Financial assets at fair value through other comprehensive income		96,148	73,505
Financial assets at amortised cost		1,055,372	582,004
Other		28,970	(47,842)
(Interest expense)	**29**	**519,772**	**145,238**
(Expenses on share capital repayable on demand)		**-**	**-**
INTEREST MARGIN		**660,718**	**462,429**
Dividend income	**30**	**12,679**	**10,365**
Share of profit/(loss) of equity-accounted entities	**31**	**(5,673)**	**(516)**
Fee and commission income	**32**	**470,285**	**457,575**
(Fee and commission expenses)	**33**	**19,502**	**19,236**
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**34**	**1,297**	**4,519**
Financial assets at amortised cost		(1,040)	11,460
Other financial assets and liabilities		2,337	(6,941)
Gains/(losses) on financial assets and liabilities held for trading, net	**34**	**7,407**	**30,866**
Reclassification of financial assets from fair value through other comprehensive income		-	-
Reclassification of financial assets from amortised cost		-	-
Other gains or (-) losses		7,407	30,866
Gains/(losses) on non-trading financial assets valued mandatorily at fair value through profit or loss, net	**34**	**117,166**	**(183,222)**
Reclassification of financial assets from fair value through other comprehensive income		-	-
Reclassification of financial assets from amortised cost		-	-
Other gains or (-) losses		117,166	(183,222)
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net	**34**	**(132,156)**	**161,485**
Net gains or (-) losses from hedge accounting	**34**	**(1,677)**	**945**
Net exchange differences	**35**	**(895)**	**(274)**
Other operating income	**36**	**43,260**	**46,700**
(Other operating expenses)	**37**	**112,755**	**89,890**
Income from assets covered by insurance and reinsurance contracts	**20.2**	**195,721**	**150,675**
(Liability expenses covered by insurance or reinsurance contracts)	**20.2**	**49,411**	**88,773**
GROSS INCOME		**1,186,464**	**943,648**
(Administration expenses)		**540,480**	**494,340**
(Staff costs)	38	371,992	329,712
(Other administration expenses)	39	168,488	164,628
(Amortisation/depreciation)	**15 and 16**	**81,671**	**74,552**
(Provisions or (-) reversal of provisions)	**21**	**28,730**	**18,995**
(Impairment or (-) reversal of impairment on financial assets not measured fair value through profit or loss or (-) net gain on change)		**93,819**	**65,235**
(Financial assets at fair value through other comprehensive income)	10	1,054	138
(Financial assets at amortised cost)	11.5	92,765	65,097
(Impairment or (-) reversal of impairment on investments in joint businesses or associates)	**13**	**3,327**	**-**
(Impairment or (-) reversal of impairment on non-financial assets)	**40**	**14,695**	**18,281**
(Tangible assets)		13,010	16,390
(Intangible assets)		307	142
(Other)		1,378	1,749
Net gains/(losses) on derecognition of non-financial assets	**41**	**(303)**	**5,720**
Negative goodwill recognised in profit or loss		**-**	**-**
Gains (losses) on non-current assets and disposal groups of items classified as held for sale not qualifying as discontinued operations	**42**	**(32,060)**	**(23,671)**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**391,379**	**254,294**
(Expense or (-) income from taxes on income from continuing operations)	**25**	**87,003**	**72,423**
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**304,376**	**181,871**
Profit/(loss) after tax from discontinued activities		**-**	**-**
PROFIT/(LOSS) FOR THE YEAR		**304,376**	**181,871**
Attributable to non-controlling interests		(20)	-
Attributable to owners of the parent		304,396	181,871

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 1.4.

The accompanying Notes 1 to 45 and the Appendices are an integral part of the consolidated income statement for 2023.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR YEARS ENDED 31 DECEMBER 2023 AND 2022
(Thousands of euros)

	Note	2023	2022 (*)
PROFIT/(LOSS) FOR THE YEAR		**304,376**	**181,871**
OTHER COMPREHENSIVE INCOME	**24**	**24,335**	**(510)**
Items that will not be reclassified to profit or loss		**10,008**	**6,195**
Actuarial gains/(losses) on defined benefit pension plans		3,197	23,534
Non-current assets and disposal groups of items held for sale		-	-
Share in other income and expense recognised in joint ventures and associates		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		11,101	(14,684)
Gains/(losses) resulting from hedge accounting of equity instruments at fair value through other comprehensive income, net		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)		-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)		-	-
Changes in fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-	-
Corporation tax relating to items not to be reclassified	25.4	(4,290)	(2,655)
Items that may be reclassified to profit or loss		**14,327**	**(6,705)**
Hedges of net investment in foreign operations (effective portion)		-	-
Valuation gains/(losses) taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
Currency translation		-	-
Valuation gains/(losses) taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
Cash flow hedges (effective portion)		12,223	34,123
Valuation gains/(losses) taken to equity		*12,223*	*34,123*
Transferred to the income statement		-	-
Transferred to initial carrying amount of hedge items		-	-
Other reclassifications		-	-
Hedging instruments (undesignated items)		-	-
Valuation gains/(losses) taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
Debt instruments at fair value through other comprehensive income		8,246	(43,920)
Valuation gains/(losses) taken to equity		*10,583*	*(47,282)*
Transferred to the income statement	34	*(2,337)*	*3,362*
Other reclassifications		-	-
Non-current assets and disposal groups of items held for sale		-	-
Valuation gains/(losses) taken to equity		-	-
Transferred to the income statement		-	-
Other reclassifications		-	-
Share in other income and expense recognised in joint ventures and associates		(1)	153
Corporation tax relating to items that may be reclassified to profit or loss	25.4	(6,141)	2,939
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**328,711**	**181,361**
Attributable to non-controlling interests		(20)	-
Attributable to owners of the parent		328,731	181,361

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 1.4.

The accompanying Notes 1 to 45 and the Appendices are an integral part of the consolidated statement of other comprehensive income at 31 December 2023.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023
(Thousands of euros)

												Non-controlling interests		
	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(Treasury shares)	Attributable to owners of the parent (Note 4)	(Interim dividends)	Accumulated other comprehensive income (Note 24)	Accumulated other comprehensive income	Other items	Total (Note 23)
I. Closing balance at 31/12/2022	**214,428**	**-**	**350,000**	**-**	**678,673**	**3,280**	**1,940,826**	**-**	**202,120**	**(101,072)**	**(110,312)**	**-**	**-**	**3,177,943**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	(43,810)	-	(20,249)	-	92,111	-	-	28,052
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**678,673**	**3,280**	**1,897,016**	**-**	**181,871**	**(101,072)**	**(18,201)**	**-**	**-**	**3,205,995**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**304,396**	**-**	**24,335**	**-**	**(20)**	**328,711**
Other changes in equity	**-**	**-**	**-**	**-**	**63,632**	**(8)**	**(40,872)**	**-**	**(181,871)**	**(67,175)**	**8,825**	**-**	**222**	**(217,247)**
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments (Note 23)	-	-	350,000	-	-	-	-	-	-	-	-	-	-	350,000
Exercise or maturity of other equity instruments issued	-	-	(350,000)	-	-	-	-	-	-	-	-	-	-	(350,000)
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration) (Note 4)	-	-	-	-	(20,200)	-	-	-	-	(168,247)	-	-	-	(188,447)
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	83,832	(8)	(11,850)	-	(181,871)	101,072	8,825	-	-	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	222	222
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(29,022)	-	-	-	-	-	-	(29,022)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Closing balance at 31/12/2023	**214,428**	**-**	**350,000**	**-**	**742,305**	**3,272**	**1,856,144**	**-**	**304,396**	**(168,247)**	**14,959**	**-**	**202**	**3,317,459**

The accompanying Notes 1 to 45 and the Appendices are an integral part of the consolidated statement of total changes in equity at 31 December 2023.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (*)

(Thousands of euros)

	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(Treasury shares)	Attributable to owners of the parent (Note 4)	(Interim dividends)	Accumulated other comprehensive income (Note 24)	Non-controlling interests: Accumulated other comprehensive income	Non-controlling interests: Other items	Total (Note 23)
I. Closing balance at 31/12/2021	**214,428**	-	**350,000**	-	**621,589**	**3,288**	**1,960,567**	-	**150,985**	**(47,000)**	**16,544**	-	-	**3,270,401**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	(43,810)	-	-	-	(32,945)	-	-	(76,755)
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**621,589**	**3,288**	**1,916,757**	**-**	**150,985**	**(47,000)**	**(16,401)**	**-**	**-**	**3,193,646**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**181,871**	**-**	**(510)**	**-**	**-**	**181,361**
Other changes in equity	**-**	**-**	**-**	**-**	**57,084**	**(8)**	**(19,741)**	**-**	**(150,985)**	**(54,072)**	**(1,290)**	**-**	**-**	**(169,012)**
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration) (Note 4)	-	-	-	-	(51,140)	-	-	-	-	(101,072)	-	-	-	(152,212)
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	108,224	(8)	(2,941)	-	(150,985)	47,000	(1,290)	-	-	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(16,800)	-	-	-	-	-	-	(16,800)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Closing balance at 31/12/2022	**214,428**	**-**	**350,000**	**-**	**678,673**	**3,280**	**1,897,016**	**-**	**181,871**	**(101,072)**	**(18,201)**	**-**	**-**	**3,205,995**

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 1.4.

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR YEARS ENDED 31 DECEMBER 2023 AND 2022
(Thousands of euros)

	Note	2023	2022 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		**832,058**	**(5,071,851)**
Profit/(loss) for the year	**23**	**304,376**	**181,871**
Adjustments to obtain cash flows from operating activities		**408,502**	**240,062**
Amortisation/Depreciation	15 and 16	81,671	74,552
Other adjustments		326,831	165,510
Net increase/decrease in operating assets		**306,245**	**(774,173)**
Financial assets held for trading		293	(22,313)
Non-trading financial assets mandatorily measured at fair value through profit or loss		61,716	120,727
Financial assets at fair value through profit or loss		(11,427)	(76,323)
Financial assets at fair value through other comprehensive income		(597,640)	662,133
Financial assets at amortised cost		805,578	(1,372,499)
Other operating assets		47,725	(85,898)
Net increase/(decrease) in operating liabilities		**(234,610)**	**(4,733,731)**
Financial liabilities held for trading		14,920	(15,085)
Financial liabilities at fair value through profit or loss		-	-
Financial liabilities at amortised cost		(1,257,204)	(4,049,679)
Other operating liabilities		1,007,674	(668,967)
Corporation tax credit/(payments)		**47,545**	**14,120**
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(107,137)**	**(17,448)**
Payments		**(154,350)**	**(149,750)**
Tangible assets		(70,728)	(96,803)
Intangible assets		(81,623)	(48,825)
Investments in joint ventures and associates		(148)	-
Subsidiaries and other business units		-	-
Non-current assets and liabilities classified as held for sale		(1,851)	(4,122)
Other payments related to investing activities		-	-
Receipts		**47,213**	**132,302**
Tangible assets		11,385	56,686
Intangible assets		-	133
Investments in joint ventures and associates		50	20,710
Subsidiaries and other business units		-	-
Non-current assets and liabilities classified as held for sale		35,778	54,773
Other receipts related to investing activities		-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		**(308,127)**	**282,898**
Payments		**(1,154,365)**	**(217,102)**
Dividends	4	(188,447)	(152,212)
Subordinated liabilities	19.4	-	(30)
Write down of own equity instruments		(350,000)	-
Acquisition of own equity instruments		-	-
Other payments related to financing activities		(615,918)	(64,860)
Receipts		**846,238**	**500,000**
Subordinated liabilities		-	-
Issuance of own equity instruments		346,238	-
Disposal of own equity instruments		-	-
Other receipts related to financing activities		500,000	500,000
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS		**-**	**-**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**416,794**	**(4,806,401)**
F) CASH AND CASH EQUIVALENTS AT START OF PERIOD		**1,582,223**	**6,388,624**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,999,017**	**1,582,223**
MEMORANDUM ITEMS:			
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Of which: in the possession of Group companies but not drawable by the Group		-	-
Cash	**6**	248,061	232,525
Cash equivalents at central banks	**6**	1,545,050	1,119,464
Other financial assets	**6**	205,906	230,234
Less: bank overdrafts repayable on demand		-	-

(*) Presented for comparison purposes only. Comparative information has been restated in accordance with Note 1.4.

Notes 1 to 45 and the Appendices are an integral part of the consolidated statement of cash flows at 31 December 2023.

Ibercaja Banco, S.A. and subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2023

Contents

Ibercaja Banco, S.A. and subsidiaries

Notes to the consolidated financial statements for the
year ended 31 December 2023

1. Introduction, basis of presentation and other information

1.1 Introduction

Ibercaja Banco, S.A. (hereinafter, Ibercaja Banco, the Bank or the Company), is a credit institution, 88.04% owned by Fundación Bancaria Ibercaja (hereinafter, the Foundation), subject to the rules and regulations issued by the Spanish and European Union economic and monetary authorities.

Ibercaja Banco's registered office is located at Plaza de Basilio Paraíso 2 Zaragoza (Spain), and it is filed at the Zaragoza Companies Registry in volume 3865, book 0, sheet 1, page Z-52186, entry 1. It is also registered in the Bank of Spain Special Register under number 2085. Its corporate webpage (electronic headquarters) is www.ibercaja.com, on which its Articles of Association and other public information can be viewed. During the 2023 financial year the Bank has not changed its corporate name.

Its corporate purpose extends to all manner of general banking activities, transactions, business, contracts and services permitted under prevailing law and regulations, including the provision of investment and auxiliary services.

In addition to the operations carried out directly, the Bank is the parent of a group of dependent entities that engage in various activities and which, together with it, make up the Ibercaja Banco Group (hereinafter, the "Group" or the Ibercaja Banco Group).

Likewise, the Foundation also prepares consolidated financial statements of the Group of which it is the parent (Ibercaja Group). Its registered office is at Joaquín Costa, nº 13, Zaragoza. At the date of preparation of these consolidated financial statements, the Foundation had not prepared either individual or consolidated financial statements.

Note 45 contains the Bank's balance sheets, income statements, statements of recognised income and expense, statements of total changes in equity and statements of cash flows for the years ended 31 December 2023 and 2022, in accordance with the same accounting policies and measurement bases applied in the Group's consolidated financial statements.

The Ibercaja Banco Group's 2022 consolidated financial statements were approved at the Bank's AGM held on 13 April 2023.

Both the consolidated financial statements and the financial statements of the Parent Company and its subsidiaries for the year ended 31 December 2023 are pending approval, if applicable, by their respective General Shareholders' Meetings. However, the Bank's directors believe that they will be approved without any modifications.

1.2 Basis of presentation of the consolidated financial statements

These consolidated financial statements were prepared in accordance with the accounting policies, accounting standards and measurement bases applicable under the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and considering Bank of Spain Circular 4/2017 of 27 November ("Circular 4/2017"), and subsequent modifications; accordingly, they fairly present the Group's equity and financial condition at 31 December 2023, and the consolidated results of its operations and consolidated cash flows during the year then ended.

The consolidated financial statements of the Group for 2023 have been prepared by the directors of the Company, at a meeting of its Board of Directors held on 29 February 2024, applying the consolidation criteria and the accounting principles and policies and measurement bases described in Note 2, so as to present fairly the consolidated equity and consolidated financial condition of the Group at 31 December 2023 and the consolidated results of its operations and its consolidated cash flows for the year then ended.

These financial statements, unless stated otherwise, are prepared in thousands of euros from the accounting records kept by the Company and by other entities included in the Group. However, given that the accounting policies and valuation standards used by some of the Group companies may differ from those used in preparing the Group's financial statements for 2023, adjustments and reclassifications have been made as necessary in the consolidation process to make said accounting policies and valuation standards consistent with the EU-IFRS used by the Company.

1.3 Estimates made

The consolidated financial statements corresponding to 2023 contained opinions and estimates have been made on certain occasions to quantify the value of certain assets, liabilities, revenues, expenses and obligations recorded therein. These estimates basically relate to:

- Impairment losses on certain financial assets and the estimate of the guarantees associated with them (Notes 2.3, 10 and 11), in particular as regards the changes arising from changes in portfolios as a result of specific business models, the consideration of the "significant increase in credit risk (SICR)" and "default", and the introduction of forward-looking information,

- The assumptions used in the actuarial calculation of post-employment remuneration liabilities and commitments and other long-term obligations to employees (Notes 2.13, 38.2 and 38.3),

- the measurement of goodwill and other intangible assets (Note 16).

- useful life of tangible and intangible assets (Notes 2.15 and 2.16),

- the valuation of real estate assets (Notes 2.18, 15.2, 17 and 18),

- the probability of occurrence of those events deemed to be contingent liabilities and, where appropriate, the provisions required to cover such events (Notes 2.20 and 21),

- the fair value of certain financial assets (Note 26),

- the Corporate Income Tax and the recoverability of deferred tax assets (Notes 2.14, 25.3 and 25.4),

- the valuation of investments in joint ventures and associates (Note 13),

- the determination of returns from investments in joint ventures and associates (Note 13),

- the discount rate used in the valuation of the lease liability (Note 2.10); and

- the methodologies and assumptions used in the valuation of insurance contracts, including determination of the contract's limits, units of coverage, risk adjustment for non-financial risks, discount rates, and the investment component (Note 2.19 and 20).

It should be noted that these estimates are associated with inherent uncertainty, especially in the current macroeconomic and geopolitical context, where the degree of uncertainty for the Bank's operations has risen considerably.

The estimates described above have been made on the basis of the best available information available at 31 December 2023. For this reason, future events may require them to be modified in the coming years, which would occur in accordance with prevailing regulations, prospectively recognising the effects of the change in estimate in the income statements for the years in question.

1.4 Comparative information relating to 2022

Under the regulations in force, the information contained in these consolidated financial statements for 2022 is presented exclusively for the purpose of comparison with the information for 2023, in order to aid understanding.

As indicated in Note 1.11, the Group has adopted IFRS 17 "Insurance contracts" since 1 January 2023. The implementation of IFRS 17 has covered two main areas of action. First, analysis of the changes established by this standard in relation to the classification of insurance contracts for their presentation and valuation and, second, analysis of the changes in the financial assets associated with insurance contracts that have been reclassified to avoid accounting asymmetries between assets and liabilities.

In accordance with IFRS 17.C.4.a, the Group has restated the consolidated balance sheet and the consolidated income statement as at 31 December 2022, in order to apply the standard retroactively and make the financial information for 2022 comparable, as if this Standard had always been applied. The consolidated balance sheet at 1 January 2022, which is the transition date provided for in this Standard, is as follows:

ASSETS	31/12/2021	Adjustments made	01/01/2022
Cash and cash balances at central banks and other demand deposits	**6,388,624**	**-**	**6,388,624**
Financial assets held for trading	**2,864**	**-**	**2,864**
Derivatives	2,864	-	2,864
Non-trading financial assets mandatorily measured at fair value through profit or loss	**1,668,437**	**-**	**1,668,437**
Equity instruments	1,666,941	-	1,666,941
Debt securities	-	-	-
Loans and advances	1,496	-	1,496
Financial assets at fair value through profit or loss	**7,451**	**349,274**	**356,725**
Debt securities	7,451	349,274	356,725
Financial assets at fair value through other comprehensive income	**6,464,034**	**(1,741,703)**	**4,722,331**
Equity instruments	345,676	-	345,676
Debt securities	6,118,358	(1,741,703)	4,376,655
Financial assets at amortised cost	**40,989,400**	**1,540,923**	**42,530,323**
Debt securities	9,974,513	1,540,923	11,515,436
Loans and advances	31,014,887	-	31,014,887
Derivatives - Hedge accounting	**71,866**	**-**	**71,866**
Fair value changes of the hedged items in a portfolio with interest rate risk			
Investments in joint ventures and associates	**101,328**	**-**	**101,328**
Assets under insurance or reinsurance contracts	**390**	**-**	**390**
Tangible assets	**1,004,091**	**-**	**1,004,091**
Intangible assets	**269,167**	**-**	**269,167**
Tax assets	**1,304,032**	**164,353**	**1,468,385**
Current tax assets	11,880	-	11,880
Deferred tax assets	1,292,152	164,353	1,456,505
Other assets	**148,297**	**(915)**	**147,382**
Non-current assets and disposal groups classified as held for sale	**211,428**	**-**	**211,428**
TOTAL ASSETS	**58,631,409**	**311,932**	**58,943,341**

LIABILITIES	31/12/2021	Adjustments made	01/01/2022
Financial liabilities held for trading	**8,775**	**136,460**	**145,235**
Derivatives	8,775	136,460	145,235
Financial liabilities at fair value through profit or loss	**-**	**-**	**-**
Financial liabilities at amortised cost	**47,285,113**	**-**	**47,285,113**
Deposits	44,884,582	-	44,884,582
Debt securities issued	1,316,321	-	1,316,321
Other financial liabilities	1,084,210	-	1,084,210
Derivatives - Hedge accounting	**275,690**	**-**	**275,690**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	**17,758**	**-**	**17,758**
Liabilities under insurance or reinsurance contracts	**7,121,494**	**120,770**	**7,242,264**
Provisions	**268,943**	**-**	**268,943**
Tax liabilities	**160,221**	**131,457**	**291,678**
Current tax liabilities	772	-	772
Deferred tax liabilities	159,449	131,457	290,906
Other liabilities	**223,014**	**-**	**223,014**
Liabilities within disposal groups classified as held for sale	-	-	-
TOTAL LIABILITIES	**55,361,008**	**388,687**	**55,749,695**

EQUITY	31/12/2021	Adjustment s made	01/01/2022
Shareholders' equity	**3,253,857**	**(43,810)**	**3,210,047**
Capital	214,428	-	214,428
Share premium	-	-	-
Equity instruments issued other than capital	350,000	-	350,000
Other equity items	-	-	-
Retained earnings	621,589	-	621,589
Revaluation reserves	3,288	-	3,288
Other reserves	1,960,567	(43,810)	1,916,757
Accumulated reserves or losses on investments in jointly-controlled entities and associates	*(35,848)*	-	*(35,848)*
Other	*1,996,415*	*(43,810)*	*1,952,605*
(Treasury shares)	-	-	-
Profit attributable to owners of the Parent	150,985	-	150,985
(Interim dividends)	(47,000)	-	(47,000)
Accumulated other comprehensive income	**16,544**	**(32,945)**	**(16,401)**
Items that will not be reclassified to profit or loss	25,282	-	25,282
Items that may be reclassified to profit or loss	(8,738)	(32,945)	(41,683)
Hedges of net investment in foreign operations (effective portion)	-	-	-
Foreign currency translation	-	-	-
Hedging derivatives. Cash flow hedge reserve (effective portion)	*(24,973)*	-	*(24,973)*
Changes in the fair value of debt instruments measured at fair value through other comprehensive income	*16,388*	*(32,945)*	*(16,557)*
Hedging instruments (undesignated items)			
Non-current assets and disposal groups classified as held for sale	-	-	-
Share in other income and expense recognised at joint ventures and associates	*(153)*	-	*(153)*
Non-controlling interests	-	-	-
TOTAL EQUITY	**3,270,401**	**(76,755)**	**3,193,646**
TOTAL EQUITY AND LIABILITIES	**58,631,409**	**311,932**	**58,943,341**
Loan commitments given	**3,220,412**	**-**	**3,220,412**
Financial guarantees granted	**97,630**	**-**	**97,630**
Other commitments given	**820,619**	**-**	**820,619**

The impact of the transition comes mainly from the “interest rate effect”, resulting from the valuation of long-term insurance liabilities at the difference between the origination discount rate and the closing rate, as the Group has chosen to split the financial income or expense of insurance between the income statement and accumulated other comprehensive income. Other elements affecting the impact of the transition are related to the removal of shadow accounting, with which IFRS 4 made it possible to mitigate volatility in the income statement due to differences between the valuation of assets and liabilities due to insurance contracts, and the reclassification of certain portfolios of financial assets, with the aim of mitigating accounting asymmetries.

Consequently, the differences in accumulated other comprehensive income and retained earnings mainly arise from long-term contracts, although they will not have a significant impact on the Group’s equity.

The Group has defined the hedging units as required by the standard and has decided not to change the treatment of accounting estimates made in previous interim periods when applying IFRS 17.

The Group has availed itself of the European derogation on annual cohorts for products with core flows.

In addition, on 9 December 2021 the IASB issued an amendment to IFRS 17 on comparative information on initial application of IFRS 17 and IFRS 9 with the objective of helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thereby improve comparative information for users of financial statements. This amendment permits companies to present comparative information for financial assets on initial application of IFRS 17 and IFRS 9 based on the expected classification under IFRS 9 as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets. This presentation can only be applied in comparative periods that have been restated for IFRS 17. The main restatement adjustments are described below:

- The changes in debt security portfolios as a result of changes in the business models defined in the Group (Note 2.2.4) to avoid accounting asymmetries between assets and liabilities have led to a reclassification of the balance of €1,971,991 thousand, generating an increase in consolidated equity of €39,191 thousand.

- As detailed in Note 1.11 of the 2022 consolidated financial statements, given the impracticability of applying IFRS 17 retroactively and the impossibility of having reasonable and supported information without incurring a disproportionate cost or effort, the Group has opted to apply the fair value method, whereby the contractual service margin or loss component of a group of contracts is determined at the transition date as the difference between the fair value of the group of contracts and their fulfilment cash flows valued at that date. This assumption has had an impact of €120,770 thousand on the valuation of liabilities covered by insurance or reinsurance contracts and a negative impact of €115,946 thousand on equity due to the change in assumptions and accounting asymmetries.

The changes established in relation to the classification of financial instruments for their presentation and valuation and the new valuation requirements for insurance contracts required by the entry into force of IFRS 17, as well as the increase in deferred tax assets and liabilities due to such changes in recording and valuation, have resulted in equity of €76,755 thousand, with a negative impact of 37 bp on the Group’s fully-loaded Common Equity Tier 1 (CET 1) ratio.

The disclosures as at 31 December 2022 of certain items in the consolidated balance sheet, as well as the disclosures as at 31 December 2022 of certain items in the consolidated income statement, which are presented for comparison purposes only, have been restated.

The impact of these changes on consolidated balance sheet headings that have been modified is detailed below:

ASSETS	Thousands of euros		
	31/12/2022 under IFRS 4	**Adjustments made**	**31/12/2022 under IFRS 17**
Financial assets at fair value through profit or loss	**5,530**	**427,518**	**433,048**
Debt securities	5,530	427,518	433,048
Financial assets at fair value through other comprehensive income	**5,318,133**	**(1,307,903)**	**4,010,230**
Debt securities	5,019,226	(1,307,903)	3,711,323
Financial assets at amortised cost	**42,768,427**	**1,073,014**	**43,841,441**
Debt securities	11,209,203	1,073,014	12,282,217
Tax assets	**1,238,035**	**84,534**	**1,322,569**
Deferred tax assets	1,227,614	84,534	1,312,148
Other assets	**128,073**	**(1,776)**	**126,297**
Remainder of other assets	58,938	(1,776)	57,162
TOTAL ASSETS	**54,360,706**	**275,387**	**54,636,093**

LIABILITIES	Thousands of euros		
	31/12/2022 under IFRS 4	**Adjustments made**	**31/12/2022 under IFRS 17**
Financial liabilities held for trading	**14,589**	**115,561**	**130,150**
Derivatives	14,589	115,561	130,150
Liabilities under insurance or reinsurance contracts	**6,403,447**	**34,752**	**6,438,199**
Tax liabilities	**134,242**	**96,557**	**230,799**
Deferred tax liabilities	133,184	96,557	229,741
Other liabilities	**217,726**	**465**	**218,191**
TOTAL LIABILITIES	**51,182,763**	**247,335**	**51,430,098**

EQUITY	Thousands of euros		
	31/12/2022 under IFRS 4	**Adjustments made**	**31/12/2022 under IFRS 17**
Shareholders' equity	**3,288,255**	**(64,059)**	**3,224,196**
Other reserves	1,940,826	(43,810)	1,897,016
Other	*1,976,985*	*(43,810)*	*1,933,175*
Profit attributable to owners of the Parent	202,120	(20,249)	181,871
Accumulated other comprehensive income	**(110,312)**	**92,111**	**(18,201)**
Items that may be reclassified to profit or loss	(140,218)	92,111	(48,107)
Changes in the fair value of debt instruments measured at fair value through other comprehensive income	*(139,131)*	*92,111*	*(47,020)*
TOTAL EQUITY	**3,177,943**	**28,052**	**3,205,995**
TOTAL EQUITY AND LIABILITIES	**54,360,706**	**275,387**	**54,636,093**

The impact of these changes on income statement headings that have been modified is detailed below:

INCOME STATEMENT	Thousands of euros		
	31/12/2022 under IFRS 4	Adjustments made	31/12/2022 under IFRS 17
Interest income	**641,910**	**(34,243)**	**607,667**
Financial assets at fair value through other comprehensive income	87,135	(13,630)	73,505
Financial assets at amortised cost	580,010	1,994	582,004
Other	(25,235)	(22,607)	(47,842)
(Interest expense)	83,666	61,572	145,238
INTEREST MARGIN	**558,244**	**(95,815)**	**462,429**
Net gains or (-) losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss.	**4,519**	**–**	**4,519**
Financial assets at amortised cost	7,881	3,579	11,460
Other financial assets and liabilities	(3,362)	(3,579)	(6,941)
Gains/(losses) on financial assets and liabilities held for trading, net	**9,843**	**21,023**	**30,866**
Reclassification of financial assets from fair value through other comprehensive income	–	–	–
Reclassification of financial assets from amortised cost	–	–	–
Other gains or (-) losses	9,843	21,023	30,866
Net gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss	**(1,516)**	**(181,706)**	**(183,222)**
Reclassification of financial assets from fair value through other comprehensive income	–	–	–
Reclassification of financial assets from amortised cost	–	–	–
Other gains or (-) losses	**(1,516)**	**(181,706)**	**(183,222)**
(Net gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss)	**22**	**161,463**	**161,485**
Other operating income	**46,772**	**(72)**	**46,700**
Income from assets covered by insurance and reinsurance contracts	**1,117,710**	**(967,035)**	**150,675**
(Liability expenses covered by insurance or reinsurance contracts)	**1,117,974**	**(1,029,201)**	**88,773**
GROSS INCOME	**976,589**	**(32,941)**	**943,648**
(Administration expenses)	**497,911**	**(3,571)**	**494,340**
(Staff costs)	331,869	(2,157)	329,712
(Other administration expenses)	166,042	(1,414)	164,628
(Amortisation and depreciation)	**74,997**	**(445)**	**74,552**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**283,220**	**(28,926)**	**254,294**
(Expense or (-) income from taxes on income from continuing operations)	**81,100**	**(8,677)**	**72,423**
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**202,120**	**(20,249)**	**181,871**
PROFIT/(LOSS) FOR THE YEAR	**202,120**	**(20,249)**	**181,871**
Attributable to owners of the parent	202,120	(20,249)	181,871

1.5 Agency agreements

Neither at year-end 2023 and 2022 nor at any time during the two years did the Group have any "agency agreements" in force within the meaning of article 21 of Royal Decree 84/2015, of 13 February.

1.6 Investments in credit institutions

Pursuant to article 28 of Royal Decree 84/2015, neither at 31 December 2023 and 2022 nor at any time during the two years did the Group own direct or indirect equity interests in the capital of Spanish or foreign credit institutions exceeding 5% of the share capital or voting rights of such entities.

1.7 Capital management and requirements

1.7.1 Regulatory framework

In December 2010, the Basel Committee on Banking Supervision approved a new regulatory framework (Basel III), which increased the capital requirements with the best quality instruments, seeking consistency and a uniform application by entity and country. The new agreement improves the transparency and comparability of capital ratios and includes new prudential tools, in the area of liquidity and leverage.

The European Union transfers these agreements to its legal system (Basel III) through the Directive 2013/36/EU (CRD-IV) of the European Parliament and of the Council of 26 June 2013, relating to access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and Regulation (EU) No. 575/2013 (CRR) of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, applicable since 1 January 2014.

In order to adapt the Spanish legal system to international regulatory requirements, Law 10/2014, of 26 June, was approved on the regulation, supervision and solvency of credit institutions, together with Royal Decree 84/2015, of 13 February, enacting the aforementioned law, continuing the transposition commenced by Royal Decree-Law 14/2013, of 29 November, and Bank of Spain Circulars 2/2014 and 3/2014, stipulating the regulatory options for the applicable requirements during the transition period.

In 2015, new regulations were published that complement the (EU) Regulation No. 575/2013 (CRR) on aspects relating to shareholders' equity, liquidity, the risks of Pillar I and capital requirements.

Also, in February 2016, Bank of Spain Circular 2/2016, of 2 February, was published for credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and to Regulation (EU) no. 575/2013.

In June 2019, the European governing bodies enacted the new capital regulatory framework, which modifies the previous one (CRR/CRD IV). The reform package included the adoption of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempt entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers, and capital preservation measures (hereinafter CRD V), and Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 575/2013 as regards the leverage ratio, NSFR, eligible capital and liability requirements, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements, and Regulation (EU) 648/2012 ('CRR II').

However, the economic disruptions caused by the Covid-19 pandemic and the exceptional containment measures taken by the authorities have significantly affected the main economic players.

In June 2020, Regulation (EU) 2020/873 of the European Parliament and of the Council entered into force, amending both the CRR and CRR II as regards certain adaptations made in response to the pandemic.

The most significant change is the extension for two years of the transitional provisions on the application of IFRS 9, limiting the negative effect that a possible increase in provisions for expected credit losses may have on institutions' capital. It also lays down, on a temporary basis, a prudential filter on exposures to sovereign bonds, aimed at mitigating the consequences of financial market turmoil on the solvency of institutions.

In addition, the amendments also included bringing forward the introduction of some measures to reduce capital requirements for banks in relation to certain loans secured by pensions or salaries, and loans to SMEs and infrastructure.

In December 2020, Commission Delegated Regulation (EU) 2020/2176 was published amending the existing deduction for intangible assets associated with in-house software development. This amendment, introduced in order to further support the transition to a more digitised banking sector, allows software assets that have been prudently valued and whose value is not significantly affected by the resolution, insolvency or liquidation of an institution not to be deducted directly from the capital of financial institutions.

At the same time, it should be recalled that, the TLAC Term Sheet was implemented, established internationally by the FSB (Financial Stability Board) within the European capital framework, called MREL (Minimum Requirement for own funds and Eligible Liabilities) in such a way that systemic banks have to comply with the MREL requirements in Pillar 1. Within this package of changes, amendments to the Single Resolution Mechanism Regulation and the Bank Recovery and Resolution Directive (SRMR and BRRD, respectively) were also included and replaced with SRMR II and BRRD II, where MREL requirements are established by Pillar 2 for all banks in resolution, whether systemic or not, and the resolution authority sets requirements on a case-by-case basis.

The minimum requirements for own funds established by the prevailing regulations (Pillar I) are calculated based on the Group's exposure to credit, exchange rate, market and operational risks and risks of financial assets and liabilities held for trading. Also, the Group is subject to compliance with risk concentration limits.

1.7.2 Quantitative information

The Ibercaja Banco Group determines its capital and leverage ratios in accordance with the provisions of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 relating to the taking up and pursuit of the business of credit institutions and their prudential supervision (CRD IV), and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR) as updated by Regulation (EU) 2019/876 of the European Parliament and of the Council (CRR II) and Regulation (EU) 2020/873 of the European Parliament and of the Council (CRRII Quick Fix).

At 31 December 2023, the Ibercaja Banco Group was complying with the minimum solvency ratios (Basel Pilar I) demanded by current regulations, as detailed in the following table:

	2023	2022 (*)
Capital ratios		
Eligible common equity tier 1 (thousands of euros) (a)	*2,398,322*	*2,350,848*
Additional eligible equity tier 1 (thousands of euros) (b)	*350,000*	*350,000*
Eligible equity tier 2 (thousands of euros) (c)	*500,000*	*500,000*
Risks (thousands of euros) (d)	18,609,328	18,073,489
Common equity tier 1 ratio (CET 1) (A)=(a)/(d)	*12.89%*	*13.01%*
Additional tier 1 capital ratio (AT 1) (B)=(b)/(d)	*1.88%*	*1.94%*
Tier 1 capital ratio (Tier 1) (A)+(B)	*14.77%*	*14.94%*
Tier 2 capital ratio (Tier 2) (C)=(c)/(d)	*2.69%*	*2.77%*
Total capital ratio (A)+(B)+(C)	**17.46%**	**17.71%**

(*) Restated figures (see Note 1.4.).

	2023	2022 (*)
Market leverage		
Tier 1 capital (thousands of euros) (a)	2,748,322	2,700,848
Exposure (thousands of euros) (b)	47,431,442	48,298,724
Leverage ratio (a)/(b)	**5.79%**	**5.59%**

(*) Restated figures (see Note 1.4.).

Pursuant to the requirements established in the CRR, credit institutions must comply at all times with a CET 1 ratio of 4.5%, Tier I of 6% and a total capital ratio of 8%. However, under the new regulatory framework, the regulators may request the entities to maintain additional levels of capital.

Accordingly, the European Central Bank (ECB) has notified its decision with respect to the prudent minimum capital requirements, once the results of the Supervisory Review and Evaluation Process (SREP) are known.

This decision means that Ibercaja Banco must maintain, from 1 January 2024, a Common Equity Tier 1 phased-in (CET1) ratio of 8.125% and a Total Capital phased-in ratio of 12.5%. This total capital requirement includes the minimum demanded for Pillar 1 (4.5% CET 1 and 8% of total capital), the Pillar 2 requirement (1.125% for CET1 and 2% for total capital) and the capital conservation buffer (2.5%).

At 31 December 2023, Ibercaja Banco's consolidated ratios, CET1 of 12.89% and total capital of 17.46%, stood at 4.76% and 4.96%, respectively, above the regulatory requirements established for 2024.

The reconciliation of accounting and eligible shareholders' equity is as follows:

	Thousands of euros	
	2023	**2022 (*)**
Share capital	*214,428*	*214,428*
Equity instruments issued other than capital	*350,000*	*350,000*
Retained earnings	*742,305*	*678,673*
Revaluation reserves	*3,272*	*3,280*
Other reserves	*1,856,144*	*1,897,016*
Profit/(loss) attributed to the parent	*304,396*	*181,871*
Interim dividends	*(168,247)*	*(101,072)*
Shareholders' equity in public balance sheet	*3,302,298*	*3,224,196*
Accumulated other comprehensive income	14,959	(18,201)
Non-controlling interests	202	-
Equity in public balance sheet	**3,317,459**	**3,205,995**
Intangible assets	*(370,977)*	*(308,318)*
Intangible asset amortisation adjustment	*106,094*	*58,211*
Deferred tax assets	*(269,504)*	*(270,802)*
Adjustments to Common Equity Tier 1 due to prudential filters	*(9,193)*	*(707)*
Transitional adjustment for first-time application of IFRS9 9	*23,008*	*66,031*
Proposed distribution of dividends	*(14,391)*	*(20,200)*
Deduction for insufficient coverage of doubtful transactions	*(9,765)*	*(5,155)*
Additional deductions ordinary tier 1 capital	*(24,200)*	*(24,200)*
Equity instruments ineligible as CET1	*(350,000)*	*(350,000)*
Non-controlling interests	*(202)*	-
Differences in public equity for prudential purposes	*(7)*	*(7)*
Total adjustments and deductions	**(919,137)**	**(855,147)**
Total common equity tier 1 (CET1)	**2,398,322**	**2,350,848**
Equity instruments eligible as AT1	*350,000*	*350,000*
Other temporary adjustments for additional tier 1 capital	-	-
Total additional tier 1 capital (AT1)	**350,000**	**350,000**
Total tier 1 capital (T1)	**2,748,322**	**2,700,848**
Subordinated financing and other	500,000	500,000
Total tier 2 capital (T2)	**500,000**	**500,000**
Total eligible shareholders' equity	**3,248,322**	**3,200,848**

(*) Restated figures (see Note 1.4.).

Below are the details at 31 December 2023 and 2022 of the consolidable Group's eligible shareholders' equity (phased-in), indicating each of its components and deductions, broken down into common equity tier 1 instruments, additional tier 1 capital instruments and tier 2 capital instruments:

	Thousands of euros	
	2023	**2022 (*)**
TOTAL ELIGIBLE SHAREHOLDERS' EQUITY	**3,248,322**	**3,200,848**
Tier 1 capital (T1)	**2,748,322**	**2,700,848**
Common equity tier 1 (CET1)	**2,398,322**	**2,350,848**
Equity instruments disbursed	214,428	214,428
Retained earnings and other reserves	2,598,442	2,575,682
Admissible results	121,758	60,599
Revaluation reserves	3,272	3,280
Non-controlling interests	-	-
Accumulated other comprehensive income	14,959	(18,201)
Adjustments to Common Equity Tier 1 due to prudential filters	(9,193)	(707)
Transitional adjustment for first-time application of IFRS9 9	23,008	66,031
Deductions of common equity tier 1 instruments (CET 1)	(568,352)	(550,264)
Deduction for insufficient coverage of doubtful transactions	*(9,765)*	*(5,155)*
Additional deductions ordinary tier 1 capital	*(24,200)*	*(24,200)*
Intangible assets	*(370,977)*	*(308,318)*
Intangible asset amortisation adjustment	*106,094*	*58,211*
Deferred tax assets dependent on future earnings	*(269,504)*	*(270,802)*
Additional tier 1 capital (AT1)	**350,000**	**350,000**
Additional Tier 1 capital instruments	350,000	350,000
Deductions of additional tier 1 capital instruments (AT 1)	-	-
Tier 2 capital (T2)	**500,000**	**500,000**
Subordinated financing, subordinated loans and others	500,000	500,000

(*) Restated figures (see Note 1.4.).

Given the structure of own funds and eligible liabilities of the resolution group, at 31 December 2023, the MREL ratio in terms of RWAs is 20.60%, excluding the capital dedicated to cover the Combined Buffer Requirement (2.50% RWAs) and 9.06% in terms of leverage ratio, complying with the aforementioned MREL requirements. As of 1 January 2024, Ibercaja Banco must have a percentage of own funds and eligible liabilities of 19.12%, not including the capital dedicated to cover the Combined Buffer Requirement (2.50% RWAs). The requirement in terms of leverage ratio will be 5.21%.

These requirements are in line with Ibercaja's financing plan.

Both this information and further details on regulatory capital and risk-weighted assets can be found in the Prudential Relevance Report (Pillar III Disclosures) published on the Company's website.

1.7.3 Capital management

The objective of Basel's Pilar II is to ensure an adequate relationship between the Group's risk profile and the own funds that it effectively holds. Accordingly, the Group performs a recurring capital self-assessment process in which:

- it applies a series of procedures for the identification, measurement and aggregation of risks;
- it determines the capital needed to cover them; in addition to the minimum own funds, it maintains a level in keeping with the risks inherent in its activity, in the economic climate in which it operates, in the management and control of such risks, in its governance and internal audit systems and in its strategic business plan;
- it plans capital at medium term; and
- It establishes the own funds objectives.

The Group sets a capital objective enabling it to permanently maintain sufficient means regarding prudential minimum requirements and capital guidelines, ensuring an adequate relationship between its risk profile and its own funds.

The Group's total capital needs were estimated through the aggregation of capital requirements associated with each risk.

In order to adequately plan the Group's future capital requirements, it forecast capital sources and consumption on the basis of business performance and expected results over a three-year period.

Likewise, the Group estimates projected capital levels in line with stress scenarios.

1.7.4 Information of Prudential Relevance

In order to comply with market disclosure requirements, the Board of Directors approved the information of prudential relevance disclosure policy (Basel Pillar III); consequently, the Ibercaja Group will make such information public on its web page prior to the publication and approval of the 2023 consolidated financial statements (Note 1.1).

1.7.5 Credit ratings granted

The credit ratings granted to Ibercaja Banco, S.A. in 2023 and 2022 are as follows:

	Date		Short term		Long term		Outlook	
Company	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Standard&Poors	July 2023	November 2022	A3	A3	BBB-	BBB-	Stable	Stable
Moody's	December 2023	December 2022	NP	NP	Baa2	Baa3	Stable	Positive
Fitch Ratings	May 2023	July 2022	F3	F3	BBB-	BBB-	Stable	Stable

1.8 Single Resolution Fund and Deposit Insurance Fund

1.8.1 Single Resolution Fund

Law 11/2015, of 18 June, together with its regulatory enactment through Royal Decree 1012/2015, led to the transposition into Spanish law of Directive 2014/59/EU, establishing the new framework for the resolution of credit institutions and investment services companies, and regulated the creation of the National Resolution Fund.

As part of the enactment of such regulation, on 1 January 2016, the Single Resolution Fund entered into force, which was established as a financing instrument for the Single Resolution Board, which is the European authority that will take resolution decisions to effectively implement the resolution measures adopted. The Single Resolution Fund will be maintained with the contributions made by investment services companies and credit institutions availing themselves of such Fund.

Under Regulation (EU) 2015/63, the calculation of the contribution of each entity will take into account the proportion that it represents with respect to the total aggregate of total liabilities of all banks included, net of own funds and the guaranteed amount of the deposits, adjusted with the Company's risk profile.

In 2023, the expense incurred as a result of the contribution to this body was €11,421 thousand (€16,095 thousand in 2022; Note 37).

1.8.2 Deposit Guarantee Fund

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

Royal Decree-Law 2606/1996, of 20 December, amended by Royal Decree 1012/2015, of 6 November, stipulates that the Management Committee of the Deposit Guarantee Fund will calculate the annual contributions of the companies included in the Deposit Guarantee Fund for Credit Institutions.

The Management Committee of the Deposit Insurance Fund for credit institutions, pursuant to Article 6 of Royal Decree-Law 16/2011 and Article 3 of Royal Decree 2606/1996, set the contribution to be made for all institutions adhering to the deposit insurance sub-fund at 1.8 per thousand of the amount of insured deposits at 31 December each year. Each institution's contribution is calculated on the basis of the amount of insured deposits and their risk profile, taking into account indicators such as capital adequacy, asset quality and liquidity, introduced by Bank of Spain Circular 5/2016 of 27 May, as amended by Circular 1/2018 of 31 January. Likewise, the contribution to the securities guarantee compartment was set at 2/1000 of 5% of the guaranteed amount of the securities and other financial instruments at 31 December each year.

The expense for ordinary contributions referred to in the preceding paragraph accrue in full at year end, accordingly, at that time, the balance sheet included the liability for the contribution paid in the first quarter of the subsequent year (€50,983 thousand and €50,397 thousand at 31 December 2023 and 2022, respectively; Note 22).

On 30 July 2012, the Management Committee of the Deposit Guarantee Fund agreed to cover an extraordinary shortfall between Fund members, to be paid by each entity through ten equal annual instalments. The amount of the shortfall corresponding to the Bank is €81,460 thousand, that shortfall ended in 2022 (ten annual instalments of €8,146 thousand each).

In 2023, the expense incurred as a result of all contributions made to this body was €51,258 thousand (€57,473 thousand in 2022). This amount is recorded under "Other operating expenses" (€51,258 thousand and €57,434 thousand in 2023 and 2022, respectively; Note 37). Up to 2022, interest accrued on extraordinary shortfall payments was also recorded under the "Interest expense" heading (€39 thousand in 2022, Note 29).

1.9 Minimum reserve ratio

At 31 December 2023, and throughout 2023, the Company complied with the minimums required by the minimum reserve ratio. In compliance with the legal obligations stipulated by the European Central Bank, the daily average of the minimum reserves to be held at 31 December 2023 amounted to €339,039 thousand (€374,497 thousand at 31 December 2022).

1.10 Events after the reporting period

Dated 1 January 2024, the Group recorded an impact of €40,455 thousand under the "Other operating expenses" heading of the consolidated income statement for the temporary levy on credit institutions (€28,913 thousand recorded in 2023, Note 37).

On 18 January 2024, a press release was published by the Constitutional Court announcing the unanimous ruling of the court's plenary session regarding the declaration of unconstitutionality of certain measures relating to corporate income tax introduced by Royal Decree-Law 3/2016. On 29 January 2024, this ruling was also published on the Constitutional Court's website.

This effects of this ruling will be seen in the enforcement of each of the claims filed in relation to the years affected, so that the calculation of their impact, both in terms of quantifying the magnitudes affected and their timing, will depend on this enforcement process. It is expected that the impacts of the different enforcement processes may have a positive aggregate impact on the Group's equity, allowing an acceleration in the use of tax credits and a possible cash recovery for taxes paid in previous years. This all depends on the decisions adopted by the Group in this regard for each year as part of the enforcement process, and in no case is any such impact significant for the purposes of these consolidated financial statements.

On 31 January 2024, Ibercaja Banco, S.A. issued senior preferred green bonds for an amount of €500 million maturing on 30 July 2028, although the issue may be redeemed early, at the Bank's option, as of 30 July 2027. The issue price was 99.861% and the bonds will accrue a fixed annual coupon of 4.375% up to 30 July 2027. From this date, they will accrue a fixed interest equal to the 1-year swap rate plus a margin of 1.65%.

On 20 February 2024, Ibercaja Banco issued two mortgage covered bonds, each for a nominal amount of €750 million, maturing on 20 February 2034 and 2036. The price of the issues was 100% and they will accrue a quarterly coupon equivalent to the three-month Euribor plus an annual margin of 0.8% and 1%, respectively. Both bonds have been retained by the Bank and will appear as treasury shares.

On 22 February 2024, early amortisation was carried out of the Ibercaja September 2018 II covered bond for €750 million (Note 44.1).

On 26 February 2024, the TDA Ibercaja ICO-FTVPO, Mortgage Securitisation Fund, was settled early, leading to the early amortisation of the securitisation bond that backed the fund for an amount of €28,261 thousand.

1.11 Changes in accounting estimates and criteria

In 2023, amendments were made to the accounting regulations applicable to the Group with respect to those applied in the previous period. The changes considered to be most important are listed below.

The mandatory standards, amendments and interpretations for the years commencing on 1 January 2023 were as follows:

Standards and Interpretations	Title
IFRS 17	Insurance contracts
Amendment to IFRS 17	First-time application of IFRS 17 and IFRS 9: Comparative information
Amendment to IAS 1	Breakdown of accounting policies
Amendment to IAS 8	Definition of Accounting Estimates
Amendment to IAS 12	Taxes

Adoption of IFRS 17 "Insurance contracts"

On 1 January 2023, IFRS 17 "Insurance contracts" came into force, replacing IFRS 4 "Insurance contracts". This has involved making major changes to the accounting principles that an institution must apply to the recognition, measurement, presentation and disclosure of insurance contracts, in order to achieve greater homogeneity and increase the comparability between institutions.

This standard applies to financial years beginning on or after 1 January 2023 (with a minimum of one year's comparative information), i.e. the entry into force of this standard requires reporting of the Group's balances at 1 January 2022 (Note 1.4).

In addition, on 9 December 2021 the IASB issued an amendment to IFRS 17 on comparative information on initial application of IFRS 17 and IFRS 9 with the objective of helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thereby improve comparative information for users of financial statements. This amendment permits companies to present comparative information for financial assets on initial application of IFRS 17 and IFRS 9 based on the expected classification under IFRS 9 as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets. This presentation can only be applied for comparative periods that have been restated for IFRS 17.

Since the Group already applied IFRS 9 to financial assets from the insurance business, it has availed itself of the option to reassess the classification of financial assets associated with contracts within the scope of IFRS 17. Thus, with effect from 1 January 2022, it has redesignated certain financial assets, deeming that the business objectives of the insurance contracts to which these investments are subject are best met by a business model that obtains contractual cash flows, or that they are to be managed jointly with insurance contract liabilities (Note 2.19).

Amendments to IAS 1 and IFRS Practice Statement No. 2 - Disclosures of Accounting Policies

In these amendments, the IASB has included guidance and examples for applying judgement in identifying which accounting policies are material. The amendments replace the criterion of disclosing significant accounting policies with material accounting policies. It also provides guidance on how the concept of materiality should be applied in deciding which accounting policies are material.

The Group has not experienced any material impact from these changes.

Amendments to IAS 8 – Definition of Accounting Estimates

In these amendments, the IASB has introduced a new definition of "accounting estimate", which clarifies the difference between changes in accounting estimates, changes in accounting policies and corrections of errors.

The Group has not experienced any material impact from these changes.

Amendments to IAS 12 "Income Taxes"

The IASB issued an amendment to IAS 12 to clarify how deferred taxes arising on transactions such as leases or decommissioning obligations should be accounted for.

The amendments clarify that entities are required to recognise deferred taxes on leases and decommissioning provisions. The purpose of the amendments is to reduce diversity in the reporting of deferred tax information on such transactions.

The Group has not experienced any material impact from these changes.

Standards and interpretations that are not effective at 31 December 2023

At the date of authorisation for issue of these consolidated financial statements, no new International Financial Reporting Standards and Interpretations, not already in force or not approved by the European Union as at 31 December 2023, have been published by the International Accounting Standards Board ("IASB"), although they may have a significant impact on future consolidated financial statements.

2. Accounting policies and measurement bases

The most significant accounting policies and principles and measurement bases applied in the preparation of these consolidated financial statements are described below. There are no accounting principles or measurement bases that, having a material effect on the 2023 financial year, have not been applied in its preparation.

2.1 Business combinations and consolidation

2.1.1 Subsidiaries

"Subsidiaries" are those companies over which the Bank has the ability to exercise control, which is generally, although not exclusively, expressed by the direct or indirect ownership of over 50% of the voting rights of the investees or, if this percentage is less or nil, by the existence of other circumstances or agreements that grant control. In line with the prevailing standards, control is deemed to be the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Appendices I and II provide significant information on these companies.

The financial statements of the subsidiaries are consolidated using the equity method, as defined by the prevailing standards: Consequently, all balances arising from transactions performed between companies consolidated using this method and which were significant were eliminated on consolidation. Also, the ownership interest of third parties in:

- the Group's equity was recognised under "Non-controlling interests" in the consolidated balance sheet,
- consolidated profit for the year was posted under "Profit/(loss) attributable to non-controlling interests" in the consolidated income statement.

The results of subsidiaries acquired during the year are consolidated only taking into consideration those relating to the period between the date of acquisition and the close of that year. Alongside this, the results of subsidiaries disposed of during the year are consolidated only taking into consideration those relating to the period between the start of that year and the disposal date.

2.1.2 Joint ventures

"Jointly controlled entities" are deemed to be those companies, although not subsidiaries, with which contractual agreements of joint control exist, whereby decisions on significant activities are taken unanimously by the entities that share control, with entitlement to their net assets.

These entities are accounted for using the "equity method".

Appendices I and II provide significant information on these companies.

2.1.3 Associates

An "associate" is an enterprise over which the Bank has significant influence, but with which it does not form a decision-making unit nor is it subject to joint control therewith. In general, although not exclusively, this capacity is presumed when a direct or indirect ownership interest is held equal to or exceeding 20% of the voting rights of the investee.

In the consolidated financial statements, associates are accounted for using the "equity method", as defined by the prevailing standards:

If, as a consequence of the losses incurred, an associate reported negative equity, it would be recognised in the consolidated balance sheet as zero, since the Group is not obliged to provide it with financial support, and a provision for liability would be recognised under "Provisions" on the liability side of the balance sheet.

Appendices I and II provide significant information on these entities.

2.1.4 Structured entities

A structured entity is an entity designed in a manner that its voting and/or similar rights are not a decisive factor when determining control thereover.

When the Group forms or holds ownership interests in entities to transfer risks or to provide access to investments, it analyses whether it has control thereover and, therefore, whether the entities formed should be consolidated, mainly taking into account the following factors:

- Analysis of the Group's influence over the entity's activities that are important with a view to determining said entity's profit.

- Implicit or explicit commitments to provide financial support to the entity.

- Significant exposure of the Group to the variable returns of the entity's assets.

These entities include the so-called "asset securitisation funds" consolidated by the Group when contractual financial aid agreements exist (commonly used on the securitisations market). In the securitisations performed by the Group, the transferred risks cannot be derecognised from the asset side of the balance sheet and the securitisation fund issues are recognised as liabilities on the Group's balance sheet.

The Group does not hold any significant interests in the companies and investment and pension funds managed by the Group itself that would constitute a potential indication of control or meet the criteria for consolidation as defined in IFRS 10 Consolidated Financial Statements. Therefore, these investment vehicles marketed to customers are not consolidated.

Note 27.5 provides details of the Group's structured entities and Appendix III provides details of the percentages held by the Group in the companies and mutual and pension funds under management by the Group.

As at 31 December 2023 and 2022 there were no unconsolidated structured entities.

2.1.5 Business combinations

A business combination is the union of two or more entities or independent economic units within a single entity or group of entities in which the acquirer obtains control over the other entities.

At the acquisition date, the acquirer will include the assets, liabilities and contingent liabilities of the acquired company in its financial statements, including the intangible assets not recognised by the latter, initially booking all of them at their fair value.

Any excess of the cost of the ownership interests in the entities over their corresponding carrying amounts acquired, adjusted on the date of the first business combination, are allocated as follows:

- Where they can be allocated to specific assets of the companies acquired, they are recognised by increasing the value of the assets (or reducing the value of the liabilities) whose fair values were higher (lower) than the carrying amounts at which they had been recognised in the acquired entities' balance sheets and whose accounting treatment is similar to that of the Group's equivalent assets (liabilities).

- If they are attributable to specific intangible assets, they are explicitly recognised in the consolidated balance sheet provided that their fair value at the date of acquisition can be measured reliably.

- The remaining non-attributable differences are recognised as goodwill, which is allocated to one or more specific cash-generating units.

Negative differences, once their amount has been established, are recognised in the consolidated income statement.

Acquisitions of non-controlling interests, subsequent to the takeover of the entity, are recognised as an addition to the business combination.

In those cases in which the cost of the business combination or the fair values assigned to the identifiable assets, liabilities or contingent liabilities of the acquired entity cannot be definitively determined, the initial recognition of the business combination will be deemed to be provisional. In any case, the process must be completed within a maximum of one year from the acquisition date, effective on that date.

2.2 Financial instruments

2.2.1 Initial recognition of financial instruments

Financial instruments are initially recognised in the consolidated balance sheet when the Group becomes a party to the contract originating them, in accordance with the provisions thereof. Specifically, debt instruments, such as credits and monetary deposits, are recognised from the date on which the legal right to receive or a legal obligation to pay cash, respectively, arises. Financial derivatives are generally recognised on their trading date.

Regular way purchases and sales of financial assets are recognised on the date on which the benefits, risks, rights and duties attaching to all owners are for the purchaser which, depending on the type of financial asset bought or sold, may be the trading date or the settlement or delivery date. In particular, transactions carried out in the spot currency market are recognised on the settlement date, transactions carried out with equity instruments traded on Spanish secondary securities markets are recognised on the trade date and transactions carried out with debt instruments traded on secondary Spanish securities markets are recognised on the settlement date.

2.2.2 Derecognition of financial instruments

A financial asset is derecognised from the consolidated balance sheet when any of the following circumstances occur:

- the contractual rights over the cash flows they generate have expired, or

- the financial asset is transferred, together with substantially all its risks and benefits, or

- the risks and rewards associated with the transferred financial asset are not substantially transferred or retained - this being the case of sales of financial assets with an acquired call or written put option that are not deeply in or out of the money, or securitisations in which the transferor assumes subordinated financing or other credit enhancements for part of the transferred asset and other similar cases - if the transferor does not retain control of the transferred financial asset, it is derecognised and any rights or obligations retained or created as a result of the transfer are recognised.

A financial liability is derecognised from the balance sheet when the related obligation is extinguished or when it is re-purchased by the Group.

2.2.3 Fair value and amortised cost of the financial instruments

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable interested parties in an arm's length transaction. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market ("quoted price" or "market price").

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence of this information, of valuation techniques commonly used by the international financial community, taking into consideration the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

Specifically, the fair value of the financial derivatives traded in organised, transparent and deep markets, included in the trading portfolios, is similar to their daily quoted price and if, for exceptional reasons, the quoted price at a given date cannot be determined, these financial derivatives are measured using methods similar to those used to measure OTC derivatives.

The fair value of OTC derivatives or derivatives traded in scantly deep or transparent organised markets is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement ("present value" or "theoretical close") using valuation techniques recognised by the financial markets: "net present value" (NPV), option pricing models, etc.

All investments in equity instruments and contracts relating to such instruments are measured at fair value.

Amortised cost is the amount at which a financial asset or liability is measured at initial recognition, as corrected by principal repayments and by the cumulative amortisation of any difference between that initial amount and the maturity amount of the financial instrument, using the effective interest rate method. In the case of financial assets, amortised cost also includes any impairment loss allowances.

The effective interest rate is the discount rate that matches the gross carrying amount of a financial asset or the carrying amount of a financial liability to estimated cash flows over the expected life of the instrument, based on the contractual terms and disregarding expected credit losses. For fixed-rate financial instruments, the effective interest rate is the contractual interest rate set upon acquisition, adjusted by any fees and transaction costs that in accordance with current legislation form part of the effective yield or cost of the instrument and must therefore be considered in the calculation of the effective interest rate. For financial instruments at variable interest rates, the effective interest rate is estimated in a similar way to the transactions at a fixed interest rate, with the contractual interest rate of the transaction being recalculated on each review date, taking into account the changes to future cash flows from the transaction.

2.2.4 Classification and measurement of financial assets and liabilities

Business model and contractual cash flow characteristics of financial assets

Financial assets are classified into different categories depending on the business model under which they are managed and the contractual characteristics of their cash flows.

"Business model" means the way in which the Group manages its financial assets to generate cash flows, having regard to how groups of financial assets are managed together to achieve a specific objective. So a business model does not depend on the Group's intentions for an individual instrument but is determined for a wider set of instruments.

Specifically, the business models used by the Group consist of holding financial assets to collect their related contractual cash flows, selling such assets, or a combination of both approaches (mixed model):

– Holding financial assets to collect their related contractual cash flows: the Group's objective is to hold financial assets to collect their related contractual cash flows. In accordance with the requirements of the standard, debt instruments managed under this model are rarely or never sold, i.e., sales are merely accessory and subject to restrictions. However, the Group takes the view that sales of financial assets close to maturity and sales prompted by increased credit risk or the need to manage concentration risk are consistent with this business model.

– Sale of financial assets: the Group's objective is to realise gains and losses on financial assets.

– Mixed model: the Group's objective combines collection of contractual cash flows and realisation of financial assets. For financial instruments managed under the mixed model, sales are essential and not accessory; therefore, sales are unrestricted.

Based on the characteristics of its contractual cash flows, a financial asset is initially classified into one of the following categories:

– Financial assets whose contractual terms give rise, on specified dates, to cash flows consisting only of payments of principal and interest on principal outstanding.

– Other financial assets:

For the purposes of this classification, the principal of a financial asset is its fair value at the time of initial recognition. That amount may change over the life of the financial asset: for example, after repayments of principal. Interest is defined as the sum of the consideration for the time value of money, for financing and structural costs, and for the credit risk associated with the principal amount outstanding during a specified period, plus a profit margin.

Although, given the nature of the Group's business, almost none of its debt instruments give rise to cash flows other than payments of principal and interest, the Group monitors compliance with the contractual conditions of its financial assets (solely payments of principal and interest, SPPI test) and classifies such assets accordingly.

The main function of this test is to discriminate which products contained in the "holding of financial assets to receive their contractual cash flows" and "mixed model" business models can be measured at amortised cost and at fair value through other comprehensive income, or, conversely, must be measured at fair value through profit or loss.

The following are the judgements that guide the analysis to determine that the contractual cash flows of a financial instrument are only payments of principal and interest on the amount of principal outstanding:

– Principal: variables such as leverage or transaction currency are taken into account.

– Interest: account is taken of variables such as the time value of money, credit risk, other basic risks and costs such as liquidity risk or administrative costs associated with holding the financial asset and the profit margin.

– Contract terms that change the timing or amount of contractual cash flows.

– De minimis or non-genuine features: instruments that do not pass the SPPI test provided that the impact identified is considered to be insignificant or that the event affecting compliance with the SPPI test is extremely exceptional, highly abnormal and very unlikely to occur.

– Non-recourse assets: instruments with contractual cash flows that are described as principal and interest but that are not solely payments of principal and interest on the outstanding amount of principal.

– Contractually related instruments: situations in which an institution prioritizes payments to holders of multiple contractually related instruments that create credit concentration risk.

Classification and portfolios of financial instruments for presentation and measurement purposes

Financial instruments are mainly classified in the Group's consolidated balance sheet in accordance with the categories listed below:

- **Financial assets at amortised cost:** this category includes financial assets that are managed under a business model that holds assets to collect their contractual cash flows and whose contractual terms give rise to cash flows on specified dates, which are solely principal and interest payments on the outstanding principal amount.

  This portfolio includes financing to third parties from typical credit and lending activities, debt securities satisfying the two conditions set out above, and debts incurred by purchasers of goods and by users of services. Finance leases in which the Group acts as lessor are also included.

  Financial assets included in this category are initially measured at fair value, adjusted by transaction costs directly attributable to the acquisition of the financial asset. Following their acquisition, the assets classified under this category are measured at amortised cost, using the effective interest rate method.

  Income and expenses from financial instruments at amortised cost are recognised on the following basis:

  – Accrued interest is recognised under "Interest income" in the consolidated income statement, using the effective interest rate of the transaction on the gross carrying amount of the transaction (except in the case of non-performing assets, where the rate is applied to the net carrying amount).

  – Other changes in value are recognised as income or expense when the financial instrument is derecognised; when it is reclassified; when there are exchange differences (see Note 2.5.3) and when there are impairment losses or gains due to subsequent recovery.

- **Financial assets at fair value through other comprehensive income:** this category mainly includes debt instruments acquired to manage the Group's balance sheet, which are managed using a mixed business model whose objective combines collection of contractual cash flows and sales, and whose contractual terms give rise to cash flows on specified dates, which are solely payments of principal and interest on the outstanding principal amount.

  In addition, the Group has opted to include in this portfolio the investments it holds in equity instruments that should not be classified to the portfolio of "Financial assets held for trading" and that, but for the use of this option, would be classified as financial assets mandatorily measured at fair value through profit or loss. This optional treatment is applied instrument by instrument.

  Instruments included in this category are initially measured at fair value, adjusted by transaction costs directly attributable to the acquisition of the financial asset. After acquisition, financial assets included in this category are measured at fair value through other comprehensive income.

  Income and expenses of financial assets at fair value through other comprehensive income are recognised on the following basis:

  – Accrued interest or, where applicable, accrued dividends are recognised in the consolidated income statement.

– Exchange differences are recognised in the income statement in the case of monetary financial assets and in other comprehensive income, net of tax effects, in the case of non-monetary financial assets.

– For debt instruments, impairment losses or gains on subsequent recovery are recognised in the consolidated income statement.

– Other changes in value are recognised, net of tax effects, in other comprehensive income.

When a debt instrument at fair value through other comprehensive income is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss for the period. However, when an equity instrument at fair value through other comprehensive income is derecognised, the amount of the gain or loss recognised in other comprehensive income is reclassified not to profit or loss but to an item of reserves.

• **Financial assets and liabilities at fair value through profit or loss:** this category includes the following financial instruments:

– Financial assets and liabilities held for trading: financial assets or liabilities acquired to be sold in the short term or that are part of a portfolio of identified financial instruments managed jointly and for which there is evidence of a recent pattern of short-term profit-taking, together with derivative instruments that do not comply with the definition of a financial guarantee contract and have not been designated as hedging instruments, including those segregated derivatives of hybrid financial instruments pursuant to the regulations in force.

The held-for-trading portfolio also covers short positions arising from sales of assets acquired temporarily under a non-optional reverse repurchase agreement or borrowed securities.

– Financial assets not held for trading mandatorily measured at fair value through profit or loss: financial assets whose contractual terms do not pass the SPPI test, i.e., they do not give rise to cash flows consisting solely of principal and interest payments on the outstanding principal amount, as defined in the previous section.

– Financial assets and liabilities designated at fair value through profit or loss: to avoid differences between the measurement bases of the related assets and liabilities, the Group classifies to this portfolio any debt instruments that are managed jointly with insurance contract liabilities ("Unit-linked"), measured at fair value.

A financial asset is classified to the portfolio of financial assets held for trading or the portfolio of non-trading financial assets mandatorily measured at fair value through profit or loss if the Group's business model for its management or the characteristics of its contractual cash flows do not warrant classification to any of the financial asset portfolios described above.

Financial instruments classified at fair value through profit or loss are initially measured at fair value, and directly attributable transaction costs are recognised immediately in the income statement.

Income and expenses of financial instruments at fair value through profit or loss are recognised on the following basis:

– Changes in fair value are recognised directly in the consolidated income statement, distinguishing, for non-derivative instruments, between the portion attributable to the instrument's accrued income, which is recognised as interest or dividends depending on its nature, and the remainder, which is recorded as gains/losses on financial transactions with a balancing entry under the headings "Gains/losses on financial assets and liabilities held for trading (net)", "Gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss (net)" and "Gains/losses on financial assets and liabilities designated at fair value through profit or loss (net)" of the consolidated income statement.

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

In relation to derivative instruments, the Group manages both those classified as "Financial assets and liabilities held for trading" and those classified as hedging derivatives on the basis of their net exposure to their credit risk; accordingly, it estimated their fair value by taking into account such net exposure, as indicated in paragraph 48 of IFRS 13.

- **Financial liabilities at amortised cost:** this category of financial instruments includes those financial liabilities that do not belong to any of the above categories and reflect the typical funding activities of financial institutions.

  Financial liabilities included in this category are initially measured at fair value, adjusted by the transaction costs directly attributable to their issue. Subsequently, they are valued at their amortised cost, calculated through the application of the effective interest rate method.

  The interest accruing on these securities, calculated using such method, is registered under the "Interest cost" heading in the consolidated income statement.

  Despite the foregoing, the financial instruments that must be considered to be non-current assets and disposal groups on sale under prevailing regulations are recognised in the consolidated financial statements in accordance with the criteria set forth in Note 2.18.

Reclassifications between portfolios of financial instruments

Current regulations state that when, and only when, an entity changes its business model for the management of financial assets, it shall reclassify all affected financial assets. In the case of portfolio reclassifications, it should be borne in mind, among other considerations, that:

- The reclassification would be made prospectively from the date of reclassification;
- changes in the business model occur very infrequently; and,
- financial liabilities cannot be reclassified between portfolios.

There have been no reclassifications in the financial asset portfolios in 2023 or 2022.

2.3 Impairment of financial assets

A financial asset or other form of exposure to credit risk is considered to be impaired when there is objective evidence that events have occurred that:

- in the case of debt instruments (loans and advances and debt securities), have an adverse impact on future cash flows as estimated at the time of entering into the transaction.
- in the case of other exposures involving credit risk other than debt instruments, an adverse impact on the future cash flows that would be due in the case of the drawdown of the loan commitment and the cash flows that are expected to be collected if the loan commitment is drawn, or in the case of financial security granted, on the payments that the entity expects to make.

Impairment losses on debt instruments arising in the period are recognised as an expense under "Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss" in the consolidated income statement, and is recorded against an allowance account that reduces the carrying amount of the asset.

Allowances for impairment losses on exposures involving credit risk other than debt instruments are recorded on the liability side of the balance sheet as a provision. Impairment losses arising in the period for these exposures are recognised as an expense in the consolidated income statement.

Subsequent reversals of previously recognised impairment losses are immediately recognised as income in the consolidated income statement for the period.

The calculation of the impairment of financial assets is based on the type of instrument and on other circumstances that may affect them, once the guarantees received have been taken into account. For debt instruments at amortised cost, the Group recognises both allowance accounts, when provisions for bad debts are recognised to cover estimated losses, and direct write-offs against the asset, when it is considered that the likelihood of recovery is remote.

Interest accrual is recognised in the consolidated income statement by applying the effective interest rate to the gross carrying amount of the transaction, in the case of transactions classified as normal risk (stage 1) and normal risk under special watch (stage 2); while such recognition is carried out by applying the effective interest rate at amortised cost, i.e. adjusted for any impairment correction, in the case of transactions classified as non-performing risk (stage 3).

Following are the criteria applied by the Group to determine potential impairment losses in each of the different financial instrument categories, together with the method used to calculate the allowances recognised for such impairment.

Debt instruments and other exposures involving credit risk

Within the framework of EU-IFRS, International Financial Reporting Standard 9, “Financial Instruments”, which sets the criteria for measurement and impairment of financial assets, it is considered important to link credit risk monitoring policies to the accounting recognition of provisions under IFRS.

Credit risk management constitutes a priority for the Group, in order to provide sustainable balanced growth and to guarantee the soundness of the Bank’s financial and equity position at all times and to optimise the return/risk ratio. These principles are followed in the “Loan and discount risk management policy and procedure manual”.

To determine impairment losses, the Group performs an individual monitoring of at least the significant debtors and a collective monitoring of the groups of financial assets with similar credit risk characteristics that are indicative of the debtor’s ability to pay all amounts due. When a specific instrument cannot be included in any group of assets with similar risk characteristics, it is exclusively analysed individually to estimate the impairment loss.

The credit risk characteristics considered for grouping instruments are, among others: type of instrument, debtor’s sector of activity, geographical area of activity, type of security, age of past-due amounts and any other factor relevant to the estimation of future cash flows.

The Group has policies, methods and procedures in place to estimate expected losses as a result of credit risk exposures, relating both to insolvency attributable to counterparties and to country risk. These policies, methods and procedures are applied to the arrangement, study and formalisation of debt instruments and off-balance sheet exposure, and to the identification of their possible impairment and, where appropriate, to the calculation of the amounts required to hedge the estimated losses.

The Group has established criteria to identify borrowers and bond issuers displaying significant increases in risk or objective evidence of impairment and classify them on the basis of their credit risk.

The following sections describe the classification principles and methodology used by the Group.

Classification category definitions

Credit exposures are classified according to credit risk as follows:

- Performing (stage 1): a transaction is considered to be at this stage when no significant increase in risk has occurred since its initial recognition. Where appropriate, the impairment loss allowance will reflect the expected credit losses arising from possible default during the 12 months following the reporting date.

- Performing on special watch (stage 2): when the risk has significantly increased from the date on which the transaction was initially recognised, but without leading to impairment, the transaction will be classified to stage 2. Where appropriate, the amount of the impairment loss allowance will reflect the expected losses arising from default during the residual life of the financial instrument.

- Non-performing (stage 3): a transaction will be catalogued as this stage when it shows effective signs of impairment as a result of one or more events that have already occurred and will lead to a loss. Where appropriate, the amount of the impairment loss allowance will reflect the expected losses due to credit risk during the expected residual life of the financial instrument.

  – Due to borrower default: transactions with some part of the principal, interest or contractually agreed expenses is past-due, generally speaking, more than 90 days, unless they should be classified as written-off. Guarantees provided shall also be included in this category when the guarantor has defaulted under the guaranteed transaction. Furthermore, the amounts of all transactions of a single holder are included when the transactions with overdue sums, generally speaking, and as mentioned above, are past-due more than 90 days, account for more than 20% of the amounts receivable.

  – For reasons other than borrower default: transactions in which, not classifiable as written-off or non-performing due to default, there are reasonable doubts about their full repayment under the contractual terms; in addition to off-balance-sheet exposures not classified as non-performing due to default, concerning which payment by the Group is likely and recovery is doubtful.

  In order to determine the existence of reasonable doubt as to the full repayment of these transactions, the Bank performs an analysis of indicators on transactions that are not overdue by more than 90 days, which may or may not automatically classify the transaction as stage 3.

  The indicators analysed for those borrowers whose provisioning is determined on an individual basis, which do not automatically classify the operation as stage 3, are as follows:

  - Negative equity or equity that has significantly decreased in the last financial year.
  - Negative EBITDA for two years or a significant decrease in EBITDA for one year.
  - Very significant decrease in revenue and in operating income.
  - Significant decrease in cash flow generated in the last three years or in the last year.
  - Accumulation of defaults with other credit institutions.
  - Borrower has defaults equal to or greater than 91 days in less than 20% of exposure, and there are doubts about its total repayment.

  The indicators analysed that lead to the automatic classification of the transaction as stage 3 are the following:

  - Transaction that ceases to have amounts overdue for 91 or more days but is not classified in Stage 1 as there are other transactions classified in Stage 3.
  - Refinancing with a Stage 3 rating as it meets the conditions for reclassification to non-performing.
  - The borrower is in uncured insolvency proceedings.
  - The transactions of holders that are declared or are known to be in insolvency proceedings without a winding-up petition.
  - Transaction claimed judicially or in the process of enforcement of the security interest.

- Write-off: transactions for which, after individual analysis, it is considered that there is no reasonable expectation of full or partial recovery due to a significant or irrecoverable deterioration in the creditworthiness of the transaction or the holder. The entity considers in any case that there is no reasonable expectation of recovery for the following cases:

  – The risks of customers who are declared to be insolvent and for whom it is known that the liquidation phase has been or will be declared, except for those which have effective collateral covering at least 10% of the gross carrying amount of the transaction.

  – Non-performing risks due to borrower default that have been classified as such for more than four years or, before reaching this age when the amount not covered by effective guarantees has been maintained with a credit risk coverage of 100% for more than two years, unless those balances have effective collateral covering at least 10% of the gross carrying amount of the transaction.

In the above circumstances, the Group derecognises any amount recognised along with the provision from the balance sheet, without prejudice to any actions that may be taken to seek collection until the contractual rights to receive sums are extinguished definitively by expiry of the statute-of-limitations period, remission or any other cause.

Transactions purchased or originated with credit impairment

As at 31 December 2023, there were no transactions purchased or originated with credit impairment. In recent years, the Bank has not acquired assets at a significant discount in accordance with the materiality threshold established by Group management.

Transaction classification criteria

The Group applies a range of criteria to classify borrowers, bond issuers and transactions among the different categories, depending on the related credit risk. These include:

- Automatic criteria,
- Specific refinancing criteria, and
- Indicator-based criteria.

Automatic factors and specific refinancing classification criteria constitute the classification and cure criteria against the entirety of the portfolio.

Furthermore, to facilitate advance identification of significantly increased risk or indications of impairment of transactions, the Group has constructed a series of indicators, distinguishing between significant and non-significant borrowers, which encompass all default events and signals depending on the composition of the relevant portfolio. This methodology is based on the Group's experience in Credit Risk, in the composition of its portfolio and loss events identified by the Group; in addition, it proactively seeks to identify potential impairment in advance. Specifically, non-significant borrowers who, having surpassed the automatic classification algorithm, fail to meet any of the conditions to be transferred to either the non-performing or special watch categories, are assessed using indicators; the objective of these indicators is to identify weaknesses that may involve the assumption of greater losses than other similar transactions classified as performing. These indicators are based on the best current estimate of the likelihood of being classified non-performing associated with each transaction.

To assess the significant increase in credit risk, the quantitative measurement indicators used in the ordinary management of credit risk will be taken into account, such as the increased risk of a breach in any of the key indicators for which a threshold has been previously defined which depends on the management practices of each portfolio; for example, non-payments of between 30 and 90 days will be considered, together with increases in the reporting Probability of Default (PD) with respect to the PD at the origination date, based on established thresholds. Other qualitative variables are also considered such as signs of whether an unimpaired transaction is considered to be refinanced, or the consideration of operations included in a special debt sustainability agreement.

The definition of default (accounting arrears) is based on non-payment of more than 90 days, except in the cases mentioned above, although, in accordance with the EBA (4.3.1.89 to - 4.3.1.90), indicators of subjective default (unlikeliness to pay events) have been established as described above.

Operations classified as non-performing are reclassified to performing when, as result of the partial or full collection of outstanding amounts in the case of non-performing exposures due to default, or because the cure period has been completed in the case of non-performing exposures for reasons other than default, the reasons that gave rise to the classification of the operation as non-performing no longer apply, unless reasons subsist for maintaining it in this category.

As a result of these procedures, the Group classifies its borrowers in the categories of performing under special watch or non-performing due to debtor default, or maintains them under performing.

Individual classification

The Group has established an exposure threshold for considering borrowers as significant, based on EAD (exposure at default) levels.

On the basis of credit risk management and monitoring criteria, the Group has identified the following as individually significant borrowers:

- Borrowers/issuers with EAD (exposure at default) in excess of €3 million.
- Borrowers classified as non-performing for reasons other than default due to non-automatic factors (manually identified default).
- Borrowers without appreciable risk classified as non-performing for accounting purposes, irrespective of EAD.

For significant borrowers assessed through individual analyses, a trigger system has been established to identify significant increases in risks or signs of deterioration. The triggers system covers signs of impairment or of weaknesses through the definition of:

- Triggers with different pre-alert thresholds permitting the identification of increased risk and signs of impairment.
- Specific triggers that indicate a significant increase in risk.
- Specific triggers that indicate signs of impairment.

A team of expert risk analysts analyses borrowers with activated triggers to conclude on the existence of a significant increase of risk or objective evidence for deterioration and, in the event that there is evidence of deterioration, whether the event or events causing the loss have any impact on estimated future cash flows from the financial asset or group of financial assets.

The indicator system for significant borrowers is automated and takes into account the specific characteristics of the differentiated behaviour segments in the loan portfolio. The issues to be identified by the indicator system are as follows:

- Significant financial difficulty faced by the issuer or obligor.
- Breach of contract terms, default or delay in interest payments.
- For financial difficulties, the borrower is granted concessions or benefits that would not otherwise be taken into account.
- Probability of borrower insolvency: cases where there is a high probability that the borrower will be declared insolvent or will have to be restructured.

The Group carries out an annual review of the reasonableness of the thresholds and coverage used in the individual analyses, unless the borrower's financial situation changes substantially, making a review of that situation necessary.

According to the specified levels, a volume of borrowers that allows a reasonable coverage of the total credit exposure is above the significance threshold, which requires them to be subjected to an individual expert analysis.

Collective classification

Both for borrowers that exceed the aforementioned materiality threshold and those that do not exceed the materiality threshold, and additionally have not been classified as non-performing or under special watch by the automatic classification algorithm, the Group has constructed a synthetic indicator to identify exposures that display significantly increased risk or weaknesses which could entail losses that are higher than those in other similar transactions classified as performing. In this respect the Group has laid down thresholds that, once exceeded, entail an automatic classification as performing exposure under special watch due to the significant increase in risk or weaknesses.

The methods used to determine whether the credit risk of an instrument has increased significantly since initial recognition must take into account the characteristics of the instrument (or group of instruments) and past default patterns in comparable financial instruments. In order to define the significant increase in risk (SICR) at the Group, qualitative variables and quantitative measurement indicators used in ordinary credit risk management are taken into account. The latter include increases in the probability of default (PD) with respect to the PD at the time of the origin of the operation, based on a series of thresholds.

For debtors assessed in line with a group approximation, thresholds were defined based on the comparison of PD during the expected lifetime of the operation. If insufficient past information of a granular nature is available, thresholds were defined based on the comparison of a current 12 months PD PIT versus a PD PIT involving 12 months of origination for such period. These thresholds were determined in such a way that the NPL rates observed, for a sufficiently long period, are statistically different.

Refinancing and restructuring

Once a transaction has been identified as refinancing, refinanced or restructured, it may only be classified as non-performing or under special watch.

The following refinancing or restructuring operations are classified as non-performing:

- Operations reclassified from non-performing exposures or which are refinanced to avoid their classification as non-performing due to default.
- Operations with a grace period exceeding 24 months.
- Operations with reductions higher than the impairment that would be applicable if they were classified under exposures subject to special watch.
- Transactions based on an unsuitable payment plan - because the plan has been repeatedly breached, because it has been modified to avoid default, or because it is based on expectations that are not properly supported by macroeconomic forecasts.

For a refinancing or restructuring classified as non-performing to be upgraded to “under special watch”, all the criteria that generally determine the classification of transactions outside the category of non-performing risk must be satisfied, and, furthermore:

- It has been concluded, following an exhaustive review of the borrower’s assets and financial position, that it is unlikely the borrower will encounter financial difficulties.
- One year has elapsed from the date of refinancing or restructuring.
- Accrued principal repayments and interest payments must be met, reducing the renegotiated capital. The transaction cannot have overdue amounts.
- The principal and interest due at the time of the refinancing or which were written off as a result thereof must be paid. The presence of contractual terms that delay repayment, such as grace periods, entails that the transaction remains under special watch.
- The borrower must not have any other operations involving amounts overdue by more than 90 days on the date of the potential reclassification.

Refinancing or restructuring operations that do not meet the above conditions for classification as non-performing will be classified as exposures under special watch. They must remain under special watch for a trial period, until the following requirements are met:

- It has been concluded, following an exhaustive review of the borrower's assets and financial position, that it is unlikely the borrower will encounter financial difficulties.

- A minimum of two years elapse from the formalisation of the operation or from reclassification from non-performing exposures.

- The borrower has paid principal and interest accruing since the date of the refinancing or since the date of reclassification from non-performing exposure.

- The principal and interest due at the time of the refinancing or which were written off as a result thereof must be paid. The presence of contractual terms that delay repayment, such as grace periods, will imply that the operation remains under special watch.

- The borrower must not have any other operations involving amounts overdue by more than 30 days at the end of the trial period.

During the trial period described, a new refinancing or restructuring of the refinanced or restructured operations, or the existence of amounts overdue by more than 30 days, will entail the reclassification of these operations to non-performing exposures for reasons other than default, provided that they were classified as non-performing before the trial period.

Credit risk management policies and procedures applied by the Group guarantee detailed monitoring of borrowers, indicating that provisions need to be recorded when there is evidence of impairment in a borrower's solvency. The Group records any bad-debt provisions that may be necessary in transactions in which the borrower's situation thus requires, before restructuring or refinancing operations are formally approved.

For refinanced operations, the algorithm provides for their initial classification on the basis of their characteristics, mainly the existence of financial difficulties for the borrower and certain contractual terms, such as lengthy grace periods; subsequently, the algorithm changes the initial classification on the basis of the cure periods established.

The Group's refinancing, restructuring, renewal and renegotiation policies are described in Note 3.5.5.2 to these financial statements.

<u>Determination of provisions</u>

Once the accounting classification of the borrower and of the related transactions has been determined, credit risk allowances are calculated. These allowances can be calculated by individual analysis or collective analysis.

The criteria for selecting portfolios for creating internal models for collective impairment testing follow the principles of materiality and complexity, and provide results that are in line with the real situation of the transactions in the current economic environment.

The Group applies the following policies for calculating credit risk loss provisions.

The amount of impairment loss provisions is calculated on the basis of whether or not there has been a significant increase in credit risk since the initial recognition of the transaction and whether or not an event of default has occurred. Thus, the allowance for impairment losses on transactions is equal to:

- The expected credit losses over twelve months, when the risk of an event of default in the transaction has not increased significantly since initial recognition (Stage 1).

- The expected credit losses over the lifetime of the transaction, if the risk of an event of default in the transaction has increased significantly since initial recognition (Stage 2).

- The expected credit losses over the lifetime of the transaction, if an event of default has occurred (Stage 3).

The Group uses forward-looking information in the calculation of the expected loss, for which it uses scenario projection models.

The application of a range of scenarios to reflect the effect of non-linearity of losses entails estimation of the allowances required in different scenarios, including those that are unlikely but plausible. Specifically, three macroeconomic scenarios have been considered, a central scenario, an adverse scenario and a favourable scenario, which have been defined at Group level, with probabilities of occurrence of 60%, 35% and 5% respectively, taking into account the current uncertainty about the development of the current economy. Timescales of three years are considered to cast these projections and the most relevant variables considered are the performance of GDP, the unemployment rate and housing prices, among others.

– Base case scenario:

  The persistence of inflation seems to reveal a greater capacity in companies to set prices and increase wages. This leads to a higher interest rate environment than in previous cycles. In this scenario, the rise in interest rates and prices has a moderate effect on household consumption as it is offset by wage increases, but it affects business investment. Wage increases limit the ability of companies to hire.

– Adverse scenario:

  The mismatch between wages and productivity leads to the destruction of jobs, meaning that consumption behaviour is more negative. The public sector's capacity to react remains limited.

– Favourable scenario:

  The pricing power of companies is maintained and allows for the expansion of activity and wages, leading to higher growth and inflation.

The Group estimated the pre-payment rates for a range of different products and segments based on observed historical data. These pre-payment rates are applied to determine the expected loss on the exposures classified in Stage 1 and Stage 2. Also, the repayment table agreed for each transaction is applied.

Further, operations identified as not having appreciable risk (essentially operations with central banks, public administrations and companies, and financial institutions, all belonging to the European Union or certain countries regarded as non-risk, as well as advances to social security pensioners) are given a percentage of 0% (based on an analysis of past such operations and backtesting analysis), except for operations classed as non-performing, in which an individual impairment estimate is carried out. In this estimate, the amount of the provisions required for the credit risk allocable to the debtor and for the relevant country risk are calculated. When it is necessary to provide for both the debtor's credit risk and the country risk, more demanding provisioning criteria are applied.

The Group's exposure metric for provisioning purposes considers currently drawn down balances and the estimate of the amounts that are expected to be disbursed in the event that off-balance-sheet exposures become non-performing, through the application of a Credit Conversion Factor or CCF.

For transactions classified as non-performing, an estimate is made of expected losses, defined as the difference between the current exposure amount and the estimated future cash flows, as described below.

Subsequently, those cash flows are discounted at the current effective interest rate of the financial asset (if the contractual rate is fixed) or at the contractual interest rate effective on the date of discounting (if the contractual rate is variable).

The various Group methodologies are described in the following paragraphs.

Individualised provision estimates

In order to estimate the credit risk provisions due to the insolvency of a financial instrument, the Group makes an individualised estimate of the expected credit losses of those financial instruments that are considered to be material and with sufficient information to make such calculation.

On this point, it should be noted that the Bank estimates collectively the positions classified in Stage 1 of individually significant borrowers (except for borrowers with an exposure of more than €50 million), since on the basis of its historical experience and the hedge monitoring analyses performed, the individualised estimate of the hedges of these borrowers would be considerably lower than that calculated by the collective estimate.

The Group has developed a method for estimating these allowances: calculating the difference between the carrying amount of the asset and the present value of the future cash flows expected to be collected (excluding future credit losses not incurred), discounted at the current effective interest rate of the financial asset. Furthermore, the calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from enforcement of the security, less costs of obtaining and selling the collateral, whether or not enforcement is probable, with application of a haircut to the collateral.

The following methods for calculating the recoverable amount of assets tested individually have been established:

a) Generation of cash flows by the activity itself (going concern): this will be applied for borrowers with respect to which it is estimated that future cash flows can be generated in the course of business, which will allow the repayment of part or all of the debt concerned. In addition, these flows could be supplemented by potential sales of equity assets that are not essential for the generation of said cash flows.

b) Enforcement of guarantees (gone concern): this will be applied for borrowers that are not capable of generating cash flows in the course of their business, the only means of recovering the investment being the foreclosure and liquidation of their assets.

c) Mixed approach: individual analysis of the borrower in which the two previous approaches are combined, enforcing secondary (non-essential) collateral.

The Group uses macroeconomic scenarios in its method for calculating provisions for individually material borrowers via an add-on calculated on the basis of the Group's internal models.

Collective provision estimates

The Group estimates expected credit losses as a group in cases where they are not estimated individually.

The criteria for selecting portfolios for creating internal models involve the principles of significance and complexity, and provide results that are in line with the real situation of the operations in the current economic environment.

The Group has conducted a prior study of the operations used in the collective calculation of provisions. As a result of this study, the Group has chosen the following portfolios to be used in the development of internal methodologies:

- Home purchases,
- Credit cards and
- Companies.

The following portfolios are excluded from the utilisation of internal models:

- Consumption,

- Self-employed, and
- Property developers.

For the excluded portfolios, apart from the borrowers that are subject to individual analysis, the Group makes a group calculation of coverage based on the models prepared at sector level by the Bank of Spain on the basis of experience and the information it has on the Spanish banking sector, as well as forecasts of future conditions. In any case, these models are periodically checked retrospectively to ensure the reasonableness of the provision.

When calculating a collective impairment loss, the Group, in accordance with IFRS 9 and taking into account Bank of Spain Circular 4/2017, mainly takes into consideration the following aspects:

- The impairment estimate process takes into account all credit exposures except performing loans with no appreciable risk for which impairment estimation methods are used based on statistical data and models that aggregate the average behaviour across Spanish banking institutions. The Group recognises an impairment loss equal to the best available estimate under internal models, bearing in mind all available relevant information on conditions at the end of the period to which the calculation relates. The Group has identified the following transactions without appreciable risk for the estimation of credit risk allowances:
    - Transactions with central banks.
    - Transactions with the government bodies of European Union countries, including those arising from reverse repurchase loans of debt securities.
    - Transactions with central governments of countries classified in group 1 for country-risk purposes.
    - Transactions in the name of deposit insurance funds and resolution funds, provided that they are comparable in credit quality to those of the European Union.
    - Transactions with credit institutions and credit financial institutions of European Union countries and, in general, of countries classified in Group 1 for country-risk purposes.
    - Transactions with Spanish mutual guarantee companies and with government bodies or government-controlled companies from other countries classified in Group 1 for country-risk purposes whose main activity is credit insurance or guarantee.
    - Transactions with non-financial corporations that qualify as public-sector.
    - Advances on pension benefits and pay packets corresponding to the following month, provided that the paying entity is a government body and the payments are made to the bank on standing orders, and
    - Advances other than loans.
- In order to make a group assessment of impairment, financial assets are grouped according to the similarity in characteristics relating to credit risk (such as type of product, purpose of financing, trade identifier, guarantees, etc.) in order to estimate differentiated risk parameters for each homogeneous group. This segmentation is different according to the estimated risk parameter and allows for a more precise calculation of expected losses by taking into account the different elasticities of the risk parameters to the cycle and maturity. The segmentation takes into account historical loss experience observed for a uniform group of assets (segment), once the present economic situation has been analysed, which is representative of the unreported losses incurred that will take place in that segment. This segmentation distinguishes risk, and is aligned with management and is being used in the Group's internal models, having been applied on various occasions by the internal control units and the supervisor. Finally, it is subjected to backtesting and the regular update and review of estimates to include all available information.

The Group has developed internal models for the collective calculation of impairment losses in which the aggregate amount of a credit risk loss is determined on the basis of the following parameters:

- Probability of impairment (PI): probability of an asset becoming impaired (corresponding to a borrower or uniform borrower group) within a specific time horizon (appropriate to the period for the identification/emergence of impairment).

- Probability of recovery: probability of asset being recovered expressed as a percentage, in the event of the impairment event occurring (determined using the PI parameter).

- Discounting of guarantees: percentage loss in the value of guarantees.

- Exposure at the time of Default: Group's exposure when the borrower impairment materialises (on the basis of which the above-mentioned probability of impairment is determined).

Classification and Provision for credit risk due to country risk

Country risk is considered to be the risk arising in counterparties resident in a specific country due to circumstances other than ordinary commercial risk (sovereign risk, transfer risk or risks arising from international financial activity). The Group classifies transactions with third parties into groups according to the economic performance of the respective countries, their political situation, regulatory and institutional framework, and payment ability and history.

Debt instruments or off-balance-sheet exposures with final obligors resident in countries with persistent difficulties in servicing their debt are considered non-performing assets due to the materialisation of country risk: the possibility of recovery is considered doubtful. The same applies to off-balance-sheet exposures for which the likelihood of recovery is considered remote, unless they are to be classified as write-offs.

Allowances are estimated in two stages: first, we estimate the allowance for insolvency risk and then the additional allowance for country risk.

Provision levels for this risk are not significant in relation to the impairment provisions recognised by the Group.

Guarantees

In-rem and personal guarantees are regarded as efficient when the Group has demonstrated their validity in mitigating credit risk. The analysis of guarantee efficiency takes into account the time required to enforce the guarantees and the Group's capacity and experience in this respect.

Under no circumstances are guarantees whose efficiency depends substantially on the credit quality of the debtor or corporate group to which the debtor belongs regarded as admissible as efficient guarantees.

The Group's collateral valuation criteria are in line with current regulations. Specifically, the Group applies policies for selecting and engaging valuation companies which aim to ensure their independence and the quality of the valuations. All the valuation companies and agencies used are entered in the Special Valuation Companies Register of the Bank of Spain and the valuations are conducted in accordance with the provisions of Order ECO/805/2003 on rules for valuing real estate and certain rights for certain financial purposes.

Real-estate guarantees in loan operations and properties are appraised at the time they are granted or acquired, the latter by purchase, adjudication or dation in payment, and when an asset suffers a significant decline in value. In addition, minimal updating criteria are applied that guarantee an annual frequency in the case of impaired assets (special vigilance, non-performing and repossessed assets or assets received in settlement of debts), or on a three-yearly basis for very large debts performing normally without any symptoms of latent risk. Statistical methods are used to update the appraisals, when the regulations so permit, especially for the above assets when exposure and risk is low.

2.4 Accounting hedges

The Group employs derivative financial instruments as part of its strategy to reduce exposure to interest rate and foreign exchange risks, where the transactions in question fulfil applicable legal requirements.

The Group designates a transaction as a hedge from inception. In the documentation relating to hedge operations, the hedged and hedging instruments are identified adequately along with the nature of the risk to be covered and the criteria or methods followed by the Group to appraise their efficiency over the term of the operation.

The Group only considers hedging operations to be those which are highly efficient throughout their term. A hedge is regarded as being highly efficient if the fluctuations arising in the fair value or in the cash flows attributed to the hedged risk over the duration of the hedge are almost entirely offset by the fluctuations in the fair value or the cash flows, as applicable, of the hedging instruments.

To assess whether a hedge is effective, the Group analyses whether, from inception to the finalisation of the term defined for the operation, it may be expected prospectively that any changes in the fair value or the cash flows of the hedged item that are attributable to the hedged risk are almost entirely offset by changes in the fair value or the cash flows, as applicable, of the hedging instruments and that, retrospectively, the gains or losses on the hedge operation are within a range of 80% to 125% of the gains or losses on the hedged item.

Hedging operations performed by the Group are classified into the following categories:

- Fair value hedges: they hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk, provided that it affects the consolidated income statement.

- Cash flow hedges: hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised financial asset or liability or with a highly probable forecast transaction and could affect the consolidated income statement.

In fair value hedges, the differences in the fair value of both hedging instruments or hedged items, involving hedged type of risk are recognised directly in the consolidated income statement.

In cash flow hedges, changes to the fair value arising in the portion of the effective hedge of the hedging instruments are recognised temporarily in “Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Hedging derivatives. Cash flow hedge (effective portion)” reserve until the time when the hedged transactions occur. At this moment, the amounts previously recognised in equity are taken to the statement of profit and loss in a symmetrical manner to the hedged cash flows. Gains or losses on the hedging instrument corresponding to the ineffective portion of cash flow hedging operations are recognised directly in the income statement. Financial instruments hedged in this type of hedging transaction are recognised in the manner explained in Note 2.2, without any changes for their consideration as hedged items.

As well as the above hedging operations, the Group carries out fair value hedges of foreign exchange risk for a certain amount of financial assets (or financial liabilities) which form part of the instruments in its portfolio, but not specific instruments, which in accounting terms are usually called macro-hedges.

In fair value macro-hedges, changes to the fair value of hedged items attributable to interest rate risk are recognised directly in the statement of profit and loss, but the balancing entry is recognised in “Assets – Fair value changes of the hedged items in portfolio hedge of interest rate risk” or “Liabilities – Fair value changes of the hedged items in portfolio hedge of interest rate risk” depending on the substance of the hedged item, rather than in the items under which the hedged items are recognised.

The accounting technique known as a macro-hedge requires the periodic assessment of its efficiency and therefore efficiency is verified on a quarterly basis by checking that the net position of assets and liabilities that mature or are repriced in the corresponding time band is higher than or equal to the amount hedged (sum of the hedging instruments in that band). Therefore, inefficiencies arise when the amount hedged is higher than the net asset and liabilities in the same time band, with the fair value of the inefficient portion immediately recognised in the consolidated income statement.

The Group discontinues hedge accounting when the hedging instrument expires or is sold, when the hedge no longer qualifies for hedge accounting or, lastly, when the designation as a hedge is revoked.

Where fair value hedge accounting is interrupted as stated in the preceding paragraph, the value adjustments made for hedge accounting purposes are recognised in the income statement until the maturity date of the hedged items, applying the effective interest rate as recalculated on the interruption date of the hedge.

In turn, in the event of an interruption of a cash flow hedge, the cumulative gain or loss recognised in equity remain in equity until the forecast transaction occurs, at which point it is recognised in the statement of profit and loss. However, if it is expected that the transaction will not be carried out, the cumulative gain or loss is recognised immediately in the consolidated income statement.

2.5 Foreign currency transactions

2.5.1 Functional currency

The Ibercaja Group's presentation and functional currency is the euro. All balances and transactions denominated in currencies other than the euro are therefore foreign currency balances and transactions.

The equivalent value of the main asset and liabilities balances on the consolidated balance sheet recorded in foreign currency breaks down as follows based on the nature of the items making them up and the most significant currencies in which they are denominated:

	Equivalent value in thousand euro			
	2023		2022	
	Assets	Liabilities/ Equity	Assets	Liabilities/ Equity
Breakdown by type of portfolio -	**151,633**	**14,687**	**169,623**	**18,984**
Financial assets/liabilities at fair value with changes in profit or loss or in equity	89,308	-	92,934	-
Financial assets/liabilities at amortised cost	62,325	31,266	76,689	40,406
Other	-	(16,579)	-	(21,422)
Breakdown by type of currency -	**151,633**	**14,687**	**169,623**	**18,984**
US dollar	146,701	10,175	154,278	13,013
Pound sterling	2,774	2,711	9,456	6,930
Swiss franc	759	698	1,081	1,011
Japanese yen	313	154	903	78
Canadian Dollar	1	20	35	8
Norwegian krone	41	-	3	-
Other	1,044	929	3,867	(2,056)

2.5.2 Conversion criteria for foreign currency balances

Transactions in foreign currencies are initially recognised at the equivalent value in euro based on the exchange rates prevailing at the date of the transactions. Monetary balances denominated in foreign currency are subsequently converted to the functional currency at the exchange rate prevailing on the date of issue of the financial information.

Furthermore:

- Non-monetary items valued at historical cost are translated into the functional currency at the exchange rate prevailing on the date of acquisition.

- Non-monetary items stated at fair value are translated into the functional currency at the exchange rate prevailing on the date on which the fair value is determined.

2.5.3 Recognition of exchange rate differences

Exchange differences that arise when translating balances in foreign currency to the entities' functional currency are recorded in general at net value under Differences on exchange (net) on the consolidated income statement, with the exception of exchange differences on financial instruments recognised at fair value through profit or loss, which are recorded on the consolidated income statement under "Gain/(loss) on financial assets and liabilities held for trading, net" and "Gain/(loss) on financial assets and liabilities at fair value through profit or loss, net", without differentiating them from other fair value fluctuations.

Exchange differences arising on foreign currency equity instruments whose fair value is adjusted against equity are recognised in consolidated equity under "Accumulated other comprehensive income - Items that will not be reclassified to profit or loss - Changes in the fair value of equity instruments measured at fair value through other comprehensive income" in the consolidated balance sheet until they are realised. When an equity instrument at fair value through other comprehensive income is derecognised, the amount of exchange differences arising on these financial instruments is not reclassified to profit or loss, but to an item of reserves alongside the gains or losses recorded in accumulated other comprehensive income from changes in fair value.

2.6 Recognition of income and expenses

The paragraphs below summarise the most significant accounting criteria applied by the Group in recognising income and expense:

2.6.1 Interest income, interest expenses, dividends and similar items

As a general rule, interest income, interest expense and similar items are recognised on a time proportion basis using the effective interest method. Dividends received from other companies are recognised as income when the right to receive them is declared by the consolidated entities. Dividends for which the right to receive payment has been declared prior to initial recognition shall not form part of the carrying amount of the equity instrument and shall not be recognised as income. If the distribution relates to income generated by the issuer prior to the date of initial recognition, the dividends are not recognised as income but as a reduction of the carrying amount of the instrument.

2.6.2 Fees, commissions and similar items

Commission and fee income and expenses which are not included in the calculation of the effective interest rate on transactions and/or which do not form part of the acquisition cost of financial assets or liabilities other than those classified at fair value through profit or loss are recognised on the consolidated income statement using accounting policies that vary according to the nature of the item concerned. The most significant fee and commission items are as follows:

- Those linked to acquisitions of financial assets and liabilities carried at fair value through profit or loss, which are reflected in the income statement when payment is made.

- Those arising on transactions or services with a lengthy duration, which are recorded in the consolidated income statement over the term of the transaction or service.

- Those relating to a one-off event, which are recorded when the originating event takes place.

2.6.3 Non-financial income and expense

They are recognised for accounting purposes when the goods are delivered or the non-financial service is rendered. To determine the amount and timing of recognition, a five-step model is followed: identify the contract with the customer, identify the separate obligations of the contract, determine the transaction price, allocate the transaction to each identified obligation, and finally recognise revenue as and when obligations are satisfied.

2.6.4 Deferred receipts and payments

Deferred receipts and payment are recognised for accounting purposes at the amount resulting from discounting the expected cash flows to net present value at market rates.

2.6.5 Contributions to the Single Resolution Fund and Deposit Insurance Fund

In accordance with IFRIC 21 "Levies", recognition of the obligation, which entails recording the amount accrued to date, takes place upon receipt of the payment notification (second quarter for the contribution to the Single Resolution Fund and fourth quarter for the contribution to the Deposit Insurance Fund).

2.7 Offsetting of financial instruments

Asset and liability balances are offset, i.e. reported in the consolidated balance sheet at their net amount, when, and only when, they arise from transactions in which a contractual or legal right of set-off exists and the Company intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

2.8 Transfers of financial assets

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

- If the Group transfers substantially all the risks and rewards of transferred assets to third parties, the transferred financial asset is derecognised and any right or obligation retained or created in the transfer is recognised simultaneously.

- If the risks and rewards associated with the financial asset transferred are substantially retained, as in the case of financial asset securitisations in which subordinated financing or another kind of credit improvement is maintained which substantially absorbs the loan losses expected for the securitised assets, the financial asset transferred is not written off the consolidated balance sheet and continues to be measured using the criteria used prior the transfer. Conversely, the following items are recognised and not offset:

  – An associated financial liability in an amount equal to the price received, which is subsequently measured at amortised cost.

  – The income from the financial asset which is transferred but not written off, and the expenses derived from the new financial liability.

Therefore, financial assets are only derecognised from the consolidated balance sheet when the cash flows they generate have been extinguished, when the risks and rewards involved have been substantially transferred to third parties, and when the transferor does not retain control of the transferred financial asset.

Note 27.5 summarises the most significant circumstances of the main asset transfers in effect in the Group at year-end.

2.9 Financial guarantees and provisions made thereon

Financial guarantees are agreements in which the Group undertakes to pay specified sums for the account of a third party in the event that payment is not made by the third party, irrespective of the form of the obligation: collateral, financial guarantee, irrevocable documentary credit issued or guaranteed by the entity, etc.

At the time of initial recognition, the Group accounts for the financial guarantees provided under liabilities in the consolidated balance sheet at fair value, which is generally equal to the present value of the commissions and returns to be received on such contracts over the term of the same with, as the balancing entry under assets on the consolidated balance sheet, the amount of likened commissions and returns collected at inception and accounts receivable at the present value of the commissions and returns pending collection. These amounts are amortised on a straight-line basis over the term of the contracts in the consolidated income statement.

Financial guarantees, whatever the holder or instrumentation, are analysed periodically to determine the credit risk to which they are exposed and, where appropriate, to estimate the need to create a provision for them, which is determined by applying criteria similar to those used to quantify impairment losses on debt instruments, as explained in Note 2.3 above.

Provisions set aside for these operations are recognised under “Provisions – Commitments and guarantees given” on the liability side of the consolidated balance sheet. Additions to and reversals from these provisions are recognised in the consolidated income statement under “Provisions or reversal of provisions”.

When a provision is required for financial guarantees, the associated commissions pending accrual, carried in the consolidated balance sheet under “Other liabilities”, are reclassified to the relevant provision.

Income from guarantee instruments is recorded under “Fee and commission income” in the consolidated income statement and is calculated by applying the rate established in the underlying contract to the nominal amount of the guarantee (Note 32).

2.10 Accounting of operating leases

The Group should identify at the beginning of the lease whether a contract is a lease or contains a lease component and this conclusion will only be reassessed in the event of a change in the terms and conditions of the contract. According to the criteria of the Standard, a contract is a lease if it gives the customer the right to exercise control over the use of the asset identified in the contract for a period of time in exchange for a consideration.

The Standard provides two exemptions from the recognition of lease assets and liabilities, which may be applied in the case of short-term contracts and those whose underlying asset is of low value, which the Group has decided to use.

Leases in which the bank acts as lessee

The lease term corresponds to the non-cancellable period of a lease, plus the periods covered by the option to extend the lease if it is reasonably certain that the lessee will exercise the option and the periods covered by the option to terminate the lease if it is reasonably certain that the lessee will not exercise the option.

The lease liabilities, which are initially recognised under “Financial liabilities at amortised cost - other financial liabilities” in the balance sheet, include the net present value of the following lease payments:

- fixed payments (including essentially fixed payments), less any lease incentive receivable,
- variable lease payments that depend on an index or rate,
- amounts expected to be paid by the lessee as residual value guarantees,
- the exercise price of a call option if the lessee is reasonably certain that it will exercise that option, and
- lease termination penalty payments, if the term of the lease reflects the lessee’s exercise of that option.

Subsequent to their initial recognition, they are measured at amortised cost using the effective interest rate method.

Lease payments are discounted using the interest rate implicit in the lease. The discount rate used was determined by the institution's Capital Strategy and Balance Sheet Unit, which calculated a financing curve that approximates the cost of funding the Group through senior debt.

When the implicit interest rate cannot be readily calculated, use is made of the incremental interest rate, which is defined as the interest rate that a lessee would have to pay for borrowing, for a term similar to the duration of the lease and with similar security, funds necessary to obtain an asset of similar value to the asset by right of use in a similar economic environment.

Each lease payment is allocated between liabilities and finance expense. The interest expense is charged to income over the term of the lease in such a way as to produce a constant periodic interest rate on the remaining balance of the liability for each year. Interest expense on lease liabilities are recognised in the consolidated income statement under "Interest expense - Other liabilities".

Right-of-use assets are initially measured at cost, which includes the following:

- the amount of the initial valuation of the lease liability,
- any lease payment made on or before the start date less any lease incentive received,
- any initial direct cost and
- restoration costs.

Such assets are measured subsequent to initial recognition at cost corrected by:

– Accumulated depreciation and impairment, and
– any revaluation of the corresponding lease liability.

Depreciation is calculated over the useful life of the asset or the shorter of the two lease terms on a straight-line basis. The annual provisions for depreciation are charged to the income statement under "Depreciation - Tangible assets" and are calculated on the basis of the following average years of the different underlying asset classes comprising the rights of use, as follows:

	Years of estimated useful life
Branch offices	1 to 20
Sale & lease-back	8 to 28
Other	2 to 8

The criteria for impairment of these assets are similar to those used for tangible assets (Note 2.15).

<u>Leases in which the bank acts as lessor</u>

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased item of an underlying asset.

Whenever consolidated entities act as the lessor of an asset in a finance lease transaction, the sum of the present values of the amounts that will be received from the lessee plus the guaranteed residual value, are recorded as financing provided to third parties and are therefore recognised under "Financial assets at amortised cost" in the consolidated balance sheet, in accordance with the nature of the lessee.

Note 11.4 sets out information on these leases.

Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased item of an underlying asset.

When the consolidated entities act as lessors in operating leases, the acquisition cost of the leased assets is presented under “Tangible assets” as “Investment property” or as “Other assets leased out under operating lease”, depending on the substance of the leased assets. These assets are depreciated in accordance with the policies adopted for similar property, plant and equipment for own use and the income from lease contracts is recognised in the consolidated income statement on a straight-line basis under “Other operating income”.

The impacts of these leases are presented in Note 15.2 in the consolidated income statement.

2.11 Assets managed

Third party assets managed by the consolidated companies are not included in the consolidated balance sheet. Fees generated by this activity are recorded under “Fee income” in the consolidated income statement. Note 27.4 provides information on the third-party assets managed at year end.

2.12 Investment funds and pension funds managed by the Group

Investment funds and pension funds managed by consolidated companies are not recognised in the Group’s consolidated balance sheet since the related assets are owned by third parties. Fees and commissions earned on the services rendered to these funds by Group companies (asset management services, portfolio deposits, etc.) are recognised under “Fee income” in the consolidated income statement.

Note 27.4 provides information on the investment funds and pension funds managed by the Group at the year end.

2.13 Staff costs

2.13.1 Post-employment benefits

Post-employment remuneration is remuneration paid to employees after the end of their period of employment. All post-employment obligations are classified as defined contribution plans or defined benefit plans, based on the conditions of these obligations.

The Bank’s post-employment commitments with its employees are treated as “Defined contribution plans” when the Bank makes predetermined contributions to a separate entity, on the basis of the agreements reached with each specific group of employees, without any legal or effective obligation to make additional contributions were the separate entity unable to pay benefits to the employees for the services rendered in the current year and in prior years. Post-employment commitments that do not fulfil the above-mentioned conditions are treated as “Defined benefit plans”.

Defined contribution plans

The Group’s pension commitments to active employees are arranged through a defined contribution system for retirement and a defined benefit system for death and disability during active employment, the latter being covered by annual insurance policies.

Defined contribution plans are recognised under “Staff costs” in the consolidated income statement. The contributions made by the defined contribution plan promoters amounted to €14,046 thousand in 2023 and €13,699 thousand in 2022 (Note 38).

Defined benefit plans

With respect to defined benefit plans, the Group recognises the present value of post-employment obligations less the fair value of the plan assets, under “Provisions - Pensions and other post-employment defined benefit obligations” and “Provisions - Other long-term employee remuneration” on the liabilities side of the balance sheet. The liabilities for defined benefits are calculated annually by independent actuaries using the projected unit credit method.

“Plan assets” are the assets linked to a certain defined benefit obligation that will be directly used to settle these obligations and that meet the following conditions:

- They are not owned by the Bank, but rather by a legally separate, non-related third party.

- They are available to be used only to pay or fund employee benefits and are not available to Bank’s own creditors, even in the event of bankruptcy.

- They cannot be returned to the Bank unless the assets remaining in the scheme are sufficient to meet all obligations of the scheme and of the Bank relating to employee benefits, or unless assets are to be returned to the Bank to reimburse it for employee benefits previously paid.

- They may not be non-transferable financial instruments issued by the Bank.

The Group records its reimbursement right under assets on the balance sheet under “Other assets”.
The present value of the defined benefit obligations with staff is determined by discounting the future cash flows estimated at discount rates for corporate bonds with high credit ratings that are consistent with the currency and estimated terms that the liabilities for post-employment benefits will be settled.

The expected return on plan assets for defined benefit plans and reimbursement rights are determined using the same discount rate as for calculating the present value of the obligations.

Post-employment benefits are recognised as follows:

- In the income statement: the cost of services provided by employees, both during the year and in prior years (where not recognised in prior years), net interest on the provision (assets), and the gain or loss arising on settlement.

- In the statement of changes in equity: new measurements of the provision (asset) as a result of actuarial gains or losses, of yields on plan assets that have not been included in net interest on the provision (assets), and changes in the present value of the assets due to changes in the present value of flows available to the entity, which are not included in net interest on the provision (assets). The amounts not recorded in net interest under equity will not be reclassified to the income statement in a subsequent period.

Actuarial gains and losses arise from differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Pension supplements for serving or retired personnel

Post-employment commitments acquired by the Group with serving and retired personnel derive from the various Collective Agreements and are related to supplements to Social Security pensions in cases retirement, widowhood, orphanhood, permanent disability or major disability.

Post-employment commitments acquired by the Group with retired personnel included in the “Ibercaja Employee Pension Plan” derive from the Collective Agreement and are related to supplements to Social Security pensions in cases retirement, widowhood, orphanhood, permanent disability or major disability.

In addition, the Group has retirement supplement commitments with former retired employees and management personnel which are externalised through insurance policies with Caser, Compañía de Seguros y Reaseguros, S.A. and Ibercaja Vida, S.A.U.

2.13.2 Other long-term employee remuneration

Commitments with staff taking early retirement, widowhood commitments and disability commitments prior to retirement that depend on length of service and other similar items will be processed for accounting purposes, as applicable, as established in defined benefit post-employment plans, except that actuarial gains and losses are recognised immediately in the income statement.

The Group has no commitments towards early retirees to pay salary complements and other welfare charges from the time of early retirement to the date of actual retirement.

2.13.3 Severance payments

Severance payments are recognised as a personnel expense when the Group undertakes to terminate the employment relationship before the normal retirement date, or to pay severance indemnities as a result of an offer made to encourage voluntary termination of employment by employees.

2.13.4 Other employee benefits

The Group has committed to providing employees with certain goods and services at partially or totally subsidised prices, in accordance with the collective bargaining agreement and the Corporate or Company Agreements. The most relevant employee benefits are credit facilities.

Employees of Ibercaja Banco, S.A. with indefinite contracts are generally entitled to request loans or credit facilities, subject to a maximum limit based on their annual salary, once their trial period has ended.

- Home loans: the maximum amount to be granted is that determined by the value of the dwelling plus the expenses inherent to the acquisition thereof, which must be duly supported and may not exceed five annuities, which are considered as comprising the items referred to in Article 41 of the Collective Agreement, plus the family support. If this second limit is applicable, the resulting amount may not be less than 230,000 euros under a Resolution of the Board of Directors. The maximum term is 35 years and the applicable interest rate is equal to 60% of the one-year Euribor rate in April and October, subject to a minimum of 0.50% and a maximum of 5.25%.

- Personal loan/credit: the maximum capital to be financed is 25% of the employee's annual remuneration with respect to the corresponding items from those provided for in Article 41 of the Collective Agreement, plus the family support. However, any employee may obtain up to 30,000 euros. The maximum term is 10 years and the applicable interest rate is the one-year Euribor rate in October, with a minimum of 0%.

- Welfare support: to meet fully justified essential needs. The amount will not exceed six gross monthly payments, including all fixed items that make up the monthly salary, and will be repaid in monthly instalments consisting of 10% of the gross salary.

2.13.5 Multiannual incentive plan

On 15 April 2021, Ibercaja Banco's General Shareholders' Meeting approved the terms and conditions of the long-term incentive plan (the "Plan") for the Bank's key executives, linked to the Challenge 2023 Strategic Plan. This Plan is aimed at a group of 31 members of staff (the "Beneficiaries") whose professional activities have a significant impact on the Bank's risk profile.

The Plan is linked to the permanence of the Beneficiaries and the achievement of objectives in the 2021-2023 period. The assessment of the degree of achievement of the multi-annual objectives shall be measured from the start date to the end date.

The maximum amount of the incentive shall be fixed as a percentage of the annual fixed remuneration for each Beneficiary. The deferred incentive shall be paid in the first quarter of 2024, 2025, 2026, 2027 and 2028, respectively. Each deferred incentive payment will be made 45% in cash and the remaining 55% in instruments linked to the Bank's value and subject to a one-year holding period.

The degree of achievement of the multi-annual objectives will be determined on the basis of:

I. Achievement of the Bank's shareholder return target for the 2021-2023 period.
II. Achievement of the tangible equity performance target for 2023.
III. Meeting the Fully Loaded Common Equity Tier I ratio target set for 2023
IV. Fulfilment of sustainability objectives for 2023.

The total value of these commitments, on completion of the Strategic Plan in 2023, is €4,632 thousand. At 31 December 2023, the Group maintains a provision of €4,376 thousand (€3,088 thousand at 31 December 2022) under "Provisions - Other long-term employee benefits" in the accompanying consolidated balance sheet (Notes 21 and 38), for the amount accrued in the plan's set objectives that have been met, on the basis of the information available at year-end, which represents completion of the Strategic Plan.

2.14 Corporation tax

The corporation tax expense is recognised in the consolidated income statement, except when it results from a transaction whose outcome is recognised directly in equity, in which case the corporation tax is recognised with a balancing entry in equity.

The corporation tax expense is calculated as the tax payable on the taxable profit for the year, adjusted for the changes arising during the financial year in the assets and liabilities recognised as a result of timing differences, tax credits and relief and possible tax loss carryforwards (Note 25).

As mentioned in Note 25, Ibercaja Banco forms part of a Tax Group, the parent of which is Fundación Bancaria Ibercaja, in accordance with Chapter VII of Title VII of the Corporate Income Tax Law.

A timing difference is a difference between the carrying amount and the taxable amount of an asset or liability. A taxable amount is one which will generate a future obligation to make a payment to the tax authorities and a deductible amount is one that will generate the right to a refund or a reduction in a payment to the tax authorities in the future.

Timing differences, tax-loss carryforwards yet to be offset and tax deductions not yet applied are recorded as deferred tax assets and/or liabilities. The amounts are recognised at the tax rates that are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are only recognised when it is probable that sufficient future taxable profit will be obtained against which the deferred tax asset can be utilised. Deferred tax liabilities are recognised for practically all taxable temporary differences.

Tax credits and relief, and credits for tax loss carryforwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in the tax regulations are met, provided that the Group considers it probable that they will be used in future periods. Note 25 gives details of the assets recorded in this respect.

Current tax assets and liabilities are those which, respectively, are regarded as being recoverable or payable within 12 months as from the year end. Deferred tax assets and liabilities are those which, respectively, are expected to be recovered or paid in future years.

Deferred tax assets and liabilities are reviewed at each balance sheet date to verify that they remain in force, and the appropriate adjustments are made on the basis of the results of the review.

2.15 Tangible assets

In general, tangible assets are presented on the balance sheet at cost, this being the fair value of any consideration paid plus all cash payments made or committed net of accumulated depreciation and any value adjustment resulting from comparing the carrying value of each item with its recoverable amount.

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets less their residual value. The land on which buildings and other structures stand has an indefinite life and, therefore, is not depreciated.

The annual provisions for depreciation are charged to the consolidated statement of profit or loss under "Depreciation - Tangible assets" and are calculated on the basis of the following average years of estimated useful life of the various assets, as follows:

	Years of estimated useful life
Properties for own use	25 to 100
Furniture	6 to 17
Fixtures	5 to 17
Computer equipment and installations	4 to 8

At each balance sheet date, the consolidated entities assess whether there is any internal or external indication that a tangible asset is impaired (i.e. its carrying amount exceeds its recoverable amount). If any such indication exists, the carrying amount of the asset is written down to its recoverable amount and future depreciation charges are adjusted in proportion to the asset's adjusted carrying amount and its new remaining useful life, in the event that a re-estimation of this is necessary. This reduction in the carrying amount is charged, as necessary to "Impairment or reversal of impairment of the value of non-financial assets (net)" in the consolidated income statement.

Similarly, if there is an indication of a recovery in the value of a deteriorated tangible asset, the consolidated entities recognise the reversal of the impairment loss recognised in prior periods, through the corresponding credit to the heading "Impairment or reversal of impairment of the value of non-financial assets (net)" in the consolidated income statement, and adjusts the future depreciation charges accordingly.

"Investment property" in the consolidated balance sheet includes the net values of land, buildings and other structures which are held either for rental purposes or to generate a possible capital gain on their sale as a result of possible future increases in their respective market prices.

Foreclosed assets that, depending on their nature and purpose, are classified as real-estate investments by the Group, are initially recognised at the lower of the fair value net of sales cost and the acquisition cost, which is understood as the net carrying value of the debts that give rise to them, with the net value calculated pursuant to the provisions of the applicable regulations as set out in Note 2.18. Subsequently, these foreclosed assets are subject to the corresponding estimated impairment losses that, as applicable, are generated; to this end, an appraisal is carried out on whether the lease operation meets the following requirements:

- the lessee's payment capacity is sufficient to repay the amounts agreed in the contract, and

- the market value of the asset in the price of the lease exceeds its carrying amount.

In the event that either of these two points are not met, the estimated fair value will be calculated using the internal methodologies set out in Note 2.18.

Additionally, at least once every year, the estimated useful life of the elements of property, plant and equipment is reviewed, in order to detect significant changes in them that, if produced, will be adjusted through the corresponding correction charged to the income statement for future years in concept of their depreciation by virtue of the new useful lives.

Repair and maintenance expenses relating to fixed assets for own use are charged to "Other administrative expenses" on the consolidated income statement (Note 39).

2.16 Intangible assets

Intangible assets are identifiable non-monetary and non-physical assets that arise from an acquisition from third parties or have been developed internally.

2.16.1 Goodwill

The positive difference between the price paid in a business combination and the acquired portion of the net fair value of the assets, liabilities and contingent liabilities of the acquired entities is recognised under assets on the balance sheet as goodwill. Goodwill represents a payment made by the group in anticipation of the future economic benefits from assets of an acquired entity that are not capable of being individually or separately identified and recognised. It is recognised only if it has been purchased for valuable consideration through a business combination. Goodwill is not amortised, but at the end of each accounting period it is subject to analysis for any possible impairment that would reduce its recoverable value to below its stated net cost and, if found to be impaired, is written down against the consolidated income statement.

In order to verify if any impairment has taken place, the goodwill acquired in a business combination will be allocated from the date of acquisition among the cash generating units of the acquiring entity which are expected to benefit from the synergies produced by the business combination, irrespective of whether other assets or liabilities of the acquired entity are allocated to these units or groups of units. Each unit or group of units among which the goodwill is distributed:

a) will represent the lowest level of detail within the entity to which the goodwill is assigned for internal control purposes; and

b) will not be larger than an operating segment, as defined in Note 27.8.

Therefore, in the annual impairment test on goodwill, the recoverable amount of the CGU (higher of fair value or value in use) containing the goodwill is compared with that unit's carrying value.

To detect possible indications of goodwill impairment, value appraisals are undertaken generally based on the medium-term dividend discount model, having regard to the following parameters:

- Key business assumptions. The cash flow projections used in the measurement are based on these assumptions. For businesses engaging in financial operations, projections are made for variables such as: changes in lending volumes, default rates, customer deposits and interest rates, as well as capital requirements.

- The period covered by the projections: This is usually three years, after which a recurring level is attained in terms of both income and profitability. These projections take account of the economic outlook at the time of the valuation.

- Discount rate. The present value of estimated future dividends, from which a value in use is derived, is calculated from a discount rate taken as the capital cost of the entity from the standpoint of a market participant. To do this the Capital Asset Pricing Model (CAPM) is used.

- The rate of growth used to extrapolate cash flow projections beyond the year in which they are considered standardised. Based on long-term estimates for the main macroeconomic numbers and key business variables, and bearing in mind the current financial market outlook at all times, a rate of growth in perpetuity is estimated.

Goodwill impairment losses are not reversed in a subsequent period.

2.16.2 *Other intangible assets*

Intangible assets other than goodwill are carried in the consolidated balance sheet at acquisition or production cost, net of accumulated amortisation and any impairment losses.

Intangible assets may have indefinite useful lives when, on the basis of the analyses performed, it is concluded that there is no foreseeable limit to the period during which they are expected to generate cash flows and they are not amortised. Rather, at each accounting close, the Group reviews the assets' remaining useful lives in order to ensure that they are still indefinite. The Group has not identified any assets of this kind.

Intangible assets with a finite useful life are amortised over the useful life, applying policies similar to those followed for the depreciation of tangible assets. The annual amortisation of intangible assets with finite useful lives is recognised under "Depreciation – Intangible assets" in the income statement and is calculated on the basis of the years of estimated useful life as follows:

	Years of estimated useful life
Computer software	3 to 14
Trademark	5
Customer relationships (Core Deposits) of Banco Grupo Cajatrés, S.A.U.	6 to 10

The Group recognises any impairment loss in the carrying amount of these assets and makes a balancing entry under "Impairment or reversal of impairment of non-financial assets (net) - tangible assets" in the consolidated income statement. The policies for recognising impairment losses on these assets and for reversing impairment losses recognised in prior years are similar to those for property, plant and equipment (Note 2.15).

2.17 Inventories

This item in the consolidated balance sheet includes the non-financial assets that the consolidated entities:

- hold for sale in the ordinary course of business,
- are in the process of making, building or developing for such purposes, or
- expect to consume in production or the provision of services.

Inventories are valued at the lower of their cost, including all acquisition and conversion costs and other direct and indirect costs incurred in bringing the inventories to their present condition and location, and their net realisable value. The net realisable value of inventories is their estimated selling price in the ordinary course of business, less the estimated cost of completing production and selling expenses.

The cost of inventories which are not ordinarily interchangeable is determined on an individual basis and the cost of other inventories is determined by applying the average weighted cost method. Decreases in and, if applicable, subsequent recoveries of the net realisable value of inventories, below their carrying amount, are recognised in the consolidated income statement in the financial year they are incurred, under "Impairment or reversal of impairment of non-financial assets (net) - Other".

The carrying value of inventories which are written off the consolidated balance sheet is recorded as an expense in the consolidated income statement under "Other operating expenses" in the year the income from their sale is recognised.

For assets foreclosed or received in settlement of debts which, according to their nature and purpose (in production, construction or development), are classified as inventories, the Group applies criteria similar to those described in Note 2.18 for said assets.

2.18 Non-current assets and disposal groups classified as held for sale

Under this heading, assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are recognised, provided that the sale is considered highly probable.

These are valued on the acquisition date and thereafter at the lower of carrying value and fair value of the estimated costs to sell. Assets that would otherwise be subject to depreciation and amortisation are not depreciated or amortised while they remain in the category of non-current assets held for sale.

In particular, repossessed real estate assets or assets received in settlement of debts by the Group in order to partially or fully meet the payment obligations of its debtors are considered non-current assets and disposal groups of items that are classified as held for sale, unless the decision has been taken to make continuing use of these assets or they are used in operations as leased properties.

- The carrying value at the date of acquisition of non-current assets and disposal groups of items that are classified as held for sale from foreclosures or received in settlement of debts is defined as the outstanding amount receivable of loans or credit facilities from which they originate net of any related provisions according to their accounting classification before receiving said assets. These repossessed assets or assets received in settlement of debts are treated as collateral. This carrying amount is compared with the previous carrying amount and the difference is recognised as a an increase or release of provisions, as applicable.

  To estimate the provisions mentioned, the recoverable amount of the guarantee is taken to be fair value less estimated costs to sell of the repossessed assets or assets received in settlement of debts, since the Group has sufficient sales experience to ratify its capacity to realise the assets at fair value.

- To determine the fair value of selling costs, the repossessed assets or assets received in settlement of debts are measured initially on the basis, as a reference value, of the market value calculated in complete individual appraisals applying the policies and criteria described under Guarantees in Note 2.3. In addition, the Group assesses whether it is necessary to apply a discount to this reference value given its experience in sales and the average time that similar assets are held on the balance sheet.

  With the exception of the certain properties, which do not account for a significant amount in this portfolio, classified under Other properties, to which the discount on the reference value provided by the Bank of Spain is applied as an alternative solution given its experience and the information it has on the Spanish banking sector, the Group has developed internal methodologies for estimating discounts on reference values and selling costs, taking into account its experience in selling similar assets.

For the purposes of determining impairment after the foreclosure date or receipt as payment, when the fair value of costs to sell exceeds the carrying amount, the difference is recognised in the consolidated income statement as income from impairment reversals, subject to the limit of the accumulated impairment since the initial recognition of said assets. When an asset has surpassed the average period for holding properties, the Company reviews the procedure for determining fair value. Therefore, no impairment reversal income is recognised for these assets.

The Group carries out regular comparison and reference exercises for the estimates made and has devised backtesting methods for comparing estimated and actual losses.

As a result of these analyses, the Group makes changes to internal methodologies when regular backtesting brings to light significant differences between estimated losses and actual losses.

The backtesting methods and analyses are also revised by the internal control department.

Gains and losses generated on the disposal of non-current assets and disposal groups of items classified as held for sale and impairment losses and impairment reversals, where applicable, are recognised under "Profit or (-) loss on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" on the consolidated income statement. The remaining income and expenses associated with these assets and liabilities are disclosed by nature.

2.19 Insurance transactions

As indicated in Note 1.11, on 1 January 2023, IFRS 17 "Insurance contracts" came into force, replacing IFRS 4 "Insurance contracts". This has involved making major changes to the accounting principles that an institution must apply to the recognition, measurement, presentation and disclosure of insurance contracts, in order to achieve greater homogeneity and increase the comparability between institutions.

The new standard establishes minimum requirements for grouping insurance contracts into units of account by considering three levels: portfolios (contracts subject to similar risks and managed together), cohorts and onerousness.

The accounting policies, principles and measurement bases relating to financial instruments that, following the adoption of IFRS 17, have been applied by the Group in the preparation of these financial statements are specified below.

Grouping and classification

When grouping insurance contracts, the Ibercaja Group takes into account whether they are subject to similar risks and are managed jointly, are profitable or onerous, and their year of issue or cohort, using this last criterion to group contracts issued in the calendar year, i.e. between 1 January and 31 December of each year. In general, the Group classifies the profitability of contracts into two groups: onerous contracts, and contracts that are not onerous or have no significant possibility of becoming onerous.
As the Group has opted for the fair value transition approach, for long-term contracts issued prior to the transition date (1 January 2022), it has not been necessary to aggregate contracts by previous cohorts.

The Group has assessed whether its contracts accept a significant insurance risk from another party, agreeing to compensate the policyholder if an uncertain future event occurs that adversely affects it. From this evaluation all insurance contracts that were under the scope of IFRS 4 have been concluded to meet the definition of an insurance contract and, therefore, the introduction of IFRS 17 does not imply any reclassification.

Valuation methods for insurance contracts

The valuation of insurance contracts is based on a model that uses updated assumptions at each closing, with several calculation approaches.

- **General Model (BBA):** the default method for the valuation of insurance contracts, unless the conditions for applying one of the other two methods are met.

  The General Model requires entities to value insurance contracts as the total of:

  - **Compliance flows:** comprising the estimate of future cash flows from the contract discounted to reflect the time value of money, the financial risk associated with future cash flows, to the extent they have not been included in estimates of future cash flows, and a risk adjustment for the uncertainty associated with non-financial assumptions.

  - **Contractual Service Margin (CSM):** represents the expected unearned profit from insurance contracts, which will be recognised, accordingly as the service is provided in the future, under the "Income from assets covered by insurance or reinsurance contracts" heading in the consolidated income statement. The CSM is, at the end of each financial year, the carrying amount determined at the beginning of the financial year, adjusted by:

    - the effect of the new contracts added;

    - interest credited to the CSM calculated at the discount rates determined on the date of initial recognition;

- changes in cash flows from compliance to the extent that the change relates to future service, unless the change results from a change in cash flows arising from compliance allocated to a group of underlying insurance contracts that does not adjust the CSM;
- the effect of exchange differences on the CSM; and
- the amount recognised in profit or loss for the period for services rendered in that period.

The general criterion for releasing the CSM will be based mainly on the benefits insured, depending on the type of product, the method being considered to reflect the insurance coverage provided in each period. For this purpose, the amount of benefits provided for policyholders at any given time will be taken into account according to the different levels of coverage.

- **Variable Fee Approach (VFA):** applicable to direct participation contracts. These contracts, in addition to the benefits guaranteed at the start of the contract, offer policyholders the opportunity to participate in the return of a pool of assets and/or surpluses generated from other sources of benefits, which are clearly identified.

  In this type of contract, the Group undertakes to pay a consideration equal to the fair value of the underlying items from which a variable fee is deducted as remuneration for the services to be provided in the future. The Group expects that, in the initial recognition, a substantial part of any change in the amounts payable to the policyholder will vary with the change in the fair value of the underlying items. Under this valuation method, the CSM is adjusted for changes in the Group's fair value share of the underlying items. Changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items do not relate to future service and do not adjust the CSM. Similarly to the BBA method, the CSM will be recorded under the "Income from assets covered by insurance or reinsurance contracts" heading in the consolidated income statement, accordingly as the insurance service is provided.

- **Premium Allocation Approach (PAA):** a simplification of the general model applicable at the Group's discretion for contracts with a hedge period equal to or less than one year, or for longer-term contracts where the valuation of the remaining hedging liability does not differ significantly from that calculated under the general approach.

  Liabilities for incurred claims will be calculated by including all future cash flows arising from compliance related to unpaid incurred claims, using discount rates and risk adjustment for non-financial risk.

  In the initial recognition, the remaining coverage asset/liability will comprise:

  – Received premiums in the initial recognition;

  – less cash flows from the purchase of the insurance on that date; and

  – any amount arising from derecognition on that date of the asset or liability recognised for the cash flows from the insurance purchase.

  At the time of the initial recognition, and throughout the contract coverage period, it is assessed whether any facts and circumstances indicate that such contracts generate losses. A group of contracts is considered to be loss-making to the extent that the cash flows from compliance exceed the carrying amount. In these cases, a loss is recognised under the "Liability expenses covered by insurance or reinsurance contracts" heading in the consolidated income statement and the "Liabilities under insurance contracts" heading in the consolidated balance sheet for the remaining coverage, which will be amortised progressively over the period of validity of the contracts.

  For this type of contract, the Group has opted for the accounting policy option of recognising insurance purchase cash flows as expenses when they are incurred.

The Group, based on the defined models, values insurance and reinsurance contracts as follows:

	Valuation method (*)
Insurance contracts	
Renewable annual life insurance	PAA
Systematic savings insurance	BBA
Investment savings insurance	BBA
Insured benefit plans	BBA
Life annuities insurance	BBA
Group insurance	BBA
Unit linked insurance	VFA
Reinsurance contracts	
Transferred	PAA

(*) For contracts with a duration of less than one year and for contracts with a duration of more than one year, but for which a material valuation other than the BBA is not expected to occur, they will be valued using the PAA method.

Discount rate

The Group uses the discount rates currently used for SII, these being the risk-free curve provided by EIOPA plus a liquidity premium. If applicable, it also adds Volatility Adjustment or Matching Adjustment (bottom-up approach). For the different immunised groups, their corresponding matching is used.

The top-down methodology is used to obtain the discount rates to be applied to the new production of the immunised groups, starting with a discount rate of a reference financial instrument with characteristics similar to those of the liability and eliminating the probability of default.

For these subsequently issued contracts, the Group avails itself of the exception provided for in the adoption of the standard by the European Union regarding annual cohorts in products with matched flows.

Non-financial risk adjustment

The risk adjustment for non-financial risk represents the compensation required for bearing uncertainty regarding the amount and timing of the associated cash flows. When determining the adjustment for non-financial risk, the current solvency regulations applicable to the insurance company have been taken into account. The following initial parameters are used: CoC (6%), the capital requirement of the standard formula (Solvency II SCR) and the hedging units, a rate is determined that corresponds to the non-financial risk per coverage unit. Finally, the adjustment for non-financial risk will be obtained as the sum of the coverage units for this rate, adjusted for the market effect.

Onerous Contracts

The Group has classified the contracts valued under the General Model into onerous level groups, taking into account compliance flows, acquisition expenses and any other attributable cash flows. The evaluation is usually carried out on a contract-by-contract basis. By default, contracts valued according to the Simplified Model are assumed to be not onerous in their initial recognition, unless there are facts and circumstances to indicate otherwise.

Analogous to the contractual service margin, which represents the estimated future profit of the insurance contract, the loss component is the estimated loss of the contract. The timing of the accounting entries made for these two items differs: while the margin is deferred over the duration of the contract according to the contractual limits, the loss component is recognised in the income statement as soon as its existence is known. Over the life of a contract, the assumptions used to project future cash flows may change. Consequently, the expected profitability of a contract may increase or decrease. This means that a group of contracts initially classified as onerous may become more onerous, or, conversely, the cash flow assumptions used in the subsequent measurement may change so much that the previously recognised loss could be reversed.

Accounting entries for insurance contracts

The assets and liabilities of the Group's insurance companies are recorded, depending on their nature, under the corresponding headings in the consolidated balance sheet.

Ceded reinsurance contracts, estimated using the PAA method, are recognised in the consolidated balance sheet under the "Assets under insurance or reinsurance contracts" heading.

The rest of insurance and reinsurance contracts, estimated according to any of the three valuation methods, are recognised in the consolidated balance sheet under the "Liabilities under insurance or reinsurance contracts" heading.

For the recognition of expenses and interest income from insurance contracts arising from the change in the discount rate, due to both the effect of the time value of money and the effect of financial risk, the Group has chosen the accounting policy option of disaggregating these expenses and interest income to recognise them between "Interest margin" and "Accumulated other comprehensive income", with the aim of minimising accounting asymmetries in the valuation and recognition of financial investments under IFRS 9 and insurance contracts under IFRS 17.

The Group has chosen to disaggregate changes in the risk adjustment into financial and non-financial, so that the change in the value of the risk adjustment, resulting from the effect of the time value of money and changes in this value, is recorded as the financial profit/(loss) of the insurance.

Income from ordinary insurance activities comprises amounts related to changes in liabilities for remaining coverage and allocation of the portion of the premium related to the recovery of insurance acquisition cash flows. All this income is recorded under the "Income from liabilities under insurance or reinsurance contracts" heading in the consolidated income statement.

Insurance service expenses include claims and other insurance service expenses incurred, amortisation of cash flows from insurance acquisition, changes related to past services (i.e., changes in cash flows related to liabilities for claims incurred); and losses on contract groups and reversals of these losses. The loss component corresponds to the losses attributable to each contract group, both those with losses at initial recognition and those that come to have losses at a later time. The loss component is released according to the systematic allocation of compliance cash flows. It is updated to reflect subsequent changes in estimates of future service-related compliance cash flows. All these expensed are recorded under the "Expenses from liabilities under insurance or reinsurance contracts" heading in the consolidated income statement.

Ordinary insurance income and insurance service expenses exclude any investment components, which are understood to be the amounts that an insurance contract requires to be reimbursed to the policyholder even if an insured event does not occur.

As set out in IFRS 17, fixed and variable expenses, such as accounting, human resources, IT technology and support, write down, buildings rental and maintenance, and utility costs, directly attributable to the fulfilment of insurance contracts, will be recorded under the "Expenses from liabilities covered by insurance or reinsurance contracts" heading in the consolidated income statement.

2.20 Provisions and contingent liabilities

When preparing the financial statements of the consolidated companies, their respective directors distinguished between:

- Provisions: credit balances covering present obligations at the date of the balance sheet arising from past events which could give rise to pecuniary losses for the entities that are considered likely to occur, are certain as to their nature but uncertain as to their amount and/or timing.

- Contingent liabilities: possible obligations that arise from past events and whose existence is conditional on the occurrence or non-occurrence of one or more future events not within the control of the consolidated entities.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, although they are disclosed in accordance with applicable regulations (Note 27.1).

Provisions, which are quantified taking into account the best information available concerning the consequences of the event from which they derive and are re-estimated at each accounting close if new information comes to light, are used to cover the specific obligations for which they were originally recognised and reversed in full or in part when such obligations cease to exist or decrease.

Provisions considered necessary in accordance with the above criteria are debited or credited to "Provisions or reversal of provisions" on the consolidated income statement.

At year end, certain litigation and claims were ongoing against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of such lawsuits and proceedings will not have a material effect on the consolidated financial statements in the years in which they are settled.

2.21 Consolidated statements of recognised income and expenses

In accordance with the options established in IAS 1.81, the Group has chosen to present separately a statement showing the components of consolidated profits ("consolidated income statement") and a second statement which, on the basis of consolidated profits for the year, reflects the components of the remaining income and expenses for the year recognised directly in equity ("Consolidated statement of comprehensive income").

The "Consolidated statement of comprehensive income" shows the income and expense generated by the Group as a result of its activity during the year, distinguishing between items of income and expense that are recognised in profit and loss for the year and items of income and expense that, as required under current regulations, are recognised directly in consolidated equity.

In general, income and expenses recognised directly in equity are disclosed at the gross amount and the relevant tax effect is reflected under "Corporation tax".

Therefore, this statement shows:

a) Consolidated profit/(loss) for the year.

b) The net amount of income and expenses recognised as "Accumulated other comprehensive income" in equity, which will not be reclassified to profit or loss.

c) The net amount of income and expenses recognised in equity, which may be reclassified to profit or loss.

d) Corporation tax accrued on the items indicated in (b) and (c) above, except for adjustments to other comprehensive income arising from investments in associates or jointly controlled entities accounted for using the equity method, which are presented on a net basis.

e) Total consolidated recognised income and expenses, calculated as the sum of the foregoing letters, showing separately the amount attributed to the parent and the amount attributed to non-controlling interests.

2.22 Total statement of changes in equity

The "Total statement of changes in equity" presents all changes in equity, including those arising from changes in accounting criteria and the correction of errors. This statement therefore reflects a reconciliation of the carrying value at the beginning and end of the year for all items forming part of consolidated equity, grouping movements on the basis of their nature into the following items:

a) Adjustments due to changes in accounting principles and correction of errors: Includes changes in consolidated equity due to the retroactive adjustment to financial statement balances because of changes in accounting principles or to correct errors.

b) Comprehensive income for the year: comprises an aggregate of all the aforementioned items recognised in the statement of comprehensive income.

c) Other changes in equity: includes the remaining items recognised in equity, such as capital increases or decreases, distribution of earnings, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in consolidated equity.

2.23 Consolidated statement of cash flows

The following expressions are used with the following meaning in the consolidated cash flow statement:

- Cash flows: inflows and outflows of cash and cash equivalents, understood as on-demand investments.

- Operating activities: the ordinary activities of credit institutions. Activities involving financial instruments are regarded as operating activities, with certain exceptions such as the equity instruments classified as financial assets at fair value through other comprehensive income which are strategic investments and subordinate financial liabilities.

- Investing activities: the acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and liabilities do not form part of operating activities.

For the purposes of preparing the consolidated cash flow statement, “cash and cash equivalents” are considered to be short-term, highly liquid investments with an insignificant risk of changes in value. The Group therefore treats the following financial assets and liabilities as cash or cash equivalents:

- The Group’s own cash, which is recognised in the consolidated balance sheet under “Cash and cash balances at central banks and other demand deposits” (Note 6).

- Net demand balances held with Central Banks, recognised in the consolidated balance sheet under “Cash and cash balances at central banks and other demand deposits” (Note 6).

- Net balances of demand deposits at credit institutions other than the balances at central banks. Debtor balances are recognised in the consolidated balance sheet under “Cash and cash balances at central banks and other demand deposits” (Note 6).

3. Risk management

3.1 General principles

The Ibercaja Group’s risk management is based on the strategic principles described below:

- Maintain the Group’s medium-low risk profile while meeting profitability, liquidity and solvency targets.
    - Achieve low or moderate relative exposure to all risks.
    - Diversify risks to avoid excessive levels of concentration in any of its manifestations.
    - Having a comfortable liquidity position to meet payment obligations and protect depositors’ interests.
    - Avoid the materialisation of operational, regulatory, legal or reputational risks through active and continuing risk management.
    - Generate adequate levels of recurrent risk-adjusted returns underpinned by a strong capital and liquidity base.
    - Ensure prudent limits to vulnerable exposures to climate and environmental risks.

- Comply at all times with regulatory requirements.
- Maintain effective risk governance that is led by the Board of Directors and senior management and extends to all areas involved.
- Foster a risk-aware culture and support the organisation's suitable understanding of the level and nature of risks to which it is exposed.
- Securing the trust of customers, investors, employees, suppliers and other stakeholders.

3.2 Catalogue of material risks for the Ibercaja Group

The material risks identified by the Ibercaja Group in the course of its business are as follows:

- Credit risk: the risk of loss due to borrowers' breach of payment obligations, and loss of value due to impairment in borrowers' credit quality. Includes the following sub-categories:
    - Concentration risk: These are defined as the risk of incurring losses as a result of a position or group of positions that are sufficiently important with respect to capital, total assets or the general risk level, and could endanger the solidity of the Group.
    - Real estate risk: Risk of impairment of properties used as collateral in financing transactions or acquired through foreclosure arising from periods of crisis in the real estate market.
    - Sovereign risk: This relates to the risk that the country in which the investment is made, often in the form of purchase of bonds and government debt, will default on its payment obligations, outside the normal risks of a common credit operation.
- Operational risk: reflects potential loss resulting from a failure to adequately design or implement processes, personnel and internal systems, or a loss arising from external events. Includes the following sub-categories:
    - Reputational risk: Risk tied to the perception of stakeholders (customers, investors, employees, suppliers and others), from which economic losses may derive.
    - Legal risk: the possibility of financial loss due to failure to comply with applicable legal and administrative provisions, issuance of unfavourable administrative and judicial decisions, application of fines or sanctions in relation to any of the bank's operations, processes or activities, such as errors in legal opinions, contracts, bonds or any legal document, such as to preclude enforceability of a right or determine the legal impossibility of enforcing a contract due to failures of legal implementation.
    - Technological risk: the probability that the bank's ICT (information and communication technologies) services or infrastructure will not achieve the service levels necessary to support business processes with sufficient effectiveness, as a consequence of an event that affects the availability, integrity or confidentiality of the data, applications and networks that make up such infrastructure, causing economic loss or other types of loss.
- Market risk: the possibility of incurring losses due to maintaining market positions as a result of adverse movements in financial variables or risk factors (interest rates, exchange rates, share prices, commodity prices, etc.) that determine the value of those positions. It affects the trading portfolio and the financial assets at fair value portfolio with changes in other comprehensive income.
- Interest rate risk: the risk that the financial margin or economic value of the Bank are affected by adverse variations in interest rates that impact the cash flows of financial instruments.
- Liquidity and financing risk: the possibility of incurring losses due to not having access to sufficient liquid funds to meet payment obligations.

- Business and profitability risk: the probability of incurring losses as a result of not generating sufficient profitable business volume to cover the costs incurred. In addition, the risk encompasses extraordinary threats, which may endanger the continuity of the business or the Bank.

- Insurance business risk. In addition to its banking business risk, Ibercaja Banco, as a financial conglomerate, must specifically manage and control its insurance business risk. Material risks of this business include interest rate risk, spread risk, concentration risk, counterparty risk, underwriting risk, operational risk and sovereign risk.

- Model risk. Potential loss that an institution may incur as a result of decisions that could be based primarily on the output of internal models, due to errors in the development, implementation or use of such models.

- Climate and environmental risk. This includes both physical risk, understood as the financial impact of a changing climate, and transition risk, understood as the financial losses that an entity may suffer directly or indirectly from the process of adjusting to a lower carbon and more environmentally sustainable economy. These risks are considered as risk factors in the categories of credit risk, market risk and operational risk.

- Adequacy of own funds: Possibility of having an inadequate quantity or quality of capital to meet internal business objectives, regulatory requirements or market expectations.

3.3 Global risk management processes and tools

Risk Appetite Framework (RAF)

The Group's risk management is organised through the Risk Appetite Framework (RAF). The key aim of the Ibercaja Group's RAF is to establish a set of principles, procedures, controls and systems through which the Bank's risk appetite is specified, communicated and monitored.

Risk appetite is the level or profile of risk that the Ibercaja Group is willing to accept and maintain, in terms of type and amount, and its level of tolerance. Risk appetite must be geared towards achieving the targets of the strategic plan, in accordance with the lines of action established in that plan.

The management of the various risks has the objective of attaining a risk profile that falls within the desired appetite level defined based on established limits and the most adequate management measures to do so are implemented.

The RAF contains the risk appetite statement, the risk limits and the duties and responsibilities of the various governing and management bodies that supervise implementation and monitoring.

The Risk Appetite Framework defined by Ibercaja Group is characterised by:

- Alignment with the strategic plan and capital planning.

- Integration into the entity's risk culture, with the involvement of all levels of responsibility.

- Flexibility, capable of adapting to changes in the businesses and market conditions and therefore it must be regularly reviewed at least on an annual basis.

- Associated with the information management systems.

Internal Capital/Liquidity Adequacy Assessment Process (ICAAP & ILAAP)

The internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) seek to provide certainty about the risks to which the Bank is or may be exposed and its ability to remain viable, while maintaining an adequate level of capitalisation and liquidity and managing its risks effectively.

This requires prospective assurance that all material risks are identified, managed effectively (with an appropriate combination of measurement and controls), and covered by a sufficient amount of high-quality capital, in the case of ICAAP, and by a sufficient amount of liquid assets and stable sources of financing, in the case of ILAAP.

The purpose of ICAAP and ILAAP is to ensure an adequate relationship between the Bank's risk profile and the own funds and liquidity that it effectively holds. To do this, a recurring process is carried out that allows:

In relation to capital.

- Identify material risks whose materialisation could impair the capital base of the Ibercaja Banco Group.
- Assess the Group's ability to manage the main risks identified: policies, mitigation limits, tools, governance and monitoring.
- Quantify capital needs for material risks using internal methodologies.
- Conduct a capital planning exercise based on a projection of the future development of the business.
- Realise severe but plausible adverse scenarios.
- Assess the results of the self-assessment and identify whether there are capital shortfalls relative to the levels needed to cover the requirements of Pillar 1, Pillar 2, the combined buffer, the capital guideline and the economic quantification.
- Establish action plans to respond to any situation of capital shortage.
- Present a formal and unequivocal statement on the adequacy of the Group's capital.

In relation to liquidity.

- Identify the material risks whose materialisation could impair Ibercaja Banco's liquidity position.
- Assess the Group's ability to manage the main risks identified: policies, mitigation limits, tools, governance and monitoring.
- Assess the adequacy of the Group's funding strategy in line with the business model and its risk profile, as well as the extent to which financial planning contributes to improving the funding profile.
- Assess the Group's ability to cope with unexpected liquidity stress, considering the possibility of facing stress conditions specific to the nature of the Group, the financial system or a combination of both.
- Assess the availability of alternative sources of funding in case of changes in market conditions.
- Present a formal and unequivocal statement on the adequacy of the Group's liquidity.

Recovery Plan

Ibercaja Banco's Recovery Plan is a response to the requirement under Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, or "Bank Recovery and Resolution Directive" (BRRD). The main objectives of the plan are:

- To provide a detailed view of the Bank, including an analysis of its main lines of business and critical economic functions.
- To describe the process of development, approval and updating of the plan, and how it is integrated into the Bank's procedures.
- To describe in detail the model of escalation and decision-making in a situation of continuity, early warning and recovery.
- To identify the set of recovery indicators that are to be monitored periodically to anticipate any situations of severe stress.

- To set out the selected recovery measures, which could be taken in a recovery situation to restore Ibercaja's capital and liquidity position. For each recovery measure, a feasibility and financial impact analysis was carried out, an operational plan was designed for its implementation, a communication plan was rolled out, and needs were analysed from an information management point of view. In addition, a test of the effectiveness of the measures in the face of hypothetical stress scenarios is described.

- To design the internal and external communication plan to be carried out in a recovery situation.

- To describe preparatory measures.

These management frameworks (RAF, ICAAP & ILAAP and the Recovery Plan) are consistent with one another, form part of the risk management processes in place and are reviewed and approved by the Bank's Board of Directors on an annual basis.

3.4 Governance Model

The Ibercaja Group has a robust organisational structure that allows it to ensure effective risk management and control. The governance structure provides adequate channels of communication to convey information and decisions at all levels of the organisation.

The following are the Governing Bodies and Executive Committees that directly address risk management and control.

3.4.1 Governing Bodies

<u>Board of Directors</u>

The Board of Directors is the body responsible for ensuring a robust risk culture, establishing the strategic lines of risk management and control and approving policies, manuals and procedures relating to risk management.

Its risk management and control duties and powers include:

- Establishing and approving the Ibercaja Group's Risk Appetite Framework (RAF) after a report from the Large Exposures and Solvency Committee, and review it at least once a year or whenever necessary depending on the circumstances.

- Evaluating and supervising the risk profile and its alignment with the established framework and the Group's strategy, and approving the internal capital and liquidity adequacy assessment process (ICAAP & ILAAP) reports.

- To approve and periodically review the strategies and policies for accepting, managing, supervising and reducing the risks to which the Group is or may be exposed, including risks posed by the macroeconomic situation in which it operates in relation to the current stage of the economic cycle.

- To actively participate in the management of material risks covered by solvency regulations and ensure that the organisation has adequate resources for such management.

- To ensure that the necessary action plans and corrective measures are in place to manage limit overshoots.

- To establish and supervise the Group's risk information and control systems, following a report from the Large Exposures and Solvency Committee.

- To ensure that all aspects of capital planning are integrated with management in line with the scenarios used in the Strategic Plan, the Risk Appetite Framework and the Financing Plan.

The boards of directors of the subsidiaries are responsible for approving the respective risk appetite proposals once they have been validated by the Global Risk Committee and the Large Exposures and Solvency Committee.

The Ibercaja Group is a financial conglomerate and its insurance business is significant, so it jointly manages the risks arising from the banking and insurance businesses.

Large Exposures and Solvency Committee

The Large Exposures and Solvency Committee has had powers delegated to it by the Board of Directors to carry out the functions of framing and supervising risk management.

Its risk management duties and powers include:

- To report to the Board of Directors, prior to approval, on the Bank's Risk Appetite Framework (RAF), the Risk Appetite Statement (RAS), the internal capital and liquidity adequacy assessment process (ICAAP & ILAAP) reports and the Recovery Plan, ensuring that they are consistent with other policies and with the Bank's strategic framework.

- To review the effectiveness of the risk management framework and internal control systems.

- To periodically review compliance with risk appetite (significant risk exposures, breaches of limits and agreed management measures).

- To receive adequate information from management so as to be able to identify the risks faced by the Bank and its Group; to be able to assess and, where appropriate, propose measures to mitigate the impact of the risks identified.

Strategy Committee

The Strategy Committee has the core function of informing the Board of Directors of the Bank's strategic policy, ensuring that there is a specific organisation in place for its implementation.

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.

3.4.2 Executive Committees

Global Risk Committee

Executive body responsible for defining and monitoring the Group's risk strategies and policies. The main functions and responsibilities of the Global Risk Committee are:

- To report periodically to the Large Exposures and Solvency Committee on the degree of compliance with the metrics established in the Risk Appetite Statement, proposing, where appropriate, the action plans required to correct overshoots or breaches.

- To submit the proposed RAF, the internal capital and liquidity adequacy assessment process (ICAAP & ILAAP) reports and the Recovery Plan to the Large Exposures and Solvency Committee for evaluation and analysis with a view to consistency with the Group's risk management policy and strategic plan.

- To evaluate and approve action plans in response to alerts or overshoots, prior to referral to the Large Exposures and Solvency Committee.

- To ensure that the Group has adequate procedures and means in place for the identification, measurement, follow-up and monitoring of the risk profile.

Audit Committee

The Audit Committee is responsible for preparing the Internal Audit Annual Operating Plan presented to the Audit and Compliance Committee, receiving regular information regarding the results set out in the internal audit reports and implementing the proposed improvement recommendations to mitigate any observed weaknesses.

The organisational scheme provides the Bank with a global structure of governance and risk management, in proportion to the complexity of the Ibercaja Group's business, with three lines of defence:

- First line of defence: Configured by the Group's risk-taking business and support units.

- Second line of defence: Organisationally located in the Control Area Division (CRO), it is responsible for carrying out internal control functions in risk management, acting independently of the business and support units. To carry out its functions, it is configured through the Risk Control Division, which monitors and reports on risks, as well as reviewing the application of management policies and control procedures by the first line; the Regulatory Compliance Division, which is responsible for checking that operations are carried out in accordance with applicable legislation, regulations and internal policies; and the Customer Service Unit.

- Third line of defence: Internal audit, as an independent function that provides an assessment and proposals for improving risk management and control processes.

3.5 Exposure to credit risk

Defined as the possibility of losses being generated due to borrowers defaulting on their payment and losses in value due to the impairment of borrowers' credit ratings.

3.5.1 Strategies and policies for the credit risk management

Credit risk management is geared towards facilitating sustained and balanced growth in loans and receivables while guaranteeing at all times the soundness of the Company's position in financial and equity terms, so as to optimise the return / risk ratio within levels of tolerance established by the Board of Directors based on the defined management principles and operational policies.

The Board of Directors approves the management framework, strategies, policies and limits for the management of this risk, following a report from the Large Exposures and Solvency Committee, documented in the "Credit Risk Management Framework" and the "Risk Models Management Framework" and the various policy manuals that implement those frameworks. The Board of Directors is responsible for authorising risks that exceed the competence of the operating circuit.

Borrowers affected by the crisis resulting from the war in Ukraine, by increased raw material prices and the environment of rising interest rates were identified in order to assess their payment capacity and the Bank has carried out various risk management and accounting recognition actions on these customers and exposures identified as having a higher risk profile.

The impact of these crises, the support measures granted and their characteristics, as well as macroeconomic forecasts have been considered in the projection of the financial statements for the coming years, with special attention to the foreseeable development of inflows and outflows of non-performing loans, accounting provisioning and solvency.

3.5.2 Credit risk granting, monitoring and recovery policies

The loan portfolio is segmented into groups of customers with homogeneous risk profiles susceptible to different treatment through the application of specific evaluation models.

a) In relation to the granting of credit risk, the following policies have been implemented:

- Classifications of risk for borrower groups through the establishment of prior exposure limits, in order to avoid inappropriate risk concentrations.
- Criteria for the admission of new operations and limits to granting powers, depending on the customer segment being financed.
- Methodology for operations analysis based on type and correspondence to different segments.
- Internal credit rating models integrated with decision-taking systems for the various areas of the retail business.
- Requirements necessary to provide each operation with legal safeguards.
- Risk mitigation techniques.
- Pricing policies in line with customers' credit quality.

The credit risk management policy is structured through a decentralised lending arrangement based on a formally established delegation of powers and set out in risk manuals.

The Bank has established in its "Admission Policies Manual" risk concession policies in accordance with Law 2/2011 of 4 March on Sustainable Economy, Order EHA/2899/2011 of 28 October on transparency and protection of customers of banking services and Bank of Spain Circular 5/2012, of 27 June on transparency of banking services and responsibility in the granting of loans and credit, the General Framework of Annex IX of Circular 4/2017 and in accordance with the Guidelines on Loan Origination and Monitoring (Guidelines on Loan Origination and Monitoring EBA/GL/2020/06) published in May 2020.

With respect to granting loans, the manual considers essential criteria to be the reasonableness of the proposal, the analysis of the borrower's payment capacity and the prudent valuation of guarantees. Real-estate collateral is always appraised by independent valuation companies (authorised by the Bank of Spain).

In terms of banking services customer protection and transparency standards, the Group performs the following actions:

- Current rates (interest, fees and expenses) applied to the various financial products are displayed at branches.
- Rates in force are reported quarterly to the Bank of Spain.
- The rates applied to its products can be consulted on the Company's website.
- Customers are provided with documentation setting out contractual conditions before any contract is signed. A copy of the contract is subsequently given to the customer.
- Every January, customers receive personal reports giving details of interest, fees and expenses applied during the preceding year in the products they have contracted.

The Internal Audit Department, as part of the control actions performed at the branches, is responsible for overseeing compliance with the established policies and procedures.

b) In the area of credit risk monitoring, the main objective is to identify in advance any impairment in borrowers' risk quality, to take corrective action and minimise the negative impact of classifying the exposure as Stage 2 or ultimately defaulting on the exposure.

The credit risk monitoring function is carried out on the basis of individual monitoring of customers whose exposure or risk profile requires greater attention, monitoring at the portfolio level, as well as individual monitoring of the metrics and thresholds of the Risk Appetite Framework, and another series of operational or second level indicators, which complement the aforementioned metrics.

Some of the credit risk monitoring conducted at the Bank, including classification and estimation of allowances for exposures, is based on Annex IX "Analysis and Coverage of Credit Risk", of Bank of Spain Circular 4/2017, of 27 November. Those regulatory provisions require institutions to have policies in place for credit risk assessment, monitoring and control that require the utmost care and diligence in the study and rigorous evaluation of the credit risk of transactions, both when granted and throughout their term of effect. Under this Circular, the Bank considers borrowers with respect to which exposure exceeds €3 million to be individually material borrowers.

In addition, the "Guidelines on lending and loan monitoring" issued by the European Banking Authority (EBA/GL/2020/06), which are applicable at June 2021, are of particular relevance. These guidelines apply to the risk management practices, policies, processes and procedures used for lending and the monitoring of non-doubtful exposures, as well as their integration into overall risk management frameworks. In particular, section 8 of these Guidelines refers specifically to the Monitoring Framework that financial institutions must have.

The principles, procedures and key tools on which the monitoring function is based to carry out its work effectively are set out in the Bank's Credit Risk Monitoring Policy.

c) Integrated management risk is completed by recovery policies aimed at avoiding or minimising potential default through specific recover circuits based on the quantity and nature of the operations concerned and with the involvement of various internal and external managers to tailor the actions required by each situation.

3.5.3 Country risk

This is defined as the possibility of incurring losses due to the failure of a country to comply with payment obligations due to circumstances other than normal commercial risk. Comprises sovereign risk, transfer risk and other risks inherent to international financial activities.
Countries are classified into six groups in accordance with Bank of Spain Circular 4/2017, on the basis of their rating, economic performance, political situation, regulatory and institutional framework, payment capacity and payment record.

With regard to sovereign risk, the Company has maximum limits for public debt issued by European Union States and other States, also based on their corresponding ratings.

3.5.4 *Information on the credit risk of financial instruments*

There follows a description of the credit quality of the portfolio of non-trading financial assets mandatorily measured at fair value through profit or loss (Note 8) and of the portfolio of financial assets at amortised cost (Note 11) at 31 December 2023 and 2022:

	Thousands of euros			
	31/12/2023			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**41,198,048**	**1,469,792**	**483,298**	**43,151,138**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	**-**	**-**	**2,896**	**2,896**
Allowances for impairment of assets	**82,771**	**106,875**	**264,734**	**454,380**
of which: calculated collectively	*82,771*	*89,458*	*191,294*	*363,523*
of which: calculated separately	-	*17,417*	*73,440*	*90,857*
Net amount	**41,115,277**	**1,362,917**	**215,668**	**42,693,862**

	Thousands of euros			
	31/12/2022 (*)			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	**42,320,565**	**1,476,221**	**495,623**	**44,292,409**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	**-**	**-**	**2,896**	**2,896**
Allowances for impairment of assets	**90,485**	**104,840**	**251,251**	**446,576**
of which: calculated collectively	*90,485*	*90,628*	*178,562*	*359,675*
of which: calculated separately	-	*14,212*	*72,689*	*86,901*
Net amount	**42,230,080**	**1,371,381**	**241,476**	**43,842,937**

(*) Restated figures (see Note 1.4.).

Impairment adjustments to collectively calculated assets amounted to €31 thousand at 31 December 2023 (€38 thousand at 31 December 2022) due to country risk.

In relation to the maximum level of exposure to credit risk, the most significant sectors of activity are detailed in relation to non-trading financial assets mandatorily measured at fair value through profit or loss (Note 8) and financial assets at amortised cost (Note 11), by transaction purpose:

	Thousands of euros	
	2023	2022 (*)
Public sector	11,935,206	12,129,920
Credit Institutions	1,231,100	937,760
Real estate construction and development	1,024,017	1,000,951
Other production activities	9,607,210	10,293,762
Housing acquisition and refurbishment	17,590,261	18,058,692
Consumer and other household lending	715,413	714,759
Other sectors not classified	1,047,931	1,156,565
	43,151,138	**44,292,409**

(*) Restated figures (see Note 1.4.).

With respect to the maximum level of exposure to credit risk, financial assets at amortised cost (Note 11) secured by collateral or credit enhancements are as follows:

	Thousands of euros	
	2023	**2022**
Mortgage guarantees	19,477,501	20,241,918
Pledges - financial assets	63,174	96,849
Off-balance sheet guarantees – public sector, credit institutions, mutual guarantee funds	2,410,471	3,056,141
Guarantees - public sector debt	702,327	1,613,345
	22,653,473	**25,008,253**

Guarantees received and financial guarantees granted break down as follows at 31 December 2023 and 2022:

	Thousands of euros	
	2023	**2022**
Value of collateral	19,324,231	19,990,903
of which: guarantees normal risks on special watch	*938,515*	*860,182*
of which: guarantees non-performing risks	*265,471*	*279,230*
Value of other collateral	6,332,994	6,650,731
of which: guarantees normal risks on special watch	*600,112*	*669,372*
of which: guarantees non-performing risks	*182,038*	*179,903*
Total value of the collateral received	**25,657,225**	**26,641,634**

	Thousands of euros	
	2023	**2022**
Loan commitments given (Note 27.3)	**3,347,542**	**3,180,128**
of which: amount classified as normal on special watch	*111,829*	*87,294*
of which: classified as non-performing	*3,137*	*3,854*
Amount recognised under liabilities on the balance sheet (Note 21)	*7,500*	*7,515*
Financial guarantees granted (Note 27.1)	**107,269**	**98,854**
of which: amount classified as normal on special watch	*9,218*	*7,460*
of which: classified as non-performing	*4,695*	*4,483*
Amount recognised under liabilities on the balance sheet (Note 21)	*6,722*	*5,845*
Other commitments given	**790,638**	**807,230**
of which: amount classified as normal on special watch	*1,163*	*2,532*
of which: classified as non-performing	*21,489*	*26,524*
Amount recognised under liabilities on the balance sheet (Note 21)	*6,132*	*6,641*

At December 2023 the LTV (loan to value, reflecting the relationship between the financial transaction balance and the value of the guarantee associated with that transaction) of the Ibercaja Group's mortgage portfolio stood at 54.69% (53.06% at December 2022).

The classification of non-trading financial assets mandatorily measured at fair value through profit or loss (Note 8), of fixed-income assets at fair value through other comprehensive income (Note 10) and financial assets at amortised cost (Note 11) that are impaired, distinguishing between those where impairment arises from non-payment and those where it emerges from other factors, is as follows:

	Thousands of euros	
	2023	**2022**
Customer default	379,552	381,311
Other factors	103,746	114,312
	483,298	**495,623**

The main factors taken into account to calculate impairment for reasons other than non-payment are those reflected in Note 2.3.

There are generally no non-performing financial assets that are not impaired. The only exceptions to this rule are transactions where the Public Sector is the titleholder or which are secured through a cash guarantee and the amount involved is insignificant. Note 11.4.1 includes a breakdown of assets due and not impaired, stating whether they have been outstanding for less than 90 days.

3.5.5 Information concerning risk concentration, refinancing and restructuring

3.5.5.1 Information concerning risk concentration

Below is a breakdown of the carrying amount of the distribution of customer loans by activity at 31 December 2023 and 2022:

	Thousands of euros							
	2023							
	Total	Of which: mortgage collateral	Of which: other collateral	Collateralised loans Carrying amount based on latest available appraisal (loan to value) Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%
Public administrations	**583,631**	**39,223**	**-**	**6,637**	**22,996**	**1,829**	**-**	**7,761**
Other financial institutions and individual entrepreneurs (financial business activity)	**715,746**	**9,003**	**702,867**	**666**	**1,819**	**6,302**	**703,047**	**36**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**8,529,718**	**1,915,076**	**64,610**	**887,618**	**712,521**	**285,558**	**45,890**	**48,099**
Real estate construction and development (including land)	994,017	966,856	20	391,648	404,214	164,642	4,747	1,625
Civil engineering	5,607	22	-	22	-	-	-	-
Other purposes	7,530,094	948,198	64,590	495,948	308,307	120,916	41,143	46,474
Large corporations	*3,321,464*	*78,753*	*1,393*	*33,368*	*19,671*	*14,666*	*8,545*	*3,896*
SMEs and individual entrepreneurs	*4,208,630*	*869,445*	*63,197*	*462,580*	*288,636*	*106,250*	*32,598*	*42,578*
Other households	**19,100,991**	**17,508,203**	**38,570**	**4,011,717**	**5,519,081**	**6,514,182**	**1,049,006**	**452,787**
Homes	17,433,572	17,185,206	19,030	3,840,520	5,426,579	6,463,292	1,033,318	440,527
Consumption	690,221	64,976	10,663	44,678	17,055	8,484	4,094	1,328
Other purposes	977,198	258,021	8,877	126,519	75,447	42,406	11,594	10,932
Total	**28,930,086**	**19,471,505**	**806,047**	**4,906,638**	**6,256,417**	**6,807,871**	**1,797,943**	**508,683**
Memorandum items: refinancing, refinanced and restructured operations	**303,506**	**207,198**	**396**	**47,625**	**57,966**	**63,023**	**20,451**	**18,529**

	Thousands of euros							
	2022							
	Total	Of which: mortgage collateral	Of which: other collateral	Collateralised loans Carrying amount based on latest available appraisal (loan to value) Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%
Public administrations	**710,940**	**42,716**	**283**	**15,852**	**24,428**	**2,719**	**-**	**-**
Other financial institutions and individual entrepreneurs (financial business activity)	**1,627,077**	**9,929**	**1,613,679**	**478**	**1,740**	**7,522**	**1,613,670**	**198**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**8,376,319**	**2,027,918**	**66,892**	**886,973**	**693,834**	**353,034**	**49,364**	**111,605**
Real estate construction and development (including land)	967,205	926,861	19	357,314	351,028	200,892	15,362	2,284
Civil engineering	1,462	25	-	25	-	-	-	-
Other purposes	7,407,652	1,101,032	66,873	529,634	342,806	152,142	34,002	109,321
Large corporations	*2,505,144*	*18,995*	*260*	*9,075*	*4,930*	*1,974*	*3,030*	*246*
SMEs and individual entrepreneurs	*4,902,508*	*1,082,037*	*66,613*	*520,559*	*337,876*	*150,168*	*30,972*	*109,075*
Other households	**19,565,509**	**18,032,011**	**49,043**	**4,867,816**	**5,798,137**	**5,767,533**	**1,071,191**	**576,377**
Homes	17,897,015	17,645,570	21,617	4,647,570	5,687,263	5,713,379	1,057,680	561,295
Consumption	691,314	78,776	16,596	61,976	19,080	11,338	2,329	649
Other purposes	977,180	307,665	10,830	158,270	91,794	42,816	11,182	14,433
Total	**30,279,845**	**20,112,574**	**1,729,897**	**5,771,119**	**6,518,139**	**6,130,808**	**2,734,225**	**688,180**
Memorandum items: refinancing, refinanced and restructured operations	**289,605**	**224,038**	**893**	**62,526**	**64,516**	**59,887**	**22,601**	**15,401**

The carrying amount of the risks classified by business and geographic area are set out below, including loans and advances, debt securities, equity instruments, trading derivatives, hedge derivatives, shares and contingent risks.

- Total activity:

	Thousands of euros				
	2023				
	Spain	Other EU	America	Rest of the world	Total
Central banks and credit institutions	**2,718,526**	**454,080**	**4,321**	**13,638**	**3,190,565**
Public administrations	**14,337,799**	**2,060,151**	**89,308**	**-**	**16,487,258**
Central government	13,287,791	2,060,151	89,308	-	15,437,250
Other public administrations	1,050,008	-	-	-	1,050,008
Other financial companies and individual entrepreneurs (financial business activity)	**937,303**	**237,449**	**2,421**	**9,842**	**1,187,015**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**11,234,220**	**851,637**	**21,278**	**8,055**	**12,115,190**
Real estate construction and development (including land)	1,284,405	-	-	-	1,284,405
Civil engineering	13,395	-	-	-	13,395
Other purposes	9,936,420	851,637	21,278	8,055	10,817,390
Large corporations	3,827,814	838,131	17,054	7,548	4,690,547
SMEs and individual entrepreneurs	6,108,606	13,506	4,224	507	6,126,843
Other households	**19,079,066**	**57,737**	**8,163**	**33,304**	**19,178,270**
Homes	17,336,345	56,513	7,742	32,971	17,433,571
Consumption	689,331	535	252	103	690,221
Other purposes	1,053,390	689	169	230	1,054,478
Total	**48,306,914**	**3,661,054**	**125,491**	**64,839**	**52,158,298**

	Thousands of euros				
	2022 (*)				
	Spain	Other EU	America	Rest of the world	Total
Central banks and credit institutions	**1,978,453**	**446,268**	**7,913**	**63,302**	**2,495,936**
Public administrations	**14,223,112**	**1,615,227**	**90,256**	**-**	**15,928,595**
Central government	13,128,572	1,615,227	90,256	-	14,834,055
Other public administrations	1,094,540	-	-	-	1,094,540
Other financial companies and individual entrepreneurs (financial business activity)	**1,908,068**	**387,153**	**-**	**12,070**	**2,307,291**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**11,112,776**	**656,540**	**21,523**	**11,838**	**11,802,677**
Real estate construction and development (including land)	1,272,009	-	-	-	1,272,009
Civil engineering	9,314	-	-	-	9,314
Other purposes	9,831,453	656,540	21,523	11,838	10,521,354
Large corporations	2,902,515	636,849	17,676	8,982	3,566,022
SMEs and individual entrepreneurs	6,928,938	19,691	3,847	2,856	6,955,332
Other households	**19,642,471**	**58,301**	**10,050**	**36,829**	**19,747,651**
Homes	17,793,560	57,511	9,421	36,522	17,897,014
Consumption	690,190	620	381	122	691,313
Other purposes	1,158,721	170	248	185	1,159,324
Total	**48,864,880**	**3,163,489**	**129,742**	**124,039**	**52,282,150**

(*) Restated figures (see Note 1.4.).

- Activity in Spain:

	Thousands of euros								
	2023								
	Aragon	Madrid	Catalonia	Region of Valencia	Andalusia	Castilla León	Castilla La Mancha	Other	Total
Central banks and credit institutions	**2,292,486**	**278,656**	**-**	**77,237**	**3,014**	**-**	**1**	**67,132**	**2,718,526**
Public administrations	**186,474**	**158,719**	**5,954**	**48,746**	**85,115**	**140,761**	**15,852**	**408,387**	**14,337,799**
Central government (*)	-	-	-	-	-	-	-		13,287,791
Other public administrations	186,474	158,719	5,954	48,746	85,115	140,761	15,852	408,387	1,050,008
Other financial institutions and individual entrepreneurs (financial business activity)	**95,862**	**837,807**	**783**	**155**	**422**	**1,426**	**129**	**719**	**937,303**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**3,812,592**	**2,568,812**	**1,268,065**	**659,970**	**645,794**	**458,143**	**288,991**	**1,531,853**	**11,234,220**
Real estate construction and development (including land)	223,304	573,523	123,966	57,848	95,753	69,744	24,591	115,676	1,284,405
Civil engineering	5,616	7,181	-	-	9	534	-	55	13,395
Other purposes	3,583,672	1,988,108	1,144,099	602,122	550,032	387,865	264,400	1,416,122	9,936,420
Large corporations	*754,207*	*1,166,196*	*625,433*	*266,100*	*216,684*	*106,005*	*59,094*	*634,095*	*3,827,814*
SMEs and individual entrepreneurs	*2,829,465*	*821,912*	*518,666*	*336,022*	*333,348*	*281,860*	*205,306*	*782,027*	*6,108,606*
Other households	**4,705,420**	**5,617,272**	**1,934,278**	**1,606,522**	**1,161,429**	**775,921**	**1,097,848**	**2,180,376**	**19,079,066**
Homes	3,700,464	5,374,208	1,841,729	1,533,142	1,115,195	709,140	1,036,129	2,026,338	17,336,345
Consumption	279,610	109,052	51,589	42,267	24,760	36,165	40,822	105,066	689,331
Other purposes	725,346	134,012	40,960	31,113	21,474	30,616	20,897	48,972	1,053,390
Total	**11,092,834**	**9,461,266**	**3,209,080**	**2,392,630**	**1,895,774**	**1,376,251**	**1,402,821**	**4,188,467**	**48,306,914**

(*) The risk pertains to the Central Government and is not allocated by Autonomous Region.

	Thousands of euros								
	2022 (**)								
	Aragon	Madrid	Catalonia	Region of Valencia	Andalusia	Castilla León	Castilla La Mancha	Other	Total
Central banks and credit institutions	**1,797,578**	**64,459**	**-**	**60,344**	**3,100**	**-**	**-**	**52,972**	**1,978,453**
Public administrations	**224,528**	**126,207**	**6,550**	**60,129**	**63,934**	**130,131**	**46,534**	**436,527**	**14,223,112**
Central government (*)	-	-	-	-	-	-	-		13,128,572
Other public administrations	224,528	126,207	6,550	60,129	63,934	130,131	46,534	436,527	1,094,540
Other financial institutions and individual entrepreneurs (financial business activity)	**153,314**	**1,750,749**	**733**	**243**	**488**	**1,462**	**176**	**903**	**1,908,068**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**3,971,548**	**2,498,743**	**1,097,720**	**705,867**	**608,462**	**450,770**	**299,734**	**1,479,932**	**11,112,776**
Real estate construction and development (including land)	256,923	636,746	80,201	53,659	72,052	55,798	27,396	89,234	1,272,009
Civil engineering	1,275	7,252	-	-	12	662	1	112	9,314
Other purposes	3,713,350	1,854,745	1,017,519	652,208	536,398	394,310	272,337	1,390,586	9,831,453
Large corporations	*585,663*	*925,652*	*381,019*	*212,209*	*147,156*	*85,262*	*62,510*	*503,044*	*2,902,515*
SMEs and individual entrepreneurs	*3,127,687*	*929,093*	*636,500*	*439,999*	*389,242*	*309,048*	*209,827*	*887,542*	*6,928,938*
Other households	**5,075,444**	**5,524,153**	**1,928,863**	**1,633,210**	**1,198,235**	**832,497**	**1,155,223**	**2,294,846**	**19,642,471**
Homes	4,004,634	5,275,499	1,830,095	1,557,381	1,146,450	759,787	1,091,436	2,128,278	17,793,560
Consumption	280,940	106,962	49,734	41,138	25,425	37,573	40,743	107,675	690,190
Other purposes	789,870	141,692	49,034	34,691	26,360	35,137	23,044	58,893	1,158,721
Total	**11,222,412**	**9,964,311**	**3,033,866**	**2,459,793**	**1,874,219**	**1,414,860**	**1,501,667**	**4,265,180**	**48,864,880**

(*) The risk pertains to the Central Government and is not allocated by Autonomous Region.

(**) Restated figures (see Note 1.4.).

The concentration of credit quality risk in debt securities based on the counterparty's rating at 31 December 2023 and 2022 is detailed below:

	Thousands of euros			
	2023			
	Financial assets not held for trading mandatorily measured at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
AAA / AA	-	7,059	384,526	239,915
A	-	315,856	2,961,115	8,455,653
BBB	-	121,560	1,143,471	3,834,353
BB	-	-	-	28,536
B	-	-	-	-
CCC	-	-	-	-
Unrated	-	-	2,021	-
Total	**-**	**444,475**	**4,491,133**	**12,558,457**

	Thousands of euros			
	2022 (*)			
	Financial assets not held for trading mandatorily measured at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
AAA / AA	-	8,365	304,317	47,594
A	-	273,596	2,521,317	8,320,210
BBB	-	151,087	883,679	3,885,237
BB	-	-	-	29,176
B	-	-	-	-
CCC	-	-	-	-
Unrated	-	-	2,010	-
Total	**-**	**433,048**	**3,711,323**	**12,282,217**

(*) Restated figures (see Note 1.4.).

3.5.5.2 Information concerning refinancing and restructuring

The Group follows a policy aimed at utilising operations refinancing and restructuring as credit risk management instruments which, when implemented prudently and appropriately, contribute to improving risk quality, based on individualised analyses focused on providing economic viability to borrowers that, at some stage of the transaction, undergo transitory difficulties to meeting their payments commitments promptly at the time they fall due. The policy is aimed at:

- Ensuring the economic feasibility of borrowers and operations (grant of interest free periods, increase in timeframes, etc.).
- Improving as far as possible the Group's risk position through the delivery of additional effective guarantees and the review of existing guarantees.

Acceptance of transactions:

In general, refinancing/restructuring transactions must meet the following requirements:

- Feasibility analysis based on the existence of the customer's intention and capacity to pay which although impaired with respect to inception, should exist under the new conditions.
- Bringing instalments into line with the client's real payment capacity following an up-to-date analysis of the borrower's supporting economic-financial situation.

- Assessment of the borrower's/operation's compliance record.

- Assessment of the effectiveness of existing guarantees and new guarantees to be provided. To this end, the following are considered effective guarantees:

  – Guarantees pledged over cash deposits, listed equity instruments and debt securities.

  – Mortgage guarantees over housing, offices and multi-purpose entities and rural properties.

  – Personal guarantees (guarantee deposits, new holders etc.) fully covering the guaranteed risk.

Sanction:

The branch network is not authorised to sanction refinancing or restructuring transactions. The transactions are authorised by a specific circuit other than the admission circuit, which is completely separate from the commercial network.

In 2012, Ibercaja adhered to the Code of Good Practices for viable restructuring of mortgage-backed debts on primary residences, as regulated in Royal Decree 6/2012 and subsequently amended in Royal Decree Law 19/2022, of 22 November.

A breakdown of refinancing and restructuring balances at 31 December 2023 and 2022 can be seen below:

	Thousands of euros			
	2023		2022	
	Total	of which: in default/not-performing	Total	of which: in default/not-performing
Gross amount	**412,011**	**189,535**	**402,512**	**273,937**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	**2,896**	**2,896**	**2,896**	**2,896**
Allowances for impairment of assets	**105,609**	**88,290**	**110,011**	**92,473**
of which: collective	*55,862*	*44,595*	*64,662*	*49,879*
of which: individual	*49,747*	*43,695*	*45,349*	*42,594*
Net amount	**303,506**	**98,349**	**289,605**	**178,568**
Value of the collateral received	**432,398**	**194,796**	**420,742**	**203,129**
Value of collateral	249,210	118,962	263,393	126,695
Value of other collateral	183,188	75,834	157,349	76,434

At 31 December 2023, the Group assessed the renegotiated transactions, and according to their better judgement identified and provided those that having not mediated renegotiation could have been past-due or impaired, for a global risk amount of €222,476 thousand (€128,575 thousand at 31 December 2022).

The reconciliation of the gross amounts of refinanced and restructured transactions at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Balance at 1 January	**402,512**	**538,586**
(+) Refinancing and restructuring in the period	119,304	64,141
Memorandum items: impact recognised in the income statement for the period	*10,650*	*11,162*
(-) Debt repayments	49,994	85,693
(-) Foreclosures	6,416	12,212
(-) Derecognitions (reclassification to written-off assets)	9,491	23,865
(+)/(-) Other changes (*)	(43,904)	(78,445)
Balance at 31 December	**412,011**	**402,512**

(*) Includes operations that are no longer classified as refinancing, refinanced or restructured as the requirements for reclassification from performing exposures under special vigilance to performing exposures have been met (Note 2.3).

On 31 December 2023, the details of the refinanced and restructured transactions are as follows:

	Thousands of euros							
	Total							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Maximum amount of the collateral that can be considered			
					Real estate collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-
Other financial companies and individual entrepreneurs (financial business activity)	**4**	**646**	-	-	-	-	**(355)**	**291**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**1,539**	**123,199**	**424**	**87,599**	**67,849**	**461**	**(57,583)**	**153,215**
Of which: financing for real estate construction and development	*2*	*1,605*	*66*	*24,421*	*19,664*	*6*	*(8,281)*	*17,745*
Other households	**1,376**	**15,952**	**2,218**	**184,615**	**170,748**	**31**	**(50,567)**	**150,000**
Total	**2,919**	**139,797**	**2,642**	**272,214**	**238,597**	**492**	**(108,505)**	**303,506**
Additional information								
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-	-

	Thousands of euros							
	Of which: default/non-performing							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Maximum amount of the collateral that can be considered			
					Real estate collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-
Other financial companies and individual entrepreneurs (financial business activity)	**4**	**646**	-	-	-	-	**(355)**	**291**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**459**	**40,363**	**264**	**47,633**	**29,546**	**68**	**(47,595)**	**40,401**
Of which: financing for real estate construction and development	-	-	*56*	*13,691*	*9,499*	*6*	*(6,670)*	*7,021*
Other households	**996**	**12,486**	**1,154**	**88,407**	**78,995**	**31**	**(43,236)**	**57,657**
Total	**1,459**	**53,495**	**1,418**	**136,040**	**108,541**	**99**	**(91,186)**	**98,349**
Additional information								
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-	-

On 31 December 2022, the details of the refinanced and restructured transactions are as follows:

	Thousands of euros							
	Total							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Maximum amount of the collateral that can be considered			
					Real estate collateral	Other collateral		
Credit institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Public administrations	**1**	**88**	**-**	**-**	**-**	**-**	**-**	**88**
Other financial companies and individual entrepreneurs (financial business activity)	**1**	**6**	**-**	**-**	**-**	**-**	**(6)**	**-**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**1,188**	**94,689**	**518**	**83,642**	**61,479**	**701**	**(62,034)**	**116,297**
Of which: financing for real estate construction and development	6	2,647	78	25,307	19,800	6	(10,761)	17,193
Other households	**1,645**	**18,274**	**2,585**	**205,813**	**185,255**	**42**	**(50,867)**	**173,220**
Total	**2,835**	**113,057**	**3,103**	**289,455**	**246,734**	**743**	**(112,907)**	**289,605**
Additional information								
Financing classified as non-current assets and disposal groups of items classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Thousands of euros							
	Of which: default/non-performing							
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk	Carrying amount
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	Maximum amount of the collateral that can be considered			
					Real estate collateral	Other collateral		
Credit institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Public administrations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other financial companies and individual entrepreneurs (financial business activity)	**1**	**10**	**-**	**-**	**-**	**-**	**(6)**	**4**
Non-financial companies and individual entrepreneurs (non-financial business activity)	**589**	**46,652**	**445**	**81,533**	**57,303**	**134**	**(53,199)**	**74,986**
Of which: financing for real estate construction and development	5	1,892	95	38,899	27,672	6	(10,347)	30,444
Other households	**1,216**	**15,402**	**1,653**	**130,340**	**111,414**	**56**	**(42,164)**	**103,578**
Total	**1,806**	**62,064**	**2,098**	**211,873**	**168,717**	**190**	**(95,369)**	**178,568**
Additional information								
Financing classified as non-current assets and disposal groups of items classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The detail of the refinanced or restructured transactions is attached that, after the restructuring or refinancing, were classified as non-performing during 2023 and 2022:

	Thousands of euros	
	2023	2022
Public administrations	**-**	**-**
Other legal persons and individual entrepreneurs	**15,528**	**5,450**
Of which: financing for real estate construction and development	150	1,011
Other individuals	**22,221**	**7,681**
Total	**37,749**	**13,131**

3.5.6 Policies for the management of problematic assets

Ibercaja Banco, S.A. establishes specific policies relating to the management of assets of the real estate sector.

These policies are focused on favouring the compliance of the obligations of the borrowers and mitigate the risks to which the Group is exposed. In this sense, alternatives are searched for that allow for the completion and sale of the projects, analysing the renegotiation of the risks if it improves the credit position of the Group and with the basic purpose that the borrower can maintain his/her commercial activity. To do so, they keep in mind the previous experience with the borrower, the apparent willingness of payment and the improvement of the Group in terms of expected loss, seeking to increase the guarantees of the credits and not increase the customer's risk.

Additionally the Group supports the promoters once the promotions are finished, working together in the management and speeding up of sales.

In the case that the support measurements are not possible or sufficient, other alternatives are searched for such as the granting in payment or the purchase of assets, with legal claim and subsequent acquisition of real estate being the last option.

All those assets that form part of the Group's balance sheet are managed seeking their divestment or lease.

To do so, the Group has agreements with third parties or has instrumental companies, specialised in the management of urban projects, sale of real estate and lease of real estate assets.

The Group has specific Units to implement these strategies and coordinate the actions of instrumental subsidiaries, the branch office network and the rest of actors involved.

3.5.6.1 Credit investment linked to development and real estate activities and to retail mortgages

On 31 December 2023 and 2022, the details of the financing for the real estate construction and development and the hedging thereof is the following:

	Thousands of euros							
	Gross amount		Excess over collateral value (*)		Accumulated impairment		Net value	
	2023	2022	2023	2022	2023	2022	2023	2022
Financing for real estate construction and development (including land) (businesses in Spain)	**1,037,300**	**1,010,957**	**119,234**	**101,516**	**24,174**	**28,470**	**1,013,126**	**982,487**
Of which: default/non-performing	*20,929*	*35,746*	*10,809*	*17,553*	*17,432*	*23,340*	*3,497*	*12,406*
Memorandum items: written-off assets	**114,129**	**121,881**	-	-	-	-	-	-

(*) Excess of the gross exposure on the maximum recoverable amount of the effective collateral calculated according to Circular 04/2017. That is, the positive difference between the gross carrying amount of the financial assets and the maximum recoverable amount of the effective collateral.

	Thousands of euros	
	Carrying amount	
Memorandum items: Data from the public consolidated balance sheet	**2023**	**2022 (*)**
Loans to customers, excluding Public Administrations (businesses in Spain)	28,346,455	29,568,904
Total assets (total businesses)	54,516,480	54,636,093
Impairment loss and provisions for exposures classified as normal (total businesses)	202,049	206,981

(*) Restated figures (see Note 1.4.).

The breakdown of the heading of the financing for the real estate construction and development (including land), on 31 December 2023 and 2022 is the following:

	Thousands of euros	
	Gross carrying amount	
	2023	**2022**
Without real estate collateral	**25,493**	**34,929**
With real estate guarantee	**1,011,807**	**976,028**
Buildings and other completed constructions	244,312	283,751
Housing	*216,910*	*251,132*
Other	*27,402*	*32,619*
Buildings and other constructions under construction	690,454	615,675
Housing	*690,113*	*615,437*
Other	*341*	*238*
Land	77,041	76,602
Consolidated urban land	*73,907*	*70,880*
Other land	*3,134*	*5,722*
Total	**1,037,300**	**1,010,957**

Below a detail of the collateral received and financial guarantees granted in relation to the financing for property construction and development is shown (including undeveloped land) on 31 December 2023 and 2022.

Collateral received:

	Thousands of euros	
	2023	**2022**
Value of collateral	976,240	944,505
of which: guarantees default/non-performing risks	*15,262*	*26,867*
Value of other collateral	338,980	288,599
of which: guarantees default/non-performing risks	*9,952*	*10,759*
Total value of the collateral received	**1,315,220**	**1,233,104**

Financial guarantees granted:

	Thousands of euros	
	2023	**2022**
Financial guarantees granted related to real estate construction and development	**3,529**	**5,166**
Amount recognised under liabilities on the balance sheet	2,628	2,661

At 31 December 2023 and 2022, the breakdown of loans to households for housing acquisition is the following:

	Thousands of euros			
	Gross carrying amount		Of which: non-performing	
	2023	2022	2023	2022
Housing acquisition loans	**17,339,556**	**17,770,595**	**175,816**	**174,137**
Without mortgage loan	231,724	237,946	1,235	2,361
With mortgage loan	17,107,832	17,532,649	174,581	171,776

The breakdown of the loans with mortgage loan to households for housing acquisition according to the percentage that implies the gross carrying amount over the latest appraisal amount (loan to value) on 31 December 2023 and 2022 is the following:

	Thousands of euros					
	2023					
	Gross carrying amount based on latest appraisal amount (loan to value)					
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	Total
Gross carrying amount	3,768,467	5,399,291	6,462,012	1,035,794	442,268	**17,107,832**
Of which: default/non-performing	*45,148*	*69,460*	*50,174*	*7,814*	*1,985*	***174,581***

	Thousands of euros					
	2022					
	Gross carrying amount based on latest appraisal amount (loan to value)					
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	Total
Gross amount	4,556,989	5,650,285	5,707,395	1,057,275	560,705	**17,532,649**
Of which: default/non-performing	*40,973*	*63,867*	*53,673*	*11,291*	*1,972*	***171,776***

At 31 December 2023, 91.4% of the housing acquisition loan with real estate collateral has an LTV lower than 80% (90.8% at 31 December 2022).

3.5.6.2 Foreclosed or received assets in payment for debts.

As at 31 December 2023 and 2022, the following information relates to assets repossessed or accepted as payment for debts:

	Thousands of euros			
	2023			
	Gross carrying amount (*)	Total allowances for impairment losses	Of which: Allowances for impairment losses from the time of the foreclosure	Carrying amount
Real estate assets acquired from loans for real estate construction and development	**204,759**	**(145,158)**	**(77,678)**	**59,601**
Buildings and other completed constructions	26,550	(15,161)	(6,393)	11,389
Housing	*14,844*	*(7,950)*	*(3,582)*	*6,894*
Other	*11,706*	*(7,211)*	*(2,811)*	*4,495*
Buildings and other constructions under construction	3,579	(2,738)	(913)	841
Housing	*3,219*	*(2,444)*	*(755)*	*775*
Other	*360*	*(294)*	*(158)*	*66*
Land	174,630	(127,259)	(70,372)	47,371
Consolidated urban land	*61,514*	*(46,510)*	*(22,141)*	*15,004*
Other land	*113,116*	*(80,749)*	*(48,231)*	*32,367*
Real estate assets acquired in mortgage loans to households for housing acquisition	**87,317**	**(47,569)**	**(22,838)**	**39,748**
Other foreclosed or received real estate assets in payment of debt	**54,866**	**(31,714)**	**(13,998)**	**23,152**
	346,942	**(224,441)**	**(114,514)**	**122,501**

(*) Amount before deducting the allowances for impairment loss.

	Thousands of euros			
	2022			
	Gross carrying amount (*)	Total allowances for impairment losses	Of which: Allowances for impairment losses from the time of the foreclosure	Carrying amount
Real estate assets acquired from loans for real estate construction and development	**254,641**	**(168,784)**	**(92,768)**	**85,857**
Buildings and other completed constructions	31,551	(17,085)	(7,850)	14,466
Housing	*17,228*	*(9,027)*	*(3,712)*	*8,201*
Other	*14,323*	*(8,058)*	*(4,138)*	*6,265*
Buildings and other constructions under construction	3,579	(2,699)	(873)	880
Housing	*3,219*	*(2,405)*	*(715)*	*814*
Other	*360*	*(294)*	*(158)*	*66*
Land	219,511	(149,000)	(84,045)	70,511
Consolidated urban land	*70,489*	*(47,468)*	*(20,834)*	*23,021*
Other land	*149,022*	*(101,532)*	*(63,211)*	*47,490*
Real estate assets acquired in mortgage loans to households for housing acquisition	**102,103**	**(50,101)**	**(23,778)**	**52,002**
Other foreclosed or received real estate assets in payment of debt	**60,180**	**(31,919)**	**(12,524)**	**28,261**
	416,924	**(250,804)**	**(129,070)**	**166,120**

(*) Amount before deducting the allowances for impairment loss.

The breakdown of the carrying amount of assets foreclosed or received as payment for debts classified by balance sheet item at 31 December 2023 and 2022 is as follows:

	Thousands of euros				
	2023				
	Gross carrying amount	**Allowances for impairment losses from lending**	**Accumulated depreciation**	**Allowances for impairment losses from the time of the foreclosure**	**Carrying amount**
Tangible assets – Investment property	11,444	(2,263)	(304)	(3,374)	5,503
Other assets - Inventories	31,593	(8,566)	-	(15,375)	7,652
Non-current assets and disposal groups classified as held for sale	303,905	(98,740)	(54)	(95,765)	109,346
	346,942	**(109,569)**	**(358)**	**(114,514)**	**122,501**

	Thousands of euros				
	2022				
	Gross carrying amount	**Allowances for impairment losses from lending**	**Accumulated depreciation**	**Allowances for impairment losses from the time of the foreclosure**	**Carrying amount**
Tangible assets - Investment property	15,535	(3,083)	(313)	(3,910)	8,229
Other assets - Inventories	60,827	(10,986)	-	(36,710)	13,131
Non-current assets and disposal groups classified as held for sale	340,562	(107,282)	(70)	(88,450)	144,760
	416,924	**(121,351)**	**(383)**	**(129,070)**	**166,120**

3.6 Exposure to operational risk

This is defined as the risk of loss resulting from a lack of adequacy or failure of internal processes, personnel and systems, or a loss arising from external events, and therefore encompasses sub-categories such as conduct risk, technological risk or model risk, among others.

3.6.1 Strategies and policies for the operational risk management

The Board of Directors approves the strategies, policies and limits for the management of this risk, following a report from the Large Risk and Solvency Committee, documented in the “Framework of operational risk management”.

The Group currently has a management an assessment model for this risk, which basically contemplates the following points:

- General aspects: definition of operational risk, categorisation and assessment of risks.
- Methodologies applied for the identification, assessment and measuring of operational risks.
- Scope of application of the methodologies and personnel that participate in the management of this risk.
- Indicators, limits and tolerance ranges.

- Generation of stress scenarios.

- Models of support to the management (management, control and mitigation of the operational risk): information derived from the previous methodologies and implementation of measures directed at the mitigation of this risk.

The scope of application of the model of management and assessment model of the operational risk is extended both to business units and support of Ibercaja Banco, and the Group companies.

Its application and effective use in each of the units and subsidiary companies are developed in a decentralised manner. For its part, the Market, Operational and Reputational Risk Control Unit, together with other units and subsidiaries, coordinates risk measurement and carries out risk monitoring, analysis and communication.

Finally, it should be noted that the Market, Operational and Reputational Risk Control Unit is incorporating into its activity those aspects linked to Environmental Risk that affect the Operational Risk area.

3.6.2 Procedures for measurement, management and control

The Group, in applying the adopted model for the operational risk management, use the following methodologies combined, which are supported by specific IT tools:

- Qualitative methodology, based on the identification and expert assessment of operational risks and the existing controls in the processes and activities, together with the breakdown and analysis of risk indicators. During 2023 they reviewed and self-assessed 642 operational risks, concluding in this process, a low risk profile.

- Quantitative methodology, supported in the identification and analysis of the real losses fluctuations in the Group, which are recorded in the database established for that purpose (BDP).

The quantification of real losses recorded in the data base of losses in 2023 shows the total annual net losses (net of direct recoveries and insurance) for operational risk events came to €25,081 thousand, corresponding to 10,539 events, of which 1,218 events for €10,496 thousand derive from write-downs linked to interest rate floor clauses (return of interest totalling €7,373 thousand and legal costs of €3,123 thousand). If the provisions linked to these losses from interest rate floor clauses and other provisions associated with different losses, which were also extraordinary, are discounted, the total annual net loss is €9,308 thousand.

Stripping out the exceptional impact certain losses such as interest rate floor clauses, real operational losses were small in relation to capital requirements, consistently with the overall result of the qualitative assessment mentioned above.

Streamlining in processes of operational risk management and control resulting from the established policies and methodologies, allow the Bank to calculate from December 2010 the capital consumption for Operational Risk by standard method, in accordance with that established in Regulation (EU) No. 575/2013.

3.7 Exposure to the interest rate risk

This is defined as the current or future risk to the Company's capital or earnings as a result of adverse fluctuations in interest rates affecting the positions of its investment portfolio.

The sources of the interest rate risk are the gap, base or optionality risks. In particular, gap risk arises from the different timing of interest rate-sensitive balance sheet instruments, as a result of differences in the timing of their repricing or maturities. Basis risk derives from the different benchmark indices used for repricing, interest rate-sensitive asset and liability instruments. Optionality risk arises from embedded or explicit options that arise when either the Bank or the customer have the option of altering future cash flows if it benefits them.

3.7.1 Strategies and policies for the interest rate risk management

The aim of risk management is to contribute to the maintenance of the current and future profitability in the adequate levels, preserving the economic value of the Company.

The Board of Directors establishes the strategies, policies and limits for the management of this risk, following a report from the Large Risk and Solvency Committee, documented in the "Manual of policies and procedures for the management and control of interest rate risk".

3.7.2 Procedures for measurement and control

The Group manages the exposure to the risk that derives from the transactions of their portfolio, both at the time of its agreement and in its subsequent monitoring, and incorporate to its analysis horizon the assessment established for the business and the expectations respect to the interest rates, as well as the proposals of management and hedging, simulating different behaviour scenarios.

The Company's tools measure the effects of interest rate movements on the net interest income and the economic value, simulate scenarios depending on the assumptions used for interest rate behaviour and business performance, and help estimate the potential impact on capital and on results of abnormal fluctuations of the market, so that the results can be considered in the establishment and review of risk policies and limits and in the planning and decision-making process.

As to optionality risk, behavioural models are available that provide the key assumptions on the sensitivity and duration of demand savings transactions, as their maturity date is not contractually specified, and on early repayments on loans, early redemption of time deposits, and duration of non-performing assets, always based on historical experience for different scenarios.

In the same way, the effect that the variations in interest rates have on the financial margin and economic value is controlled by the establishment of limits to the exposure. The limits allow for maintaining the exposure to the interest rate risk within the levels compatible with the approved policies.

Below, the sensitivity profile is shown of the balance of the Group to the interest rate risk on 31 December 2023 and on 31 December 2022, indicating the carrying amount of those financial assets and liabilities affected by this risk, which appear classified depending on the estimated term until the review date of the interest rate or maturity.

On 31 December 2023:

	€ million						
	Terms until the review of the effective interest rate or maturity						
	Up to 1 month	**1 to 3 months**	**Between 3 months and 1 year**	**Sensitive Balance**	**Insensitive Balance**	**1 to 5 years**	**Over 5 years**
Assets	**6,713**	**6,536**	**10,967**	**24,216**	**22,744**	**9,798**	**12,946**
Financial assets with fixed interest rates and other assets without determined maturity	3,054	323	1,644	5,021	18,251	7,028	11,223
Financial assets at fixed rate hedged with derivatives	(11)	-	1,100	1,089	1,994	1,344	649
Financial assets at variable interest rate	3,670	6,213	8,223	18,105	2,500	1,426	1,074
Liabilities	**14,262**	**3,500**	**5,992**	**23,753**	**23,207**	**8,163**	**15,045**
Financial liabilities with fixed interest rates and other liabilities without determined maturity	13,390	1,813	4,471	19,674	25,126	8,347	16,779
Financial liabilities at fixed rate hedged with derivatives	859	1,513	1,520	3,892	(1,927)	(185)	(1,742)
Financial liabilities at variable interest rate	13	174	1	187	8	-	8
Difference or Gap in the period	**(7,549)**	**3,036**	**4,975**	**463**	**(463)**	**1,635**	**(2,098)**
Difference or accumulated Gap	**(7,549)**	**(4,512)**	**463**	**463**	**(463)**	**2,098**	
Average gap	(7,549)	(5,272)	3,618	(2,412)			
% of total assets	(16,07)	(11,23)	7,70	(5,14)			

On 31 December 2022:

	€ million						
	Terms until the review of the effective interest rate or maturity						
	Up to 1 month	**1 to 3 months**	**Between 3 months and 1 year**	**Sensitive Balance**	**Insensitive Balance**	**1 to 5 years**	**Over 5 years**
Assets	**6,644**	**6,575**	**10,224**	**23,443**	**24,699**	**9,799**	**14,900**
Financial assets with fixed interest rates and other assets without determined maturity	3,179	726	1,297	5,202	20,583	7,337	13,246
Financial assets at fixed rate hedged with derivatives	-	(444)	(360)	(804)	3,047	1,784	1,264
Financial assets at variable interest rate	3,466	6,292	9,287	19,044	1,068	678	390
Liabilities	**13,354**	**3,826**	**6,121**	**23,301**	**24,841**	**7,690**	**17,151**
Financial liabilities with fixed interest rates and other liabilities without determined maturity	12,784	2,021	3,985	18,790	26,506	9,244	17,263
Financial liabilities at fixed rate hedged with derivatives	515	1,620	2,136	4,271	(1,672)	(1,554)	(119)
Financial liabilities at variable interest rate	55	184	-	240	7	-	7
Difference or Gap in the period	**(6,709)**	**2,749**	**4,103**	**142**	**(142)**	**2,109**	**(2,251)**
Difference or accumulated Gap	**(6,709)**	**(3,960)**	**142**	**142**	**(142)**	**2,251**	
Average gap	(6,709)	(4,648)	2,958	(2,377)			
% of total assets	(13,94)	(9,65)	6,14	(4,94)			

Sensitive balances will be considered those whose maturity or repricing occurs in the next twelve months. This period is established as a reference to quantify the effect of the variation of the interest rates on the Group's annual net interest income.

The Gap that appears in the box represents the difference between the sensitive assets and liabilities in each period, i.e. the net balance exposed to changes in prices. The average gap of the period is €-2,412 million, -5.14% of the asset (€2,377 million, 4.94% of the asset at 31 December 2022).

With data at 31 December 2023, the impact on the Company's interest margin in the event of a 200 basis point rise in interest rates is €-38.15 million, -6.86% of the interest margin for the next 12 months, and in the event of a 200 basis point fall is €-39.85 million, -7.16% of the interest margin for the next 12 months (in December 2022: €-41.00 million and -8.50% in the event of a rise and €-61.14 million and -12.68% in the event of a fall) under the assumption that the size and structure of the balance sheet are maintained and that interest rate movements occur instantaneously and are the same for all points on the curve, with a floor starting at minus 150 b.p., rising progressively until it reaches zero in 50 years.

The impact on the economic value of the Company in the event of a rise of 200 basis points in interest rates is €93.05 million, 1.57% of the economic value of assets and liabilities, and in the event of a fall of 200 basis points is €-147.62 million, -2.50% of the economic value of assets and liabilities (in December 2022, €-82.93 million and -1.32% in the event of a rise and €-54.16 million and -0.87% in the event of a fall), under the assumption that interest rate movements occur instantaneously and are the same for all points on the curve, with a floor starting at minus 150 b.p., rising progressively until it reaches zero in 50 years.

3.8 Exposure to liquidity and financing risk

It is defined as the possibility of incurring losses due to not having access to sufficient liquid funds to meet payment obligations.

3.8.1 Strategies and policies for the liquidity risk management

Management and control of the liquidity risk are governed by the principles of financial autonomy and balance equilibrium, guaranteeing the continuity of the business and the availability of sufficient liquid resources to fulfil the payment commitments associated with the cancellation of the liabilities on their respective maturity dates without compromising the capacity of answering before strategic opportunities of market.

The Board of Directors establishes the strategies, policies and limits for the management of this risk, following a report from the Large Risk and Solvency Committee, documented in the "Liquidity risk management policy" and in the "Liquidity risk control policy".

The strategies for attracting resources in the retail segments and the use of alternative sources of short-, medium- and long-term liquidity, allow the Group to have the necessary resources to attend the solvent credit demand derived from the commercial activity and maintain the positions of treasury within the parameters of management established in the Framework of risk appetite and in the Liquidity manual.

3.8.2 Procedures for measurement and control

The measurement of the liquidity risk considers the estimated treasury flows of the assets and liabilities, as well as the guarantees or additional instruments that it has to ensure alternative sources of liquidity that could be required.

Likewise, the development established for the business and the expectations respect to the interest rates are incorporated, as well as the proposals of management and hedging, simulating different behaviour scenarios. These procedures and analysis techniques are reviewed with the necessary frequency to ensure their correct operation.

Progress is made in the short-, medium- and long-term to know the needs of financing and the compliance of the limits, that have in mind the most recent macroeconomic tendencies, for its incidence in the development of the different assets and liabilities of the balance sheet, as well as in the contingent liabilities and derived products. In the same way, the liquidity risk is controlled via the establishment of tolerance ranges compatible with the approved policies.

In addition, the Company is prepared to affront possible crisis, both internal and of the markets in which they operate, with action plans that guarantee sufficient liquidity at the lowest cost possible.

At 31 December 2023, the Company's available liquidity amounted to €12,134 million (€13,345 million at 31 December 2022), coupled with an issuance capacity of €8,180 million (€6,880 million at 31 December 2022). Total availability stood at €20,314 million (€20,225 million at 31 December 2022), €88 million up on the close of last year. During 2023, wholesale maturities were outstanding for a nominal amount of €660 million: covered bonds (€575 million), securitisation bonds owned by third parties (€85 million).

The collateral policy with the ECB contains pledged assets with a discounted value of €6,495 million at 31 December 2023 (31 December 2022: €5,799 million), of which nothing is drawn down at 31 December 2023, leaving ample liquidity available to meet liquidity needs.

In addition to the policy mentioned, the Company has very different sources of financing. There is a large base of retail deposits of €29,486 million (€33,417 million at 31 December 2022), of which 85% had stable balances. The Bank also has financing collateralised by securities in the amount of €4,792 million (€2,300 million at 31 December 2022), €3,080 million of which is transacted with central counterparties. In addition, wholesale issues of a total €3,058 million (€3,218 million at 31 December 2022), characterised by diversification of maturities, and deposits from the Group's financial institutions amounting to €409 million (€520 million at 31 December 2022), and deposits from other customers of €3,798 million (€3,355 million at 31 December 2022), among others.

The Company's balance sheet does not have major exposures of liquidity risk in their assets or in their financing sources.

In relation to other contingent risks, the Group controls the position of:

- Financing received from investment funds and pension plans with clauses that cause the reimbursement depending on reversals in the credit qualification of Ibercaja Banco. At the end of 2023, there was no amount affected by the reversal of a qualification scale.

- Liability derivatives for €333 million, that have required the contribution of additional guarantees for €314 million as well as asset derivatives for €333 million, for those that have received additional guarantees for €2 million. In addition, those transacted through the clearing house contributed additional collateral of €84 million.

- Financing collateralised by securities of €4,270 million, which required the provision of additional collateral of €270 million in cash (collateral includes both repurchase agreements and reverse repurchase agreements).

- International card transactions with CECA cards require collateral of €11 million in fixed income.

- The hedging of the principal and interest maturities of the next 6 months of covered bonds requires a contribution of guarantees of €170 million in fixed income.

Ibercaja Banco has signed framework agreements of compensation or "netting", and their appendices of guarantee exchange, with all the entities that operate in OTC (over the counter, for its letters in English) derivatives and in simultaneous transactions. Their signature is a prerequisite for those entities with which this type of transaction will be started. Ibercaja Banco participates as a direct member in the central chambers of compensation of simultaneous transactions LCH Clearnet and MEFFClear, and in Eurex for the operation with some classes of derivatives of interest rates, being a normal market practice extended among the participants after regulation EMIR goes into effect.

Below a breakdown is offered of the available liquidity:

	Thousands of euros	
	2023	**2022**
Cash and central banks	1,792,730	1,351,694
Available in policy	6,494,859	5,798,903
Eligible assets not included in the policy	3,498,954	5,838,121
Other marketable assets not eligible by the Central Bank	347,533	356,274
Accumulated available balance	**12,134,076**	**13,344,992**

The LCR (Liquidity Coverage Ratio) of the Ibercaja Group at 31 December 2023 amounted to 247% (306% at 31 December 2022). The breakdown of liquid assets at 31 December 2023 under the criteria established for calculating the LCR ratio is as follows:

	Thousands of euros					
	2023			2022		
	Balance sheet figure	Weighting (%)	Weighted balance	Balance sheet figure	Weighting (%)	Weighted balance
Cash and central banks	1,456,969	100	1,456,969	977,196	100	977,196
Tier 1 fixed-income	6,368,420	100	6,368,420	8,994,340	100	8,994,340
Central government sovereign debt	6,906,137	100	6,906,137	6,670,879	100	6,670,879
Regional government sovereign debt	461,221	100	461,221	445,641	100	445,641
Foreign government debt	901,752	100	901,752	844,269	100	844,269
SAREB/ICO	1,448,059	100	1,448,059	1,526,844	100	1,526,844
FADE/FROB/State-backed bonds	40,728	100	40,728	178,652	100	178,652
Reverse repurchase agreement for Tier 1 fixed-income assets	702,327	100	702,327	1,602,337	100	1,602,337
Fixed-income repos	(4,091,804)	100	(4,091,804)	(2,274,282)	100	(2,274,282)
NCC1 covered bonds	200,000	93	186,000	-	-	-
TIER 1 ASSETS	**8,025,389**		**8,011,389**	**9,971,536**		**9,971,536**
Non-financial entity NCC1 bonds	1,177	85	1,001	1,153	85	980
NCC2 covered bonds	-	-	-	-	-	-
TIER 2A ASSETS	**1,177**		**1,001**	**1,153**		**980**
NCC1 securitisations	-	-	-	-	-	-
Non-financial entity NCC 2/3 bonds	21,501	50	10,750	24,160	50	12,080
NCC3 covered bonds	-	-	-	-	-	-
Disposable equities	60,471	50	30,235	94,095	50	47,047
TIER 2B ASSETS	**81,972**		**40,985**	**118,255**		**59,127**
LIQUID ASSETS	**8,108,538**		**8,053,375**	**10,090,944**		**10,031,643**

The LCR ratio data for the Ibercaja Group are:

	Thousands of euros					
	2023			2022		
	Balance sheet figure	Weighting (%)	Weighted balance	Balance sheet figure	Weighting (%)	Weighted balance
TIER 1 ASSETS (70% limit)	8,025,389	98	8,011,389	9,971,536	100	9,971,536
TIER 2 ASSETS	1,177	85	1,001	1,153	85	980
TIER 2B ASSETS	81,972	50	30,235	118,255	50	59,127
LIQUID ASSETS	**8,108,538**		**8,053,375**	**10,090,944**		**10,031,643**
Stable deposits	*24,983,187*	*5*	*1,249,159*	*28,317,058*	*5*	*1,415,853*
Non-stable deposits	*3,977,136*	*10*	*397,714*	*4,760,393*	*10*	*476,039*
RETAIL CUSTOMER DEPOSITS	28,960,323	6	1,646,873	33,077,450	6	1,891,892
Unsecured wholesale financing	4,369,055	41	1,787,395	4,170,088	34	1,420,162
Additional requirements	3,830,615	11	404,111	4,112,377	12	497,574
GROSS OUTFLOWS			**3,838,380**			**3,809,628**
INFLOWS - Maximum allowed inflows (75% outflows)	1,110,365	52	580,904	1,056,039	51	536,539
NET OUTFLOWS			**3,257,475**			**3,273,089**
LIQUIDITY COVERAGE RATIO (LCR)			**247,23%**			**306,49%**

Below the breakdown by terms of the contractual maturities of assets and liabilities is presented (liquidity gap) on 31 December 2023 and 31 December 2022:

	Thousands of euros						
	On demand	Up to 1 month	Between one and three months	Between three months and one year	Between one and five years	After 5 years	Total
ASSETS							
Deposits in credit institutions	68,651	1,960	36,435	-	-	99,021	206,067
Loans to other financial institutions	-	39	1,341	351	14,936	24,737	41,404
Reverse repurchase agreements and securities lending	-	702,327	-	200,000	-	-	902,327
Loans (including matured, non-performing, written-off and foreclosed)	-	949,080	1,263,952	2,671,094	7,934,474	16,933,528	29,752,128
Securities portfolio settlement	-	289,143	166,791	641,490	5,184,532	4,317,877	10,599,833
Hedging derivatives	-	122	(6,856)	4,238	69,412	75,541	142,457
Trading derivatives	-	-	-	-	-	-	-
Interest margin	-	87,795	185,137	674,608	-	-	947,540
Total on 31 December 2023	**68,651**	**2,030,466**	**1,646,800**	**4,191,781**	**13,203,354**	**21,450,704**	**42,591,756**
Total on 31 December 2022	**60,033**	**2,348,906**	**1,955,437**	**3,414,055**	**13,228,737**	**22,777,579**	**43,784,747**
LIABILITIES							
Wholesale issues	-	1,960	3,896	517,218	2,475,659	59,145	3,057,878
Deposits from credit entities	7,332	4,803	-	-	-	2,368	14,503
Deposits from other financial institutions and bodies	523,151	(42,953)	-	1	-	-	480,199
Deposits from large non-financial companies	120,538	1	-	-	-	-	120,539
Financing from the rest of the customers	31,665,174	177,127	205,326	1,162,372	74,075	744	33,284,818
Funds for brokered loans	-	2,132	2,364	16,199	53,125	14,735	88,555
Financing with secured securities	-	3,871,194	220,000	700,609	-	-	4,791,803
Other net outflows	-	35,113	60,183	294,817	126,378	30,255	546,746
Hedging derivatives	-	17,506	27,065	53,770	56,828	-	155,169
Formalised loans pending settlement	-	571,475	-	-	-	-	571,475
Commitments available for third parties	3,347,542	-	-	-	-	-	3,347,542
Financial guarantees issued	9,306	2,924	448	2,922	3,091	1,662	20,353
Total on 31 December 2023	**35,673,043**	**4,641,282**	**519,282**	**2,747,908**	**2,789,156**	**108,909**	**46,479,580**
Total on 31 December 2022	**38,699,602**	**2,983,446**	**419,754**	**2,622,220**	**2,611,434**	**176,423**	**47,512,879**
2023 gap period	**(35,604,392)**	**(2,610,816)**	**1,127,518**	**1,443,873**	**10,414,198**	**21,341,795**	
2022 gap period	**(38,639,569)**	**(634,540)**	**1,535,683**	**791,835**	**10,617,303**	**22,601,156**	
Accumulated gap (without demand savings) 2023		**(2,610,816)**	**(1,483,298)**	**(39,425)**	**10,374,773**	**31,716,568**	
Accumulated gap (without demand savings) 2022		**(634,540)**	**901,143**	**1,692,978**	**12,310,281**	**34,911,437**	

Includes maturities of principal and interests and does not take assumptions of a new business.

The amounts shown in the table above correspond to the undiscounted contractual amounts.

The maturity of the demand deposits is not determined contractually. It has been entered in the first time slot (demand) even though for the most part, these deposits are stable.

The financing of the rest of the customers include the implicit derivative in the structured deposits.

Loan commitments amounted to €3,348 million (€3,180 million at 31 December 2022). While these commitments are available immediately for the customers, and therefore would have "demand" nature in accordance with IFRS 7, in the practice of cash flow outputs they are distributed in all the time slots.

In relation with the financial guarantee contracts issued, the nominal amount of the guarantee does not necessarily have to represent an actual obligation of settlement or of liquidity needs, which will depend on if they meet the conditions so that the amount of the committed guarantee should be settled.

The Group only hopes to produce a cash outflow in relation with financial guarantee contracts that have qualified as non-performing and special watch. The amount that is expected to be settled of these contracts is recorded under “Provisions for contingent risks and commitments”, in the heading Provisions (Note 21), for an amount of €20,354 thousand (€20,001 thousand at 31 December 2022).

Long-term wholesale financing maturities are shown in the following boxes.

On 31 December 2023:

	Thousands of euros						
	On demand	Up to 1 month	1 to 3 months	Between 3 months and 1 year	1 to 5 years	Over 5 years	Total
Senior debt	-	-	-	500,000	550,000	-	1,050,000
Government-backed debt	-	-	-	-	-	-	-
Subordinated and preferential	-	-	-	-	850,000	-	850,000
Bonds and mortgage- and sector-covered bonds	-	-	-	-	1,006,026	-	1,006,026
Securitisations	-	1,960	3,896	17,218	69,634	59,145	151,853
Promissory notes and certificates of deposit	-	-	-	-	-	-	-
Wholesale issues	**-**	**1,960**	**3,896**	**517,218**	**2,475,659**	**59,145**	**3,057,878**
Financing with long-term secured securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Maturities in the period	**-**	**1,960**	**3,896**	**517,218**	**2,475,659**	**59,145**	**3,057,878**
Accumulated maturities	**-**	**1,960**	**5,856**	**523,074**	**2,998,733**	**3,057,878**	

The wholesale issues appear as net treasury shares. However, multi-seller covered bonds appear for their gross amount issued while the treasury shares are recognised as available liquidity in accordance with the preparation criteria of the LQ statements of the Bank of Spain.

On 31 December 2022:

	Thousands of euros						
	On demand	Up to 1 month	1 to 3 months	Between 3 months and 1 year	1 to 5 years	Over 5 years	Total
Senior debt	-	-	-	-	550,000	-	550,000
Government-backed debt	-	-	-	-	-	-	-
Subordinated and preferential	-	-	-	350,000	500,000	-	850,000
Bonds and mortgage- and sector-covered bonds	-	-	-	575,000	1,006,026	-	1,581,026
Securitisations	-	2,932	5,708	24,458	104,084	99,561	236,742
Promissory notes and certificates of deposit	-	-	-	-	-	-	-
Wholesale issues	**-**	**2,932**	**5,708**	**949,458**	**2,160,110**	**99,561**	**3,217,768**
Financing with long-term secured securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Maturities in the period	**-**	**2,932**	**5,708**	**949,458**	**2,160,110**	**99,561**	**3,217,768**
Accumulated maturities	**-**	**2,932**	**8,640**	**958,098**	**3,118,207**	**3,217,768**	

The wholesale issues appear as net treasury shares. However, multi-seller covered bonds appear for their gross amount issued while the treasury shares are recognised as available liquidity in accordance with the preparation criteria of the LQ statements of the Bank of Spain.

The diversification policy at the time of the maturities of the wholesale issues, will permit the Company to cover the maturities of the next financial years, maintaining ample liquidity.

Thus, keeping in mind the available liquidity (€12,134 million), the Company could cover the total of the maturities of the long-term wholesale financing (€3,058 million). Additionally, it is able to issue €8,180 million (total availability of €20,314 million).

3.9 Exposure to other risks

3.9.1 Exposure to market and counterparty risk

3.9.1.1 Strategies and policies for the market and counterparty risk management

a) Market risk

This is defined as the possibility of incurring losses due to maintaining market positions as a result of adverse movements in financial variables or risk factors (interest rates, exchange rates, share prices, etc.) that determine the value of those positions.

The Bank manages the market risk, trying to obtain an adequate financial profitability in relation to the assumed risk level, keeping in mind certain levels of overall exposure, exposure due to segmentation rates (portfolios, instruments, ratings), structure of the portfolio and portfolio/risk objectives. In their management and control they apply analysis of sensitivity and simulation of stress scenarios for the estimation of their impact in the profits and equity.

The Board of Directors approved the strategies, policies and limits for the management of this risk, following a report from the Large Exposures and Solvency Committee, documented in the "Ibercaja Banco market risk policy" and the "Market risk control policy.

For the market risk management, they have policies on identification, measuring, monitoring, control and mitigation as well as policies on transactions in that relative to their trading, revaluation of positions, classification and valuation of portfolios, cancellation of transactions, approving of new products, relationships with intermediaries and delegation of duties.

b) Counterparty risk

The possibility of default by counterparties in financial transactions (fixed income, interbank, derivatives, etc.).

The Board of Directors approves the strategies, policies and limits for the management of this risk, following a report from the Large Exposures and Solvency Committee, documented in the "Manual for Lines of Risk" of Ibercaja Banco.

For the management of the counterparty risk, the Company has policies for identification, measuring, monitoring, control and mitigation. Additionally the "Manual of Lines of Risk of Ibercaja Banco" establishes the criteria, methods and procedures for the granting of lines of risks, the proposal of limits, the process for formalisation and documentation of transactions, as well as the procedures for monitoring and controlling the risks for financial entities, public administrations with rating and listed and/or qualified companies with rating, with the exception of promoting entities.

The lines of risk are established essentially depending on the ratings assigned by the credit qualification agencies, of the reports that these agencies issue and of the expert analysis of their financial statements.

For the granting of transactions related with the counterparty risk to the entities previously mentioned, it will be the Finance Area Division and the Governing Bodies in charge of managing the assumption of risk, attending to the fixed limits for the lines of credit.

The Company uses specialised tools for the management, control and measuring of the counterparty risk, with the aim of considering the risk consumption of each product and gather the risk consumption at the Group level under one application.

3.9.1.2 Procedures for measurement and control

a) Market risk

The portfolios exposed to Market Risk are characterised for their high liquidity and for the absence of materiality in the trading activity, which implies that the Market Risk assumed by the trading activity is insignificant as a whole.

The Company monitors the progression of the expected loss of the management portfolio given a trust level of 99% and a time horizon (1 day or 10 days) as a result of the variations of the risk factors that determine the price of the financial assets via the VaR indicator (Value at risk).

The VaR calculation is carried out with different methodologies:

- The parametric VaR assumes normalcy of the relative variations of the risk factors for the calculation of the expected loss of the portfolio given a trust level of 99% and a time horizon (1 day or 10 days).

- The diversified parametric VaR keeps in mind the diversification offered by the correlations of the risk factors (interest rates, exchange rates, shares listing, etc.). It is the standard measure.

- The non-diversified parametric VaR assumes the lack of diversification among those factors (correlations equal to 1 or -1 according to the case), and is useful in stress or change periods of the risk factors correlations.

- The Historic Simulation VaR uses the relative variations made in the last year of the risk factors to generate the scenarios in which the loss potential of the portfolio is evaluated given a trust level of 99% and a time horizon.

– The Shortfall VaR measures, given a calculated VaR at 99% and with a time horizon of 1 day, the expected loss in 1% of the worst results beyond the VaR. It provides an average of the losses in case of breakage of the VaR.

- In any case, the impact in absolute terms of the VaR is relativised regarding capital.

Thus, at 31 December 2023, the measurement of VaR presents the following values:

Thousands of euros Confidence level: 99%	Parametric diversified VaR	Parametric VaR vs PR.	Parametric non-diversified VaR	Parametric non-diversified VaR vs PR.	Historical Simulation VaR	Historical Simulation VaR vs PR.	Shortfall VaR	Shortfall VaR vs Equity.
Time horizon: 1 day	(6,732)	0.21%	(26,336)	0.81%	(6,414)	0.20%	(7,844)	0.24%
Time horizon: 10 days	(21,287)	0.66%	(83,278)	2.56%				

The calculation on 31 December 2022 of the VaR, presented the following values:

Thousands of euros Confidence level: 99%	Parametric diversified VaR	Parametric VaR vs PR.	Parametric non-diversified VaR	Parametric non-diversified VaR vs PR.	Historical Simulation VaR	Historical Simulation VaR vs PR.	Shortfall VaR	Shortfall VaR vs Equity.
Time horizon: 1 day	(4,676)	0.15%	(35,301)	1.11%	(8,169)	0.26%	(8,169)	0.26%
Time horizon: 10 days	(14,786)	0.47%	(111,631)	3.52%				

Likewise, and supplementing the VaR analysis, stress tests have been performed that analyse the impact of different scenarios of the risk factors on the value of the portfolio being measured.

b) Counterparty risk

The limits authorised by the Board of Directors are established by investment volume weighted by the borrower’s credit rating, the term of the investment and the instrument type.

Additionally, the legal limits are respected for the concentration and grand exposures in application of Regulation (EU) No. 575 / 2013.

The monitoring systems ensure that the consumed risks are kept within the established limits at all times. They incorporate controls regarding the variations produced in the ratings, and in general of the borrower’s solvency.

Among the techniques for counterparty risk mitigation appear the compensation or netting master agreements, the guarantee agreements, the reduction of portfolios in the case of adverse credit events, the reduction of the lines of risk in the case of decreases in the rating or negative news of some company and the timely monitoring of the companies’ financial information.

With those entities with whom they have agreed on a compensation of risks and an agreement on guarantee contribution, in accordance with the requirements demanded by the Bank of Spain, the risk may be computed by the net resulting position.

3.9.2 Exchange rate risk management

It is defined as the possibility of incurring in losses derived from the negative fluctuations in the exchange rates of the currencies in which the assets, liabilities and transactions are denominated off the Company's balance sheet.

The Company does not maintain significant positions in foreign currency in a speculative nature. They do not hold open positions in foreign money that is not speculative of a significant amount either.

The Company's policy is to limit this type of risk, mitigating it generally speaking, at the time it presents itself via the agreement on symmetrical active or passive transactions or via financial derivatives that allow their coverage.

3.9.3 Exposure to sovereign debt

Below, the following information is detailed regarding the exposure to sovereign debt, which includes all the positions with public entities, on 31 December 2023 and 2022:

- Breakdown of the carrying amount of the exposure per country:

	Thousands of euros	
	2023	**2022**
Spain	14,326,911	14,022,686
Italy	1,732,374	1,401,123
Portugal	19,901	19,560
United States	89,308	90,256
France	222,616	188,923
Belgium	65,607	-
Other	18,699	4,664
Total gross amount	**16,475,416**	**15,727,212**
(Impairment losses)	*(1)*	*(2)*
Total net amount	**16,475,415**	**15,727,210**
of which: from the insurance company	*4,793,802*	*3,754,187*

- Breakdown of the carrying amount of the exposure per portfolio in which the assets are recorded:

	Thousands of euros	
	2023	**2022 (*)**
Financial assets at fair value through profit or loss	306,832	324,280
Financial assets at fair value through other comprehensive income	4,202,054	3,433,792
Financial assets at amortised cost	11,966,530	11,969,140
Total	**16,475,416**	**15,727,212**
of which: from the insurance company	*4,793,802*	*3,754,187*

(*) Restated figures (see Note 1.4.).

The carrying amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument.

- Breakdown of the term to residual maturity of the exposure per portfolio in which the assets are recorded:

	Thousands of euros					
	2023					
	Up to 3 months	**From 3 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Financial assets at fair value through profit or loss	11,004	4,883	36,430	19,964	234,551	306,832
Financial assets at fair value through other comprehensive income	125,052	543,858	1,055,227	470,525	2,007,392	4,202,054
Financial assets at amortised cost	1,178,509	829,755	3,047,441	2,219,334	4,691,491	11,966,530
Total	**1,314,565**	**1,378,496**	**4,139,098**	**2,709,823**	**6,933,434**	**16,475,416**
of which: from the insurance company	289,537	634,321	1,280,193	647,230	1,942,521	4,793,802

	Thousands of euros					
	2022 (*)					
	Up to 3 months	**From 3 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Financial assets at fair value through profit or loss	31,872	5,121	39,168	10,506	237,613	324,280
Financial assets at fair value through other comprehensive income	60,448	67,470	683,635	562,257	2,059,982	3,433,792
Financial assets at amortised cost	1,603,445	240,217	2,027,171	2,959,264	5,139,043	11,969,140
Total	**1,695,765**	**312,808**	**2,749,974**	**3,532,027**	**7,436,638**	**15,727,212**
Of which: from the insurance company	92,320	188,796	889,430	630,868	1,952,773	3,754,187

(*) Restated figures (see Note 1.4.).

- Other information

  – Fair value. The fair value of instruments in the portfolio of financial assets held for trading, the portfolio of financial assets at fair value through profit or loss and the portfolio of financial assets at fair value through other comprehensive income matches the carrying amount indicated above.

    Note 26 specifies the valuation methodology of the portfolio of financial assets at amortised cost, in which it is observed that the fair value detailed does not differ significantly from the carrying amount. The fair value associated to the sovereign risk is obtained via valuation techniques from level 1 (the description of them is given in Note 26).

  – The effect of a rise of 100 basis points in the interest rate would have an effect on the fair value of -4.06% (-4.68% in 2022).

3.9.4 Reputational risk management

Reputational risk is defined as the current or future risk to the entity's earnings, equity or liquidity arising from a negative perception by its stakeholders (customers, employees, society in general, regulators, shareholders, suppliers, counterparties, investors, market analysts, etc.) that could adversely affect the Group's ability to maintain its activity or establish new business relationships.

Reputational risk management aims to protect one of the Group's main intangible assets, its corporate reputation, by preventing the occurrence of events that could have a negative impact on its image and the perception of its stakeholders.

Reputational risk has a wide relationship with the rest of the risks due to the amplifying effect that it can have on them. A large part of this risk is derived from operational risk, i.e. those that are managed as if they were just another operational risk, with a potential impact on the entity's corporate reputation. Within this risk category, the Group monitors and assesses regulatory or non-compliance risk (imposition of sanctions, especially if publicly disclosed) with controls, processes and procedures aimed at ensuring compliance with applicable internal and external regulations. Additionally, and as a key function of control, to mitigate the risk of suffering possible negative impacts derived from regulatory incompliance, the Group has an assurance function for regulatory compliance, with supervisory powers in areas especially relevant such as the prevention of money laundering and terrorism financing, the protection of the investor in the sale of financial instruments and lending of investment services (MIFID), the behaviour regulations in the area of Stock Market, the regulations on communication of transactions suspected of abusing the market, etc.

As part of its preventive approach to reputational risk management and control, a number of indicators have been identified as part of the reputational dashboard. This dashboard comprises RAF level indicators and management indicators. These indicators measure, among other aspects, the impact and scope of mentions in digital channels, the perception and expectations of main stakeholders, mentions in the media, brand positioning and employee perception. They are reported monthly by the Brand, Reputation and Sustainability Division to the Non-Financial Risk Control Unit for monitoring and control.

The Group considers the management of corporate reputation of maximum importance, as a method to prevent, avoid and/or manage possible reputational risks, and for its positive impact on the creation of value. For this reason, every six months the Brand, Reputation and Sustainability Department presents analyses of trends in the RepTrak reputation measurement indicator to frontline managers and people responsible for reputation monitoring and control, identifying and sharing with them strong points, areas for improvement, possible sources of reputational risk and action plans for improving reputation.

Action plans and reputation dashboard monitoring are submitted to the Reputation and Sustainability Committee for its supervision and approval.

The Group integrates reputational risk into its overall risk management in accordance with the Reputational Risk Management Framework, approved by the Board of Directors. This defines the possible risks that may affect the Ibercaja Group, as well as the processes and procedures adopted for their management, mitigation, control and subsequent monitoring.

In addition, as an important part of the management process, a reputational risk map has been drawn up annually using a qualitative methodology, in line with that defined in the Bank's operational risk management framework. Thus, the reputational risk map consists of the identification of reputational risks classified by their nature as follows: risks arising from operational risk and pure reputational risks (including reputational risks arising from climatic and environmental events). The map identifies risk managers and mitigating factors.

In 2023, Ibercaja has continued to work on the integration, identification, management and control of reputational risk, always aligned with operational risk because of the strong link between these two types of risk. In this process, the risks defined in 2022 in the reputational risk map have been analysed and updated to include a specific mention of the reputational risks associated with greenwashing, as defined in EBA/REP/2023/16. These risks have been assessed by frontline managers in the 2023 risk assessment campaign.

The Group considers awareness-raising and training to be a significant factor in the reputational risk management process. Consequently, specific training has been given to people responsible for monitoring and controlling reputational risk. This training was carried out using a training pill, which is available on the Bank's training platform for people interested to resolve any queries or doubts.

In the process of improving reputation, several levers, both internal and external, have been activated in order to reinforce the corporate culture, the relationship model and essential behaviours of the people who are part of Ibercaja, since they are the main ambassadors of the reputation and image of the Entity, and also to strengthen Ibercaja's reputation in the eyes of stakeholders, by knowing their expectations and needs and disclosing, accordingly and with transparency, all the Bank's actions and progress made, in addition to the objectives met with regard to the commitments voluntarily assumed with the 2030 Agenda, Global Compact, Principles of Responsible Banking and Net-Zero Banking Alliance, among others.

In addition to measuring, managing and controlling reputational risk, the Group continues to make progress in strengthening the Bank's image and improving its reputation by fostering a culture of reputational risk management and by transparent disclosure of its commitment to stakeholders.

3.10 Management of climate-related risks

ESG refers to environmental, social and governance factors with a potential impact on the balance sheet of financial institutions. ESG risk management helps to identify opportunities and threats that can have a positive or negative impact on institutions:

- Environmental ("E") risks are linked to exposures to legal entities that could potentially be affected by, or contribute to, the negative impacts of environmental trends. This categorisation includes climate risks, understood as those associated directly or indirectly with the effects of climate change and considered relevant due to the high probability that they will occur and to their potentially severe impact.

- Social ("S") risks measure potential indirect adverse financial or reputational impacts on society arising from the provision of services that do not respect human rights or the health and safety of its employees, among other factors.

- Governance ("G") risks arise from negative financial or reputational impact resulting from weaknesses on the part of commercial counterparties or investees, such as transparency, market conduct, anti-corruption policies, tax compliance or other behaviour considered ethical by stakeholders.

The Bank, committed to integrating ESG risks, is making progress in analysing the risks arising from climate change and environmental deterioration, their impact on customers and on its financial activity, for gradual integration into risk management procedures, in compliance with supervisory expectations.

Ibercaja identifies ESG risks, and especially climate and environmental risks, as risk factors that are likely to impact prudential risks through its counterparties and/or invested assets via certain transmission channels.

Preparing the climate risk map represents a vital pillar for improving our understanding of climate risks and their channels of transmission to prudential risks. This is because it allows progress to be made in gaining knowledge and understanding of climate risk characteristics and specifics, to identify the main climate risks that affect the Ibercaja Group and to advance in establishing and consolidating the risk management model based on three lines of defence in the Bank.

In 2023, Ibercaja updated the climate risk map by working in coordination with the front lines of prudential risk, using a qualitative methodology with a top-down approach. The second line has also participated in preparing the climate risk map by exhaustively reviewing all the conclusions.

Aware that other ESG, non-climatic factors may also be essential to maintain the value capacity of any organisation, Ibercaja has begun, in 2023, to review the potential positive or negative impact of environmental, social and governance factors on the Bank's financial profit/(loss) and solvency.

To this end, it has prepared three ESG risk maps that make it possible to identify the prudential risks most subject to environmental, social or governance factors, independently and for different time horizons (short, medium and long term).

In particular, regarding reputational risk, Ibercaja has continued to work on its integration, identification, management and control: the risks defined in 2022 in the reputational risk map have been analysed and updated to include the reputational risks associated with greenwashing, which have been assessed by the frontlines in 2023.

The Bank has continued to develop the operational risk map, analysing, in addition to physical risks in the area of climate and environmental risks, those related to transition risk with a Group focus, and bad greenwashing practices. In 2023, it has also continued with its analysis of the impact of physical risks on its own properties.

With regard to social risks, in accordance with the United Nations Principles for Responsible Banking, it is a priority for Ibercaja to meet customer needs, which is why it strives, of its own volition, always to find the best solutions to help them in the most difficult situations.

With regard to the measurement of ESG risks, in 2023, Ibercaja has developed other exercises differentiating the business segment, the retail segment and the real estate development segment.

In the business segment, it has assessed the Bank's exposure in the most carbon-intensive industries, based on emissions data calculated and provided by PCAF (Partnership for Carbon Accounting Financials), with regard to its loan and securities portfolios. This analysis has made it possible to develop two transition risk concentration metrics in Credit Risk and Market Risk, which have been incorporated into the Bank's Risk Appetite Framework and monitored throughout 2023.

Based on the above metrics on the portfolio of productive activities, Ibercaja has developed an internal methodology to consider climate and environmental risk factors in the quantifications of capital needs due to credit risk.

In relation to physical risks, Ibercaja has assessed the exposure of its productive activities portfolio based on the productive sector of its counterparties and the location of its headquarters.

To integrate the impact of climate risks into the Bank's financial planning, Ibercaja has carried out an exercise to quantify the impact of climate risks on the Budget and Business Plan, by developing an alternative adverse climate scenario that integrates the impacts of climate risks of the Net Zero 2050 scenario developed by the NGFS.

Finally, in order to analyse the contribution of environmental risks in carrying out the Bank's productive activities, Ibercaja has taken as a reference the materiality assessment of the environmental impact on the economic sectors developed by the Natural Capital Finance Alliance (NCFA).

The Energy Performance Certificate for ongoing real estate developments has been used to monitor the real estate development segment's appetite for transition risk.

With regard to the retail segment, Ibercaja has analysed trends in potential physical climate impacts, caused by forest fires, river or coastal flooding, desertification, seismic or volcanic activity, in the most relevant geographical areas for the real estate portfolio, and it has also analysed trends in the energy certification ratings of homes in this portfolio.

In relation to ESG risk management and monitoring, Ibercaja is working on including ESG factors in the credit risk acceptance and monitoring processes, in line with the EBA Guide on Loan Origination and Monitoring, which defines the internal governance mechanisms and procedures of financial institutions in relation to loan transactions. Its loan acceptance policies include a reference to consideration of ESG risks in the assessment of customers and transactions with credit risk, which is based on the completion of a qualitative ESG questionnaire at customer and transaction level, which is updated annually.

The Bank has an ESG Exclusions Policy on Credit Risk and an ESG Exclusions Policy on investment activities in Ibercaja's securities portfolio, approved by the Board of Directors, which limit the impact of ESG factors on credit risk and the Bank's securities portfolio. Ibercaja's objective is to avoid any financing transactions and limit any investments that could be considered controversial due to their high environmental, social, ethical or reputational risk.

With the aim of advancing in the analysis of our customers and in integrating climate risks in credit risk management, Ibercaja has begun work on preparing decarbonisation forms to monitor the transition plans of counterparties that carry out their activity in sectors in which decarbonisation targets have been defined for 2030. Additionally, the Bank includes climate risk as part of the Comprehensive Monitoring Principle within the Credit Risk Monitoring Policy.

In order to limit exposure to sectors with high transition climate risk, Ibercaja has defined thresholds for the sector concentration metrics within the Risk Appetite Framework, establishing limits on exposure to high carbon-emitting sectors. Monitoring and follow-up of these metrics are subject to the governance established for the Group's Risk Appetite Framework, with regular assessment of the degree of compliance by the Control areas and reporting to the Bank's senior management and governing bodies.

Regarding the real estate development portfolio, in 2023, Ibercaja has begun to integrate information from the energy performance certificate of real estate development operations. The aim is to monitor the level of energy efficiency in ongoing developments and so advance in integrating and analysing climate risk in all its portfolios.

Regarding the retail segment, the energy rating reported in the energy efficiency certificate available for new loan arrangements has been integrated into the monitoring of the mortgage portfolio.

In addition, the Bank, in collaboration with external data providers and relying on internal data sources, collects information on the evaluation of training capabilities, aspects of shareholder continuity, aspects linked to the governing bodies and their commitments, etc. of its client portfolio.

In liquidity risk management, both in the financial markets portfolios and in Ibercaja Vida, a depreciation of non-sustainable bonds continues to be applied.

In market risk management, work has been done in the area of portfolio management activity, involving the monitoring of indicators that define ESG criteria and certain asset selection criteria to enable the private fixed income and equity portfolios to be characterised.

Regarding the management and control of operational risk, the Bank maintains the operational risk map linked to the climate risk map permanently updated with the progress achieved, and it has set up a Non-Financial Risk Control Unit with specific functions in the field of ESG risk control.

Ibercaja Group, Ibercaja Pensión and Ibercaja Gestión asset managers, committed to social development and care and protection of the environment through socially responsible investment, have different policies aimed at measuring, controlling and mitigating climate risks in their investments. The most important of these are the Policy on Sustainability Risk Integration, the Policy on Adverse Impact on Sustainability Factors, the Exclusions Policy and the Engagement Policy.

In asset management, the entry into force and technical development of the new disclosure obligations for pension plans and investment funds through SFDR, as well as the commitments made in the NZAM initiative, have promoted implementation of measurement of environmental risks and principal adverse impacts (PIAs), the reporting of which is published annually on the Ibercaja Gestión and Ibercaja Pension corporate websites. Both risks and impacts influence investment decision-making on products disclosed under Article 8 of the SFDR.

Detailed information on ESG risk management has been included in the 2023 Consolidated Directors' Report (chapter 7.6 and appendix F).

4. Appropriation of profit and earnings per share

4.1 Appropriation of profit

The proposed appropriation of the profit of Ibercaja Banco, S.A. from financial year 2023, which the Board of Directors will propose for its approval to the General Shareholders' Meeting, and that which was approved from financial year 2022 are the following:

	Thousands of euros	
	2023	**2022**
Distribution		
To dividends:	182,626	121,272
To retained earnings:	105,403	160,812
Legal reserve	-	-
Capitalisation reserves (*)	*22,013*	-
Voluntary reserve	*83,390*	*160,812*
Profit/(loss) for the year	**288,029**	**282,084**

(*) This reserve will be unavailable for the period, with the conditions and exceptions envisaged in article 25 of Corporate Income Tax Law 27/2014, of 27 November.

The General Meeting of Shareholders held on 13 April 2023 approved the distribution of a dividend charged against 2022 results in the amount of €121,272 thousand; taking into account that an interim dividend of €101,072 thousand had already been paid to shareholders in 2022.

On 25 May 2023, the Board of Directors of Ibercaja Banco, taking into the account the aforementioned recommendations agreed, in accordance with Article 277 of the Corporate Enterprises Act, to distribute among shareholders an interim dividend of €32,591 thousand in proportion to their respective holdings in the share capital of the Bank. This interim dividend was paid in full on 26 May 2023.

Below, is the accounting statement prepared in accordance with the legal requirements and which demonstrated the existence of sufficient liquidity to distribute the interim dividend approved:

	Thousands of euros
Profit before tax from 1 January 2023 to 31 March 2023	**97,465**
Estimate of Corporate Income Tax	(27,627)
Legal reserve	-
Attributed profit/(loss)	-
Maximum amount of possible distribution	**69,838**
Amount to be distributed	**32,591**

	Thousands of euros
Balance in cash and cash equivalents at 1 January 2023	**1,411,903**
Cash flows from operating activities	(718,496)
Cash flows from investing activities	(7,179)
Cash flows from financing activities	334,264
Effect of exchange rate fluctuations	-
Balance in cash and cash equivalents at 31 March 2023	**1,020,492**
Interim dividend distributed	(32,591)
Balance in cash and cash equivalents at 31 March 2023 following the dividend distribution	**987,901**

On 31 August 2023, the Board of Directors of Ibercaja Banco, taking into the account the aforementioned recommendations agreed, in accordance with Article 277 of the Corporate Enterprises Act, to distribute among shareholders an interim dividend of €82,507 thousand in proportion to their respective holdings in the share capital of the Bank. This interim dividend was paid in full on 1 September 2023.

Below, is the accounting statement prepared in accordance with the legal requirements and which demonstrated the existence of sufficient liquidity to distribute the interim dividend approved:

	Thousands of euros
Profit before tax from 1 January 2023 to 30 June 2023	**188,468**
Estimate of Corporate Income Tax	(10,654)
Legal reserve	-
Attributed profit/(loss)	(32,591)
Maximum amount of possible distribution	**145,223**
Amount to be distributed	**82,507**

	Thousands of euros
Balance in cash and cash equivalents at 1 January 2023	**1,411,903**
Cash flows from operating activities	(180,553)
Cash flows from investing activities	(31,706)
Cash flows from financing activities	455,802
Effect of exchange rate fluctuations	-
Balance in cash and cash equivalents at 30 June 2023	**1,655,446**
Interim dividend distributed	(115,098)
Balance in cash and cash equivalents at 30 June 2023 following the dividend distribution	**1,540,348**

On 30 November 2023, the Board of Directors of Ibercaja Banco, taking into the account the aforementioned recommendations agreed, in accordance with Article 277 of the Corporate Enterprises Act, to distribute among shareholders an interim dividend of €53,149 thousand in proportion to their respective holdings in the share capital of the Bank. This interim dividend was paid in full on 1 December 2023.

Below, is the accounting statement prepared in accordance with the legal requirements and which demonstrated the existence of sufficient liquidity to distribute the interim dividend approved:

	Thousands of euros
Profit before tax from 1 January 2022 to 30 September 2023	**281,640**
Estimate of Corporate Income Tax	(22,667)
Legal reserve	-
Attributed profit/(loss)	(115,098)
Maximum amount of possible distribution	**143,875**
Amount to be distributed	**53,149**

	Thousands of euros
Balance in cash and cash equivalents at 1 January 2023	**1,411,903**
Cash flows from operating activities	(614,610)
Cash flows from investing activities	(50,065)
Cash flows from financing activities	447,709
Effect of exchange rate fluctuations	-
Balance in cash and cash equivalents at 30 September 2023	**1,194,937**
Interim dividend distributed	(168,247)
Balance in cash and cash equivalents at 30 September 2023 following the dividend distribution	**1,026,690**

Additionally, the Board of Directors will propose to the General Shareholders' Meeting that they agree to distribute a dividend out of 2023 profits for €182,626 thousand, taking into account that the shareholders have already been paid an interim dividend of €168,247 thousand, and €14,379 thousand were pending distribution.

4.2 Earnings per share

Basic earnings per share: is determined by dividing the net profit attributable to the Group for the year by the weighted average number of outstanding shares, excluding the average number of treasury shares held, during that period.

Diluted earnings per share: for its calculation, both the amount of profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted for all dilutive effects inherent in potential ordinary shares (share options, warrants and convertible debt).

Basic and diluted earnings per share at 31 December 2023 and 2022 are detailed below:

	2023	2022 (*)
Earnings per share numerator		
Profit/(loss) attributed to the parent	304,396	181,871
Adjustment: Remuneration of other equity instruments (AT1)	(25,419)	(17,150)
Profit attributable to owners of the parent adjusted	278,977	164,721
Earnings per share denominator		
Average weighted number of shares	214,427,597	214,427,597
Basic and diluted earnings per share (euros)	**1.30 €**	**0.77 €**

(*) Restated figures (see Note 1.4.).

At 31 December 2023 and 2022 there are no dilutive effects on the earnings per share calculation.

5. Information on the Board of Directors and Senior Management of the Parent

Under the provisions of the Bank of Spain Circular 4/2017, the “key management personnel and executives” of the Parent, are deemed to be those persons having authority and responsibility for planning, directing and controlling the activities of the Parent, directly or indirectly, including any member of the Board of Directors and Senior Management. By virtue of their positions, this group of persons is considered a “related party” and, as such, subject to the disclosure requirements described in this Note.

Persons who have certain kinship or personal relationships with “key management personnel and executives” are also considered related parties, along with controlling companies, with significant influence or significant voting rights from key personnel or any of the persons in their family environment. The transactions carried out by the Ibercaja Banco Group with related parties are disclosed in Note 43.

5.1 Remuneration to the Board of Directors of the Parent

The remunerations and other benefits received in 2023 by the members of the Board of Directors of the Parent, in their status as Directors or Secretary of the Board of Directors of the Parent is detailed below by item individually:

		Thousands of euros							
Members of the Board of Directors	Position	Remuneration		Attendance fees	Remuneration for membership of the Board	Life insurance premiums	Remuneration for membership of Board Committees	Other items	Total
		Fixed	Variable						
Francisco Serrano Gill de Albornoz	Chairman	394.0	-	-	50.0	2.1	-	5.9	452.0
Víctor Iglesias Ruiz	Chief Executive Officer	438.0	154.9	-	50.0	2.3	-	5.9	651.1
María Lopez Valdés	Member	-	-	-	50.0	0.4	25.0	5.9	81.3
María Luisa García Blanco	Member	-	-	-	50.0	1.4	25.0	7.3	83.7
María Natividad Blasco de las Heras	Member	-	-	-	50.0	1.4	25.0	4.6	81.0
Vicente Cóndor López	Member	-	-	-	50.0	6.6	50.0	4.6	111.2
Jesús Tejel Giménez	Member	-	-	-	50.0	4.4	50.0	5.9	110.3
Félix Longás Lafuente	Member	-	-	-	50.0	4.8	27.5	3.3	85.6
José Miguel Echarri Porta	Member	-	-	-	50.0	-	22.5	1.9	74.4
Enrique Arrufat Guerra	Member	-	-	-	50.0	5.6	35.0	7.2	97.8
María Pilar Segura Bas	Member	-	-	-	50.0	2.5	42.5	5.9	100.9
Jesús Barreiro Sanz	Non-Director Secretary	-	-	-	75.0	6.8	-	7.2	89.0

The remunerations and other benefits received in 2022 by the members of the Board of Directors of the Parent, in their status as Directors or Secretary of the Board of Directors of the Parent is detailed below by item individually:

		Thousands of euros							
Members of the Board of Directors	Position	Remuneration		Attendance fees	Remuneration for membership of the Board	Life insurance premiums	Remuneration for membership of Board Committees	Other items	Total
		Fixed	Variable						
Francisco Serrano Gill de Albornoz (1)	Chairman	280.9	-	8.4	25.0	2.0	-	5.8	322.1
Víctor Iglesias Ruiz	Chief Executive Officer	417.0	136.3	18.9	25.0	2.2	-	5.8	605.2
María Lopez Valdés (2)	Member	-	-	-	8.3	-	4.1	0.4	12.8
María Luisa García Blanco (2)	Member	-	-	-	9.0	-	4.5	1.3	14.8
María Natividad Blasco de las Heras (2)	Member	-	-	-	9.0	-	4.5	0.8	14.3
Vicente Cóndor López	Member	-	-	28.0	25.0	5.9	59.1	4.5	122.5
Jesús Tejel Giménez	Member	-	-	25.2	20.8	4.0	57.1	5.8	112.9
Félix Longás Lafuente	Member	-	-	21.0	25.0	4.5	17.0	3.2	70.7
José Miguel Echarri Porta	Member	-	-	16.1	25.0	-	11.2	1.9	54.2
Enrique Arrufat Guerra	Member	-	-	12.6	25.0	5.2	9.1	7.0	58.9
María Pilar Segura Bas	Member	-	-	21.0	25.0	3.0	18.7	5.7	73.4
Jesús Barreiro Sanz	Non-Director Secretary	-	-	35.0	37.5	6.2	-	7.0	85.7
José Luis Aguirre Loaso (3)	Chairman	96.1	-	10.5	-		-	3.7	110.3
Jesús Bueno Arrese (4)	First Deputy Chairman	-	-	21.7	14.3	39.0	10.9	4.2	90.1
Jesús Solchaga Loitegui (4)	Member	-	-	23.1	14.3	-	38.0	4.5	79.9
Gabriela González-Bueno Lillo (4)	Member	-	-	14.0	14.3	-	10.9	1.9	41.1

(1) Director of the Parent appointed on 30 March 2022.
(2) Director of the Parent appointed on 27 October 2022.
(3) Chairman of the Parent who resigned from his position on 30 March 2022.
(4) Director of the Parent who resigned from his position on 27 October 2022.

The General Shareholders' Meeting of Ibercaja Banco held on 30 June 2022 approved the modification of the Remuneration Policy of the members of the Board of Directors of Ibercaja Banco, in order to adapt it to industry best practices, remaining in line with the provisions of the Capital Companies Act and Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions.

As a result of this adaptation, article 34 of the Articles of Association of Ibercaja Banco was amended to establish that the remuneration of the directors in their capacity as such shall consist of: a) fixed annual allowances for their membership of the board of directors and, where appropriate, its committees; b) an annual allowance to be determined by the board for those directors with special dedication and duties; and c) such remuneration in kind and insurance as may be established from time to time. The maximum remuneration that may be paid by the Company to all directors in their capacity as such shall not exceed the amount determined for such purpose in the Remuneration Policy approved by the General Shareholders' Meeting and shall remain in force until the General Shareholders' Meeting resolves to amend it.

With regard to the attendance fees received up to 30 June and, as from 1 July 2022 and the subsequent fixed annual allowance to be received by the proprietary director appointed by the shareholding foundation Fundación Caja de Ahorros de la Inmaculada de Aragón, it is hereby stated that:

- Generally, the attendance allowances are allocated, for the purposes of the above information, to the proprietary director appointed at the request of the mentioned shareholder foundation, although in the application of the sectoral legislation applicable to him, and inasmuch as the director is part of their governance and management bodies, they have been directly paid to the shareholder foundation.

The section "Remuneration for membership of the Board" includes the gross amounts earned by directors for membership of the Board and its Committees, which until 30 June consisted of attendance fees and as from 1 July 2022 of fixed annual allowances.

In the section "Remuneration for membership on Board committees", the gross amounts accrued by the Chairmen of the internal committees of the Board of Directors are calculated.

In the section "Other concepts" the insurance premiums other than life insurance (health and accident) are included.

The Company does not have any pension obligations with former or current members of the Board of Directors in their capacity as such.

5.2 Remuneration of senior management of the Parent

For the purposes of preparing the consolidated financial statements, those who have held the position of Chief Executive Officer were considered to be Senior Management staff, as well as employees of the Ibercaja Banco S.A. management team (Management Committee).

As at 31 December 2023 and 2022, the Management Committee (including the Chief Executive Officer) is made up of 12 people, jointly identified as Senior Management.

The remunerations accrued by Senior Management are shown in the following table, as was previously defined, for 2023 and 2022:

Thousands of euros	Short-term remuneration		Post-employment benefits		Total	
	2023	2022	2023	2022	2023	2022
Senior Management	3,059	2,810	242	189	**3,301**	**2,999**

In 2023 and 2022, remuneration for pensions or life insurance premiums were not registered in the year for former members of Senior Management.

In addition, in 2023 and 2022, in relation to the Long-Term Incentive Plan described in Note 2.13.5, €848 thousand and €1,017 thousand, respectively, have accrued for members of Senior Management.

5.3 Duties of loyalty of the Directors

As of 31 December 2023, with respect to the requirements of articles 229 and 230 of the Corporate Enterprises Act, the members of the Ibercaja Banco Board of Directors, as well as the persons related thereto referenced in article 231 of the aforementioned Law, have confirmed that they do not carry out, on their own account or the account of others, activities which actually or potentially constitute effective competition with those carried out by the Company or which, in any other way, permanently conflict with the Company's interests.

5.4 Transactions with significant shareholders

During 2023 and 2022, there have been no transactions outside the ordinary course of business or other than at arm's length with significant shareholders, except:

- Service level agreement (legal, fiscal, technological, marketing, communication, etc. council) formalised with Fundación Bancaria Ibercaja for the amount of €157 thousand (€144 thousand at 31 December 2022).

- Rental of Ibercaja Banco property used by Fundación Bancaria Ibercaja to carry out its activities for the amount of €111 thousand (€102 thousand at 31 December 2022).

- Service level agreement (use and management of installations, artistic assets, etc.) by Fundación Bancaria Ibercaja to Ibercaja Banco for the amount of €1,125 thousand (€1,045 thousand at 31 December 2022).

All the operations to be formalised with the shareholder foundations are previously reported by the Audit and Compliance Committee and are subject to the approval of the Board of Directors of the Parent.

6. <u>Cash and cash balances at central banks and other demand deposits</u>

The balances in this consolidated balance sheet heading at 31 December 2023 and 2022 were as follows:

	Thousands of euros	
	2023	**2022**
Cash	248,061	232,525
Cash balances at central banks	1,545,050	1,119,464
Other demand deposits	205,906	230,234
	1,999,017	**1,582,223**

The average effective interest rate on debt instruments classified in this portfolio during 2023 was 1.62% (0.11% during 2022).

7. Financial assets and liabilities held for trading

7.1 Breakdown of the balance and maximum credit risk - debit balances

The financial assets included in this category as at 31 December 2023 and 2022 are detailed below, classified by geographical areas, counterparty classes and type of instrument:

	Thousands of euros	
	2023	2022
By geographical areas		
Spain	14,655	14,057
Rest of the countries in the European Monetary Union	2,164	415
Rest of Europe	8,065	10,444
Rest of the world	-	261
	24,884	**25,177**
By counterparty classes		
Credit institutions	14,532	14,654
Other resident sectors	10,352	10,523
	24,884	**25,177**
By type of instrument		
Debt securities	-	-
Derivatives not traded in organised markets	24,884	25,177
	24,884	**25,177**

The carrying amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument.

7.2 Breakdown of the balance - credit balances

The financial liabilities included in this category at 31 December 2023 and 2022 are detailed below, classified by geographical areas, counterparty classes and type of instrument:

	Thousands of euros	
	2023	2022
By geographical areas		
Spain	143,485	127,629
Rest of the countries in the European Monetary Union	1,585	2,288
Rest of Europe	-	233
Rest of the world	-	-
	145,070	**130,150**
By counterparty classes		
Credit institutions	143,124	125,943
Other resident sectors	1,946	4,207
	145,070	**130,150**
By type of instrument		
Derivatives not traded in organised markets	145,070	130,150
Of which: segregated embedded derivatives of hybrid financial instruments	-	-
	145,070	**130,150**

7.3 Financial derivatives held for trading

The details, by product type, of the fair and notional value of the financial derivatives held for trading at 31 December 2023 and 2022 are shown below:

	Thousands of euros			
	Fair value			
	Tax receivables		Tax payables	
	2023	2022	2023	2022
Not matured foreign currency purchases and sales	**2,586**	**2,824**	**-**	**-**
Security/index options	**8,065**	**10,444**	**377**	**377**
Interest rate options	**94**	**231**	**230**	**516**
Other interest rate transactions	**14,139**	**11,678**	**144,463**	**129,257**
Interest rate swaps (IRSs)	14,139	11,678	144,463	129,257
	24,884	**25,177**	**145,070**	**130,150**

	Thousands of euros	
	Notional	
	2023	2022
Not matured foreign currency purchases and sales	**137,426**	**151,972**
Security/index options	**121,267**	**121,267**
Interest rate options	**-**	**-**
Security/index embedded derivatives	**-**	**-**
Other interest rate transactions	**937,123**	**272,906**
Interest rate swap embedded derivatives	-	-
Retail market derivatives	895,478	221,001
Distribution of derivatives	41,645	51,905
	1,195,816	**546,145**

In addition to the balances detailed in the previous table, the notional value of the securities options (credit balances) derived from the return guarantee granted by the Group to Investment Funds commercialised by it amounted to €535,695 thousand at 31 December 2023 (€515,145 thousand at 31 December 2022).

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

The financial assets included in this category as at 31 December 2023 and 2022 are detailed below, classified by geographical areas, counterparty classes and type of instrument:

	Thousands of euros	
	2023	**2022**
By geographical areas		
Spain	1,442,199	1,550,166
Rest of the countries in the European Monetary Union	46,691	440
Rest of Europe	-	-
Total gross amount	**1,488,890**	**1,550,606**
Accumulated negative changes in fair value due to credit risk from non-performing exposures	(2,896)	(2,896)
Total net amount	**1,485,994**	**1,547,710**
Of which: equity instruments related to the insurance activity	*1,472,334*	*1,536,192*
Of which: debt securities related to the insurance activity	-	-
By counterparty classes		
Credit institutions	-	-
Other resident sectors	1,442,199	1,550,166
Other non-resident sectors	46,691	440
	1,488,890	**1,550,606**
By type of instrument		
Debt securities	-	-
Credits and loans	4,188	4,392
Shares	-	-
Ownership interests in Investment Funds	1,484,702	1,546,214
	1,488,890	**1,550,606**

The Group classifies financial assets to this portfolio when their contractual terms do not give rise to cash flows consisting solely of principal and interest payments (SPPI test). The portfolio also includes equity assets (investment fund units) that are managed jointly with insurance liabilities ("Unit linked") measured at fair value, which make up almost the entire balance.

The carrying amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument.

The average effective interest rate on debt instruments classified in this portfolio in 2023 was 1.48% (1.55% in 2022).

9. Financial assets at fair value through profit or loss

The financial assets included in this category at 31 December 2023 and 2022 are detailed below, classified by geographical areas, counterparty classes and type of instrument:

	Thousands of euros	
	2023	**2022 (*)**
By geographical areas		
Spain	239,085	332,472
Rest of the countries in the European Monetary Union	205,259	97,299
Rest of Europe	-	3,154
Rest of the world	131	123
	444,475	**433,048**
By counterparty classes		
Credit institutions	106,405	7,309
Resident public administrations	238,567	329,818
Non-resident public administrations	99,372	92,644
Other non-resident sectors	131	3,277
	444,475	**433,048**
By type of instrument		
Debt securities	444,475	433,048
	444,475	**433,048**

(*) Restated figures (see Note 1.4.).

The Group classifies to this portfolio the fixed-income assets that are managed jointly with insurance contract liabilities (“Unit linked”) measured at fair value.

The carrying amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument.

The average effective interest rate on debt instruments classified in this portfolio in 2023 was 2.91% (1.96% in 2022).

10. Financial assets at fair value through other comprehensive income

10.1 Breakdown of the balance and maximum credit risk

The financial assets included in this category as at 31 December 2023 and 2022 are detailed below, classified by geographical areas, counterparty classes and type of instrument:

	Thousands of euros	
	2023	**2022 (*)**
By geographical areas		
Spain	3,624,365	3,207,655
Rest of the countries in the European Monetary Union	933,790	627,422
Rest of Europe	17,035	15,198
Rest of the world	155,328	161,015
Total gross amount	**4,730,518**	**4,011,290**
(Impairment losses)	(997)	(1,060)
Total net amount	**4,729,521**	**4,010,230**
Of which: equity instruments related to the insurance activity	*31,093*	*32,422*
Of which: debt securities related to the insurance activity	*3,942,293*	*3,190,758*
By counterparty classes		
Credit institutions	115,874	118,367
Resident public administrations	3,367,569	2,920,368
Non-resident public administrations	881,198	531,143
Other resident sectors	198,551	225,459
Other non-resident sectors	167,326	215,953
Total gross amount	**4,730,518**	**4,011,290**
By type of instrument		
Debt securities:	4,492,130	3,712,383
Public sector debt	*3,338,971*	*2,887,738*
Other public administrations	*27,595*	*31,616*
Foreign government debt securities	*881,198*	*531,143*
Issued by financial institutions	*106,117*	*109,054*
Other fixed-income securities	138,249	152,832
Other equity instruments:	238,388	298,907
Shares in listed Spanish companies	*33,450*	*54,140*
Shares in non-listed Spanish companies	*132,751*	*134,202*
Shares in listed foreign companies	*31,217*	*63,648*
Shares in non-listed foreign companies	*45*	*45*
Ownership interests in Investment Funds	*23,862*	*31,371*
Ownership interests in Venture Capital Funds	*17,063*	*15,501*
Total gross amount	**4,730,518**	**4,011,290**

(*) Restated figures (see Note 1.4.).

The carrying amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument.

At 31 December 2023 and 2022, “Other equity instruments” included the investment that the Bank holds in SAREB, which was fully impaired.

The entirety of losses from impairment related to the hedge against credit risk of debt securities, which are reversible, are detailed in the table above.

This heading includes a balance of €113,717 thousand (€113,717 thousand at 31 December 2022) relating to the shareholding in Caser.

The average effective interest rate on debt instruments classified in this portfolio during 2023 was 2.16% (1.69% during 2022), which includes the effect of the revenue reversals from risk hedging for interest rate risk.

10.2 Impaired debt securities

At 31 December 2023 and 2022 there were no impaired debt securities.

10.3 Credit risk hedges and others

The changes in the impairment losses recognised to cover the credit risk of the debt instruments included in this portfolio in 2023 and 2022 are presented below:

	Thousands of euros	
	2023	**2022**
Opening balance	**1,060**	**1,239**
Transfer charged to profit for the year	13,232	3,273
Reversal of provisions taken to income statement	(12,178)	(3,135)
Amounts used	-	(630)
Exchange differences and other movements	(1,117)	313
Closing balance	**997**	**1,060**
Of which:		
- Individually determined	-	-
- Collectively determined	*997*	*1,060*

The impairment losses indicated in this Note are recognised in the consolidated income statement under "Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss - Financial assets at fair value through other comprehensive income)".

11. Financial assets at amortised cost

The items making up the balance of this heading in the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

	Thousands of euros	
	2023	**2022 (*)**
Debt securities (Note 11.2)	**12,558,457**	**12,282,217**
Loans and advances	**30,134,113**	**31,559,224**
Credit institutions (Note 11.3)	790,740	660,200
Customers (Note 11.4)	29,343,373	30,899,024
	42,692,570	**43,841,441**

(*) Restated figures (see Note 1.4.).

11.1 Breakdown of the balance and maximum credit risk

The financial assets included in this category at 31 December 2023 and 2022 are detailed below, classified by geographical areas, counterparty classes and type of instrument:

	Thousands of euros	
	2023	**2022 (*)**
By geographical areas		
Spain	40,426,750	41,703,697
Rest of the countries in the European Monetary Union	1,786,283	1,537,037
Rest of Europe	79,773	78,611
Rest of the world	854,144	968,672
Total gross amount	**43,146,950**	**44,288,017**
(Impairment losses)	(454,380)	(446,576)
Total net amount	**42,692,570**	**43,841,441**
Of which: debt securities related to the insurance activity	*1,803,283*	*1,391,848*
Of which: loans and advances related to the insurance activity	*1,555*	*3,800*
By counterparty classes		
Credit institutions	1,231,100	937,760
Resident public administrations	10,768,415	11,032,003
Non-resident public administrations	1,166,737	1,097,865
Other resident sectors	29,114,523	30,551,239
Other non-resident sectors	866,175	669,150
Total gross amount	**43,146,950**	**44,288,017**
By type of instrument		
Debt securities	12,563,283	12,285,796
Credits and loans	28,675,218	29,107,853
Reverse repurchase agreements	902,859	1,613,345
Other	1,005,590	1,281,023
Total gross amount	**43,146,950**	**44,288,017**

(*) Restated figures (see Note 1.4.).

The carrying amount shown in the above table corresponds to the maximum credit risk exposure in relation to each financial instrument, except for:

- The asset corresponding to the current value of the fees outstanding on financial guarantees, registered under “Other” (in the breakdown by type of instrument), amounted to €1,334 thousand at 31 December 2023 (€1,330 thousand at 31 December 2022). In Note 27.1, the nominal value of the financial guarantees is broken down, which implies the maximum level of exposure to the credit risk.

This item also includes the balances of “Other financial assets” detailed in notes 11.3 and 11.4.

- The assets transferred to securitisation funds that were not derecognised from the balance, in accordance with that stipulated in Note 2.8, shall be registered under heading “Credits and loans” (in the breakdown by type of instrument) and at 31 December 2023 they amounted to €1,450,292 thousand (€1,824,746 thousand at 31 December 2022), with their breakdown detailed in Note 27.5. The maximum level of exposure to credit risk is collected by the value of all of the Group’s positions in the above-mentioned securitisation funds, amounting to €1,436,844 thousand at 31 December 2023 (€1,755,205 thousand at 31 December 2022). The amount of the bonds issued by the securitisation funds that were subscribed by third parties outside to the Group amounted to €138,278 thousand at 31 December 2023 (€217,993 thousand at 31 December 2022), with their breakdown detailed in Note 19.3.

11.2 Debt securities

The breakdown by financial assets included in the debt securities category at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022 (*)
Debt securities	**12,563,283**	**12,285,796**
Impaired assets	-	-
Total gross amount	**12,563,283**	**12,285,796**
(Impairment losses)	(4,826)	(3,579)
Total net amount	**12,558,457**	**12,282,217**

(*) Restated figures (see Note 1.4.).

This heading includes, among others, SAREB bonds, with an irrevocable guarantee from the Spanish central government, whose nominal value at 31 December 2023 was €1,432,000 thousand (€1,571,000 thousand at 31 December 2022).

All the securities recognised under this heading are recorded as Stage 1 (Note 11.5).

The average effective interest rate on debt instruments classified in this portfolio during 2023 was 1.26% (1.15% during 2022).

11.3 Credit institutions

The breakdown of the financial assets included in the “credit institutions” category at 31 December 2023 and 2022 was as follows:

	Thousands of euros	
	2023	2022
Time or at notice:	**203,374**	**3,213**
Fixed-term deposits	3,213	3,213
Reverse repurchase agreements	200,000	-
Other accounts	161	-
Other financial assets:	**581,635**	**656,844**
Cheques payable by credit institutions	193	560
Cash guarantees	572,114	647,758
Other items	9,328	8,526
Impaired assets	**-**	**-**
Valuation adjustments	**5,731**	**143**
Total gross amount	**790,740**	**660,200**
(Impairment losses)	-	-
Total net amount	**790,740**	**660,200**

The average effective interest rate on debt instruments classified in this portfolio during 2023 was 0.51% (0.07% during 2022).

11.4 Customers

The breakdown by financial assets included in the Loans and advances to customers category at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
Credits and loans	**28,675,218**	**29,107,853**
Commercial loans	615,198	656,741
Loans secured with collateral	18,947,277	19,600,479
Other term loans	7,162,095	7,008,228
Finance leases	493,663	486,379
Receivables on demand and other	811,586	741,684
Impaired assets	480,402	492,727
Valuation adjustments	164,997	121,615
Reverse repurchase agreements	**702,859**	**1,613,345**
Other financial assets	**414,850**	**620,823**
Financial transactions pending settlement	275	-
Cash guarantees	168,923	246,056
Financial guarantee fees	1,334	1,330
Other items	244,318	373,437
Total gross amount	**29,792,927**	**31,342,021**
(Impairment losses)	(449,554)	(442,997)
Total net amount	**29,343,373**	**30,899,024**

Finance leases in which the Group is the lessor are described below:

- The interest rate is variable.
- There is a purchase option in the lessee's favour arranged as the last instalment of the contract, through which the lessee may obtain the ownership of the asset at a cost which is significantly lower than the asset's market value at that time. As it may be considered reasonably certain that the lessee will exercise this purchase option, its value is recorded as a debt claim together with the rest of the minimum payments to be made by the lessee.

Details of finance leases for the year are as follows:

- At 31 December 2023, the gross investment totalled €493,663 thousand (€486,379 thousand at 31 December 2022).
- The present value of future minimum lease payments receivable during the non-cancellable part of the lease period (assuming that any existing rights to extend the lease or purchase options are not exercised) at 31 December 2023 is €141,613 thousand within one year (€163,518 thousand in 2022), €252,954 thousand between one and five years (€256,250 thousand in 2022) and €35,810 thousand at over five years (€40,217 thousand in 2022).
- Unaccrued interest income totalled €49,540 thousand in 2023 (€31,388 thousand in 2022).
- The residual value of these leases amounted to €29,607 thousand at 31 December 2023 (€33,088 thousand at 31 December 2022).
- Impairment adjustments to finance leases amounted to €8,651 thousand at 31 December 2023 (€13,348 thousand at 31 December 2022).

"Valuation adjustments" at 31 December 2023 included an amount of €4,427 thousand corresponding to the adjustment to the amortised cost of the covered assets pending accrual after the interruption of the macro-hedges described in Note 12.2 (€13,372 million at 31 December 2022).

The average effective interest rate on debt instruments classified in this portfolio during 2023 was 2.95% (1.27% during 2022).

11.4.1. Overdue, impaired and unimpaired assets

There follows a breakdown of credit to customers considered to be impaired because of credit risk at 31 December 2023 and 2022, classified according to the period elapsed since the maturity of the oldest unpaid amount of each transaction at those dates:

	Thousands of euros					
	Not yet due	Up to 6 months	6 to 9 months	9 to 12 months	Over 12 months	Total
31 December 2023	100,852	79,174	49,077	27,783	223,516	**480,402**
31 December 2022	111,778	43,024	30,467	25,201	282,257	**492,727**

The detail of the impaired assets by counterparty classes is as follows:

	Thousands of euros	
	2023	2022
Resident public administrations	178	178
Other resident sectors	472,701	484,233
Other non-resident sectors	7,523	8,316
	480,402	**492,727**

In general, the matured assets are not considered impaired until the length of service of the non-payment surpasses 90 days. The detail of the unimpaired matured assets by counterparty classes and length of service at 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	2023			
	Less than one Month	1 to 2 months	Between 2 months and 90 days	Total
Credit institutions	-	-	-	-
Resident public administrations	-	-	-	-
Other resident sectors	28,326	9,313	4,969	42,608
Other non-resident sectors	50	7	8	65
	28,376	**9,320**	**4,977**	**42,673**

	Thousands of euros			
	2022			
	Less than one Month	1 to 2 months	Between 2 months and 90 days	Total
Credit institutions	-	-	-	-
Resident public administrations	-	-	-	-
Other resident sectors	17,095	3,454	6,209	26,758
Other non-resident sectors	48	5	11	64
	17,143	**3,459**	**6,220**	**26,822**

11.5 Credit risk hedges and others

The changes in the gross balance of financial assets included in this category in 2023 and 2022 are presented below:

	Thousands of euros			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Gross balance at 1 January	**42.319.069**	**1.476.221**	**492.727**	**44.288.017**
Transfers:	(277,824)	137,041	140,783	-
from stage 1 to stage 2:	*(695,024)*	*695,024*	-	-
from stage 1 to stage 3	*(58,169)*	-	*58,169*	-
from stage 2 to stage 3	-	*(119,068)*	*119,068*	-
from stage 3 to stage 2	-	*36,203*	*(36,203)*	-
from stage 2 to stage 1	*475,118*	*(475,118)*	-	-
from stage 3 to stage 1	*251*	-	*(251)*	-
Increases	9,764,909	202,889	37,855	10,005,653
Decreases	(10,609,398)	(346,359)	(124,053)	(11,079,810)
Transfers to write-offs	-	-	(66,910)	(66,910)
Other movements	-	-	-	-
Gross balance at 31 December	**41,196,756**	**1,469,792**	**480,402**	**43,146,950**

	2022 (*)			
	Stage 1	Stage 2	Stage 3	Total
Gross balance at 1 January	**40,793,327**	**1,559,842**	**716,343**	**43,069,512**
Transfers:	(136,058)	55,557	80,501	-
from stage 1 to stage 2:	*(677,943)*	*677,943*	-	-
from stage 1 to stage 3	*(55,540)*	-	*55,540*	-
from stage 2 to stage 3	-	*(86,613)*	*86,613*	-
from stage 3 to stage 2	-	*61,515*	*(61,515)*	-
from stage 2 to stage 1	*597,288*	*(597,288)*	-	-
from stage 3 to stage 1	*137*	-	*(137)*	-
Increases	10,865,710	177,471	25,052	11,068,233
Decreases	(9,203,910)	(316,649)	(208,870)	(9,729,429)
Transfers to write-offs	-	-	(120,299)	(120,299)
Other movements	-	-	-	-
Gross balance at 31 December	**42,319,069**	**1,476,221**	**492,727**	**44,288,017**

(*) Restated figures (see Note 1.4.).

The changes in impairment losses recognised to cover the credit risk of financial assets included in this category in 2023 and 2022 are presented below:

	Thousands of euros			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**90.485**	**104.840**	**251.251**	**446.576**
Of which:				
- Individually determined	-	*14,212*	*72,689*	*86,901*
- Collectively determined	*90,485*	*90,628*	*178,562*	*359,675*
Changes through profit or loss:	**(82,619)**	**77,772**	**106,613**	**101,766**
Increases in origination	*48,549*	*9*	*10*	*48,568*
Changes due to changes in credit risk	*(91,533)*	*85,917*	*100,219*	*94,603*
Changes in calculation method	-	-	-	-
Other	(39,635)	(8,154)	6,384	(41,405)
Changes other than through profit or loss:	**74,905**	**(75,737)**	**(93,130)**	**(93,962)**
Transfers:	74,905	(75,737)	832	-
from stage 1 to stage 2:	*(13,009)*	*13,009*	-	-
from stage 1 to stage 3:	*(140)*	-	*140*	-
from stage 2 to stage 3:	-	*(18,228)*	*18,228*	-
from stage 3 to stage 2	-	*17,480*	*(17,480)*	-
from stage 2 to stage 1	*87,998*	*(87,998)*	-	-
from stage 3 to stage 1	*56*	-	*(56)*	-
Existing provisions utilised	-	-	*(84,706)*	*(84,706)*
Other movements	-	-	*(9,256)*	*(9,256)*
Balance at 31 December	***82,771***	***106,875***	***264,734***	***454,380***
Of which:				
Individually determined	-	*17,417*	*73,440*	*90,857*
Collectively determined	*82,771*	*89,458*	*191,294*	*363,523*

	Thousands of euros			
	2022 (*)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**49,562**	**111,280**	**381,860**	**542,702**
Of which:				
- Individually determined	-	*14,376*	*94,994*	*109,370*
- Collectively determined	*49,562*	*96,904*	*286,866*	*433,332*
Changes through profit or loss:	**(55,865)**	**85,517**	**42,427**	**72,079**
Increases in origination	*33,774*	*677*	*7*	*34,458*
Changes due to changes in credit risk	*(61,407)*	*86,537*	*54,391*	*79,521*
Changes in calculation method	-	-	-	-
Other	(28,232)	(1,697)	(11,971)	(41,900)
Changes other than through profit or loss:	**96,788**	**(91,957)**	**(173,036)**	**(168,205)**
Transfers:	96,788	(91,957)	(4,831)	-
from stage 1 to stage 2:	*(13,530)*	*13,530*	-	-
from stage 1 to stage 3:	*(506)*	-	*506*	-
from stage 2 to stage 3:	-	*(14,045)*	*14,045*	-
from stage 3 to stage 2	-	*19,342*	*(19,342)*	-
from stage 2 to stage 1	*110,784*	*(110,784)*	-	-
from stage 3 to stage 1	*40*	-	*(40)*	-
Existing provisions utilised	-	-	*(148,798)*	*(148,798)*
Other movements	-	-	*(19,407)*	*(19,407)*
Balance at 31 December	***90,485***	***104,840***	***251,251***	***446,576***
Of which:				
- Individually determined	-	*14,212*	*72,689*	*86,901*
- Collectively determined	*90,485*	*90,628*	*178,562*	*359,675*

(*) Restated figures (see Note 1.4.).

On 22 December 2023, Ibercaja Banco, S.A. entered into a contract for the sale of a loan book of mostly NPLs with a nominal value of €21,678 thousand to Cabin V L2, S.a.r.l. The negative impact of the operation, €1,520 thousand, is registered under heading "Net gains or losses derecognised in financial asset and liability accounts not measured at fair value through profit or loss" of the consolidated income statement (Note 34).

On 23 December 2022, Ibercaja Banco, S.A. entered into a contract for the sale of a loan book of non-performing loans, with a nominal value of €36,980 thousand, to Promontoria Poseidón B DAC and Precise Credit Solutions 5 SV S.a.r.l. The negative impact of the operation, €2,678 thousand, was registered under heading "Net gains or losses derecognised in financial asset and liability accounts not measured at fair value through profit or loss" of the consolidated income statement (Note 34).

The balance of provision utilisation in 2023 relates mainly to provisions covering transactions derecognised from the consolidated balance sheet amounting to €66,910 thousand (€120,299 thousand in 2022). In addition, in 2023 it includes the provisions derecognised from the balance sheet of the loan book mentioned in the previous paragraph amounting to €12,036 thousand (31 December 2022: €19,235 thousand).

"Other" includes releases generated by the write-downs of provisions for operations cancelled due to collections during the period. Write-downs of provisions in operations that have been removed from the balance sheet are included in the concept of "Use of provisions"

"Other movements" includes the transfer of the non-performing loan allowance that the credit transaction had which were paid through the awarding or granting in payment for the overall or partial satisfaction of the debt, in accordance with the criteria described in Note 2.18.

The detail of the impaired losses by counterparty classes is as follows:

	Thousands of euros	
	2023	**2022**
Resident public administrations	1	2
Other resident sectors	452,727	444,553
Other non-resident sectors	1,652	2,021
	454,380	**446,576**

The various items recognised in 2023 and 2022 under "Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss - Financial assets at amortised cost" in the consolidated income statements for those years are presented below:

	Thousands of euros	
	2023	**2022**
Impairment losses credited to allowances for assets	101,766	72,079
Recovery of written-off assets	(9,001)	(6,982)
	92,765	**65,097**

The movement of the consolidated Loans and receivables derecognised in 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Balances at the start of the year	**426,370**	**747,775**
Use of the Accumulated impairment balance	62,669	101,687
Contractually required interests	8,908	17,446
Direct write-down to the income statement	-	-
Main cash payment to the counterparties	(8,843)	(3,285)
Interest cash payment to the counterparties	(127)	(346)
Forgiveness	(19,148)	(55,231)
Limitation period	(1,661)	(21)
Foreclosure of tangible assets	-	-
Debt refinancing or restructuring	-	-
Sales	(480)	(381,655)
Other items	-	-
Balance at the close of the year	**467,688**	**426,370**

“Sales” in 2022 mainly included the impact of the sale of a portfolio of non-performing loans with a nominal value of €365 million, which the Group sold to Promontoria Poseidón DAC. The transaction gave a positive result of €9,997 thousand in the consolidated income statement (Note 34).

The accrued interest pending payment, registered in memorandum accounts, associated with impaired financial assets, amounted to €31,899 thousand at 31 December 2023 (€30,711 thousand at 31 December 2022).

In this context, the Group, in its process of recalibrating the credit risk models in 2023, has updated, using the information available at year-end, the macroeconomic variables that affect the forward-looking information of the impairment coverage models.

The main projected variables considered at 31 December 2023 and 2022 are as follows:

	2023	2024	2025
GDP growth			
Base Scenario	2.5%	1.6%	1.4%
Best-case scenario	2.7%	2.4%	2.1%
Pessimistic scenario	2.3%	(0.2%)	(0.5%)
Unemployment rate			
Base Scenario	12.0%	11.3%	10.9%
Best-case scenario	11.9%	10.9%	10.1%
Pessimistic scenario	12.1%	12.5%	13.7%
House price growth			
Base Scenario	2.5%	(0.6%)	1.6%
Best-case scenario	3.5%	1.5%	3.7%
Pessimistic scenario	1.5%	(2.7%)	(0.4%)

	2022	2023	2024
GDP growth			
Base Scenario	3.9%	0.4%	2.8%
Best-case scenario	5.2%	3.4%	3.2%
Pessimistic scenario	3.6%	(1.4)%	1.3%
Unemployment rate			
Base Scenario	12.8%	14.0%	14.7%
Best-case scenario	12.7%	12.7%	11.9%
Pessimistic scenario	12.9%	14.7%	16.0%
House price growth			
Base Scenario	5.4%	2.5%	2.9%
Best-case scenario	5.7%	3.0%	3.5%
Pessimistic scenario	4.0%	(2.0)%	(1.0)%

The weighting of the scenarios for 2023 and 2022 is as follows:

	2023	2022
Best-case scenario	5%	10%
Base Scenario	60%	60%
Pessimistic scenario	35%	30%

The Group has analysed its loan portfolio taking into account the different types and segmentation of customers affected by the economic situation, their characteristics (companies, individuals, self-employed, etc.) and the sector to which each borrower belongs (NACE). Following this analysis, it has been concluded that there are economic sectors particularly impacted by the current macroeconomic situation, such as processing and manufacturing of canned fish, wine production, catering, and the preparation, manufacturing and marketing of textile products, for which the Group has to be particularly prudent in determining credit risk coverage.

Given the high degree of uncertainty that still persists in the current macroeconomic context, together with the expert analysis of economic sectors affected as mentioned above, the Group supplements the expected loss estimated by its credit risk models to include those effects that may not be included in the models, either by considering additional risk indicators, factoring in sector-specific circumstances or any other aspects that could affect a particular segment of transactions or borrowers. In 2023, the Bank recognised a fund for this item of €50,127 thousand, mainly to cover the exposures of customers for whom a significant increase in credit risk is expected in the short to medium term as a result of the aforementioned macroeconomic outlook and its potential social and economic effects on the Bank’s customer portfolio.

The breakdown by stage and by purpose of the Group’s post-model adjustments is presented below:

	Thousands of euros			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Companies and self-employed	26,800	13,027	2,400	42,227
Mortgages to individuals	1,900	4,000	1,900	7,800
Other segments	-	-	100	100
Total	**28,700**	**17,027**	**4,400**	**50,127**

This post-model adjustment has a temporary nature until the reasons for the post-model adjustment disappear or materialise. This fund has been set up in accordance with the guidelines issued by supervisors and regulators and, by its nature, its constitution and monitoring has duly documented processes subject to strict governance.

The Group closely monitors the trend of both the sectors and the most relevant individual borrowers that could be affected by this crisis, in order to adapt its credit risk coverage to the different scenarios that may arise.

12. Derivatives - hedge accounting (assets and liabilities) and fair value changes of the hedged items in a portfolio with interest rate risk hedging

12.1 Derivatives - Hedge accounting

The breakdown, by product type, of the fair value of the financial derivatives designated as hedging instruments in fair value hedge and cash flow transactions at 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	Fair value			
	Tax receivables		Tax payables	
	2023	2022	2023	2022
Interest rate swaps (IRSs)	154,553	190,897	518,866	609,795
Forward Rate Agreements (FRA´s)	-	8,137	18,902	-
	154,553	**199,034**	**537,768**	**609,795**

The carrying amount shown in the previous table represents the maximum level of exposure to credit risk with respect to the financial instruments included therein, except for the derivative assets contracted in which there are netting or compensation agreements, and that also have a collateral agreement consisting of the formalisation of deposits for an amount equivalent to the net fair value of the derivative transactions, so that in the event of non-payment of the derivative operations by one of the parties, the other party is not required to satisfy the obligations associated with the deposit.

Under “Derivatives - hedge accounting”, a net credit balance of €96,515 thousand at 31 December 2023 (credit balance of €139,275 thousand at 31 December 2022) is recognised for macro hedges on mortgage bonds and demand deposits.

The Group has not offset the financial instruments that give rise to these guarantee deposits and has maintained the separate recognition of assets and liabilities without recording a net position, as the conditions described in Note 2.7 are not fulfilled. The breakdown of the carrying amount of the financial instruments associated with these agreements and asset and liability deposits that are generated with the counterparties (for both the hedging and trading derivatives that are detailed in Note 7.3), is as follows:

	Thousands of euros	
	Instruments subject to offset arrangements.	
	2023	2022
Derivative assets	1,665	2,372
Derivative liabilities	332,880	312,466

	Thousands of euros	
	Deposits subject to derivative offset arrangements	
	2023	2022
Deposits recognised under assets	333,142	313,797
Deposits recognised under liabilities	1,790	2,430

The purpose of all fair value hedges carried out by the Company is to hedge the risk of changes in the fair value of debt instruments, assets or liabilities issued at a fixed rate, due to changes in the reference interest rate. This risk is established in the increase of the fair value of the financial liabilities against reference interest rate decreases and decreases in the fair value of the financial assets in the event of their increases. To mitigate this risk, the Group arranges interest rate swaps, the value of which varies similarly and symmetrically to the changes in value of the hedged items.

The purpose of the cash flow hedges is to stabilise the impact on the interest margin of interest associated with inflation-indexed public debt, eliminating the underlying risk of the benchmark index. To hedge this risk, interest rate swaps were arranged on the market that convert the issue's inflation-indexed floating rate into a fixed rate.

In the event of ineffectiveness in fair value or cash flow hedges, the Bank mainly considers the following causes:

– Possible economic events affecting the Bank (e.g.: default).

– Due to changes and possible differences with respect to the market in the collateralised and non-collateralised curves used in the valuation of derivatives and hedged items, respectively.

– Possible differences between the nominal value, settlement/repricing dates and credit risk of the hedged item and the hedging instrument.

Note 3 analyses the nature of the Group's main risks covered by these financial instruments.

A breakdown of the maturities of the notional amounts of the hedging instruments used by the Group at 31 December 2023 and 2022 is shown below:

	Thousands of euros					
	2023					
	Up to 1 month	1 to 3 months	Between 3 months and 1 year	1 to 5 years	Over 5 years	Total
Fair value hedges	**257,015**	**157,019**	**509,745**	**3,016,526**	**1,883,600**	**5,823,905**
Interest rate swaps (IRSs)	2,015	22,019	509,745	3,016,526	1,883,600	5,433,905
Forward Rate Agreements (FRAs)	255,000	135,000	-	-	-	390,000
Average interest rate	-	-	-	-	0,37%	0,13%
Cash flow hedges	**-**	**-**	**-**	**550,000**	**253,500**	**803,500**
Interest rate swaps (IRSs)	-	-	-	550,000	253,500	803,500
Average interest rate	-	-	-	-	-	-

	Thousands of euros					
	2022					
	Up to 1 month	1 to 3 months	Between 3 months and 1 year	1 to 5 years	Over 5 years	Total
Fair value hedges	**125,000**	**130,000**	**658,057**	**3,558,824**	**1,083,600**	**5,555,481**
Interest rate swaps (IRSs)	-	-	658,057	3,558,824	1,083,600	5,300,481
Forward Rate Agreements (FRA´s)	125,000	130,000	-	-	-	255,000
Average interest rate	-	-	-	-	0,57%	0,11%
Cash flow hedges	**-**	**-**	**-**	**350,000**	**453,500**	**803,500**
Interest rate swaps (IRSs)	-	-	-	350,000	453,500	803,500
Average interest rate	-	-	-	-	-	-

A breakdown of the hedging instruments used by the Group at 31 December 2023 and 2022 is shown below:

	Thousands of euros			
	2023			
	Notional	Assets	Liabilities	Change in the FV used to calculate hedging ineffectiveness
Fair value hedges	**5,823,905**	**133,753**	**202,969**	**61,202**
Interest rate swaps (IRSs)	5,433,905	133,753	184,067	74,994
Forward Rate Agreements (FRAs)	390,000	-	18,902	(13,792)
Cash flow hedges	**803,500**	**20,800**	**334,799**	**7,469**
Interest rate swaps (IRSs)	803,500	20,800	334,799	7,469

	Thousands of euros			
	2022			
	Notional	Assets	Liabilities	Change in the FV used to calculate hedging ineffectiveness
Fair value hedges	**5,555,481**	**182,609**	**274,672**	**(129,517)**
Interest rate swaps (IRSs)	5,300,481	174,472	274,672	(146,724)
Forward Rate Agreements (FRA´s)	255,000	8,137	-	17,207
Cash flow hedges	**803,500**	**16,425**	**335,123**	**(1,087)**
Interest rate swaps (IRSs)	803,500	16,425	335,123	(1,087)

A breakdown of the items hedged the Group at 31 December 2023 and 2022 is shown below:

	Thousands of euros					
	2023					
	Carrying amount of the hedged item		Adjustment of cumulative FV in the hedged instrument		Change in the FV used to calculate hedging ineffectiveness	Cash flow hedges reserve
	Assets	Liabilities	Assets	Liabilities		
Fair value hedges	**1,788,344**	**3,297,428**	**(76,633)**	**(70,305)**	**(62,882)**	**-**
Transactions with clients	-	33,482	-	(299)	(3,440)	-
Loans	-	1,763,946	-	(70,006)	(62,879)	-
Fixed Income	1,788,344		(76,633)	-	53,435	-
Savings demand deposit hedge		1,500,000	-	-	(49,998)	-
Cash flow hedges	**1,136,115**	**-**	**-**	**-**	**-**	**7,469**
Fixed Income	1,136,115	-	-	-	-	7,469

	Thousands of euros					
	2022					
	Carrying amount of the hedged item		Adjustment of cumulative FV in the hedged instrument		Change in the FV used to calculate hedging ineffectiveness	Cash flow hedges reserve
	Assets	Liabilities	Assets	Liabilities		
Fair value hedges	**948,314**	**3,947,717**	**(143,316)**	**(136,621)**	**130,462**	**-**
Transactions with clients	-	132,117	-	(3,738)	5,448	-
Loans	-	2,315,600	-	(132,883)	157,374	-
Fixed Income	948,314	-	(143,316)	-	(151,385)	-
Savings demand deposit hedge	-	1,500,000	-	-	119,025	-
Cash flow hedges	**1,128,239**	**-**	**-**	**-**	**-**	**(1,087)**
Fixed Income	1,128,239	-	-	-	-	(1,087)

The following table shows the impact on the consolidated income statement and consolidated statement of other comprehensive income of the hedging relationships designated by the Group at 31 December 2023 and 2022:

	Thousands of euros			
	2023			
	Change in value of hedging instrument recognised in other comprehensive income	Ineffectiveness recognised in profit or loss	Amount reclassified from equity to profit or loss	
			Hedging interruption	Recognition in profit or loss of the hedged transaction
Fair value hedges	**-**	**(1,680)**	**-**	**-**
Transactions with clients	-	(241)	-	-
Loans	-	(747)	-	-
Fixed Income	-	(692)	-	-
Cash flow hedges	**8,556**	**-**	**-**	**(14,523)**
Fixed Income	8,556	-	-	(14,523)

	Thousands of euros			
	2022			
	Change in value of hedging instrument recognised in other comprehensive income	Ineffectiveness recognised in profit or loss	Amount reclassified from equity to profit or loss	
			Hedging interruption	Recognition in profit or loss of the hedged transaction
Fair value hedges	**-**	**945**	**-**	**-**
Transactions with clients	-	198	-	-
Loans	-	248	-	-
Fixed Income	-	499	-	-
Cash flow hedges	**23,886**	**-**	**-**	**(94,886)**
Fixed Income	23,886	-	-	(94,886)

At 31 December 2023 and 2022, there were no accounting hedges that failed the effectiveness test.

12.2 Fair value changes of the hedged items in a portfolio with interest rate risk hedging

As explained in Note 2.4, these gains or losses arising from changes in the fair value of the interest rate risk of the financial instruments effectively hedged in fair value macro-hedging transactions are charged or credited under these headings of the consolidated balance.

The breakdown of adjustments to financial assets and liabilities via macro-hedges at 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	Fair value			
	Tax receivables		Tax payables	
	2023	2022	2023	2022
Mortgage loans	-	-	-	-
Financial liabilities	-	-	(79,093)	(140,313)
	-	**-**	**(79,093)**	**(140,313)**

With respect to the assets affecting the micro-hedges, Banco Grupo Cajatres, S.A.U. signed an option contract on interest rates in 2012, for which it would pay the positive difference between the floor rate and Euribor rate at 12 months (or zero if this difference is negative) on the current notional in each period in 2013-2026. The starting and maximum notional value of the option amounted to 2.672 billion euros, covering the cost of the floor value included in the mortgage loans in the portfolio on interest rate variations. In 2015 the Group decided to interrupt the micro-hedge. The change to the amortised cost of the hedged assets on the hedge interruption date, for an amount of €140.9 million, is accrued over the initially designated hedging period. At 31 December 2023, the adjustment pending accrual amounted to €4,427 thousand (€13,372 thousand at 31 December 2022) and has been recorded since the interruption of the hedge under the heading "Financial assets at amortised cost - Customers" on the asset side of the balance sheet (Note 11.4). The cancellation of the derivative with the counterparty was made on the same day.

The nominal amount of financial liabilities corresponding to own issues, covered bonds, transactions and deposits with customers, covered by interest rate swaps (IRSs), amounted to €1,800,897 thousand at 31 December 2023 (at 31 December 2022: €1,875,897 thousand).

At 31 December 2023 and 2022, there were no accounting hedges that failed the effectiveness test.

13. <u>Investments in joint ventures and associates</u>

13.1 Investments in associates

This heading of investments in associates in the consolidated balance sheets at 31 December 2023 and 2022 is broken down as follows:

	Thousands of euros	
	2023	2022
Equity instruments	52,121	60,696
Impairment losses	(3,455)	(128)
Total net amount	**48,666**	**60,568**

The balance of “Investments in subsidiaries, joint ventures and associates – Associates” of the consolidated balance sheets at 31 December 2023 and 2022 included goodwill associated with these investments. The breakdown of this goodwill, based on the Bank in which they originated, is shown below:

	Thousands of euros	
	2023	2022
Henneo	11,149	11,149
	11,149	**11,149**

The movement of the impairment losses of the associated entities in 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Opening balance	**128**	**128**
Transfers	**3,327**	**-**
Transfer charged to profit for the year	3,327	-
Recovered amount credited to the profit for the year	-	-
Recovered amount credited to profit for the previous years	**-**	**-**
Amounts used	**-**	**-**
Other movements	**-**	**-**
Closing balance	**3,455**	**128**

13.2 Investments in joint ventures

Appendices I and II show a breakdown of the investments in joint ventures held by the Group at 31 December 2023 and 2022, with related details.

There are no impairment losses or goodwill associated with these investments.

14. Assets under insurance or reinsurance contracts

As at 31 December 2023 and 2022, the entirety of the budget under this heading of consolidated balances corresponds to the profit-sharing of the reinsured policies.

The reconciliation between the opening and closing balances under this heading in 2023 and 2022 is as follows:

	Thousands of euros
Balances at 31 December 2021	**390**
Transfers	772
Balances at 31 December 2022	**1,162**
Transfers	(358)
Balances at 31 December 2023	**804**

15. Tangible assets

Movements in this consolidated balance sheet heading in 2023 and 2022 are as follows:

	Thousands of euros			
	For own use	Investment property	Assigned under operating lease	Total
Cost				
Balances at 1 January 2022	**1,363,320**	**378,931**	**107,485**	**1,849,736**
Additions	48,994	7,571	52,073	108,638
Disposals due to sales or through other means	(56,374)	(30,128)	(39,525)	(126,027)
Other transfers and other movements	(3,341)	3,594	3,600	3,853
Balances at 31 December 2022	**1,352,599**	**359,968**	**123,633**	**1,836,200**
Additions	45,178	2,673	32,046	79,897
Disposals due to sales or through other means	(17,546)	(27,640)	(782)	(45,968)
Other transfers and other movements	-	1,375	7,546	8,921
Balances at 31 December 2023	**1,380,231**	**336,376**	**162,443**	**1,879,050**
Accumulated depreciation				
Balances at 1 January 2022	**(691,843)**	**(91,649)**	**(16,028)**	**(799,520)**
Disposals due to sales or through other means	48,454	4,637	7,040	60,131
Allowances recognised in profit or loss	(43,248)	(6,016)	(10,388)	(59,652)
Other transfers and other movements	(276)	(862)	-	(1,138)
Balances at 31 December 2022	**(686,913)**	**(93,890)**	**(19,376)**	**(800,179)**
Disposals due to sales or through other means	8,155	6,065	11,690	25,910
Allowances recognised in profit or loss	(44,687)	(5,697)	(13,428)	(63,812)
Other transfers and other movements	188	(22)	-	166
Balances at 31 December 2023	**(723,257)**	**(93,544)**	**(21,114)**	**(837,915)**
Impairment losses				
Balances at 1 January 2022	**(14,796)**	**(31,329)**	**-**	**(46,125)**
Transfer charged to profit for the year (Note 40)	(549)	(15,841)	-	(16,390)
Recovered amount credited to profits (Note 40)	-	-	-	-
Applications and other movements	549	4,095	-	4,644
Balances at 31 December 2022	**(14,796)**	**(43,075)**	**-**	**(57,871)**
Transfer charged to profit for the year (Note 40)	(323)	(12,687)	-	(13,010)
Recovered amount credited to profits (Note 40)	-	-	-	-
Applications and other movements	752	6,786	-	7,538
Balances at 31 December 2023	**(14,367)**	**(48,976)**	**-**	**(63,343)**
Net tangible assets				
Balances at 31 December 2022	**650,890**	**223,003**	**104,257**	**978,150**
Balances at 31 December 2023	**642,607**	**193,856**	**141,329**	**977,792**

At 31 December 2023, fully-amortised assets still in use amounted to €408,838 thousand (€407,331 at 31 December 2022).

In 2013, Ibercaja Banco, S.A. and Banco Grupo Cajatres, S.A.U. availed themselves of the possibility offered by Article 9 of Law 16/2012 to update the tax value of property, plant and equipment, and certain buildings for own use and property investments were accordingly updated.

The amount of the tax update in Ibercaja Banco, S.A. amounted to €17,888 thousand, generating a share of 5% to be paid for this update, for an amount of €894 thousand. Given the revaluation of assets as a consequence of a tax law not permitted in the IFRS-EU, the carrying amount of the assets did not incur any variation in consolidated terms.

At Banco Grupo Cajatres, S.A.U., the amount of the tax update amounted to €36,094 thousand, generating a share of 5% to be paid for this update, for an amount of €1,805 thousand. However, given that the fiscally revaluated assets had already been revaluated for accounting purposes in 2010 when the Institutional Protection Scheme founded the Company, there was no increase in their carrying amount since the new tax value did not surpass the carrying amount before the update in any case.

In the Ibercaja Banco, S.A. individual financial statements of 2016, the information required by section 12 of article 9 of Law 16/2012 is set forth on the updated elements that were found in the Company equity.

15.1 Property, plant and equipment for own use

The breakdown, according to its nature, of the parties that include the balance under this heading of the consolidated balance at 31 December 2023 and 2022 is the following:

	Thousands of euros			
	Cost	**Accumulated depreciation**	**Impairment losses**	**Net balance**
Computer equipment and installations	189,198	(136,345)	-	52,853
Furniture, vehicles and other installations	381,054	(319,925)	-	61,129
Buildings	636,900	(169,774)	(14,796)	452,330
Construction in progress	7,283	-	-	7,283
Use rights under lease	138,164	(60,869)	-	77,295
Of which: Branch offices	*103,901*	*(47,391)*	-	*56,510*
Of which: Sale & lease-back	*28,223*	*(10,996)*	-	*17,227*
Of which: Other	*6,040*	*(2,482)*	-	*3,558*
Balances at 31 December 2022	**1,352,599**	**(686,913)**	**(14,796)**	**650,890**
Computer equipment and installations	202,433	(143,928)	-	58,505
Furniture, vehicles and other installations	383,305	(325,179)	-	58,126
Buildings	637,506	(175,989)	(14,367)	447,150
Construction in progress	3,928	-	-	3,928
Use rights under lease	153,059	(78,161)	-	74,898
Of which: Branch offices	*115,481*	*(59,953)*	-	*55,528*
Of which: Sale & lease-back	*29,676*	*(14,253)*	-	*15,423*
Of which: Other	*7,902*	*(3,955)*	-	*3,947*
Balances at 31 December 2023	**1,380,231**	**(723,257)**	**(14,367)**	**642,607**

No third party termination benefits were received in 2023 for asset impairment, and there were no pending termination benefits to be received at 31 December 2022.

There are no significant material asset acquisition commitments for its own use or restrictions on its ownership at 31 December 2023 and 2022.

15.2 Investment property

The rental income coming from the Group's investment properties amounted to €4,752 thousand in 2023 (€4,120 thousand in 2022) (Note 36), other related expenses amounted to €1,251 thousand (€1,209 thousand in 2022) (Note 37) and operating expenses were incurred due to depreciation and amortisation in an amount of €5,697 thousand (€6,016 thousand in 2022) (Note 15).

65% of the net carrying amount of the investment properties (69% in 2022) is based on appraisals made by experts with recognised professional capacity and recent experience in the location and category of the investment properties subject to assessment. The appraisals of these properties were performed out by appraisers approved by the Group: TINSA, Sociedad de Tasación, Tasvalor, UVE Valoraciones, Gesvalt, Valum, Tecnitasa and Eurovaloraciones.

Note 18 sets out the criteria applied to determine the fair value of these assets.

The following table displays a classification by type of asset of the investment properties. The carrying amount (excluding impairment losses) of these assets, which was valued by an independent surveyor, is as follows:

	Thousands of euros			
	carrying amount (without impairment losses)		of which: appraised by an independent appraiser	
	2023	2022	2023	2022
Investment property	**242,832**	**266,078**	**157,432**	**182,553**
Residential	100,553	105,722	58,158	69,777
Commercial and industrial	142,008	160,351	99,008	112,771
Agricultural	271	5	266	5

The fair value calculated by independent appraisals for the assets amounts to €196,885 thousand at 31 December 2023 (€214,505 thousand at 31 December 2022).

Appraisals of rental assets have a level 2 in the fair value hierarchy (Note 18).

There are no significant commitments for the acquisition or maintenance of investment properties, nor restrictions on their ownership at 31 December 2023 and 2022.

15.3 Property, plant and equipment assigned under operating lease

The Group includes the assets associated with renting contracts under this heading, which amounted to €141,329 thousand at 31 December 2023 (€104,257 thousand at 31 December 2022). In 2023, the rental income coming from these assets amounted to €23,764 thousand (€18,478 thousand in 2022) (Note 36) and operating expenses due to depreciation amounted to €13,428 thousand (€10,388 thousand in 2022) (Note 15).

15.4 Impairment losses

In 2023, €323 thousand of impairment losses on property, plant and equipment for own use and €12,687 thousand of impairment losses on investment property were recognised (impairment losses of €549 thousand and €15,841 thousand in 2022, respectively) (Note 40).

16. Intangible assets

16.1 Goodwill

The breakdown of the parties that include the balance of this heading of the consolidated balance at 31 December 2023 and 2022 is the following:

	Thousands of euros	
Company	**2023**	**2022**
Banco Grupo Cajatrés, S.A.U.	128,065	128,065
Caja Badajoz Vida y Pensiones, S.A. de Seguros	16,869	16,869
	144,934	**144,934**

On 23 May 2013, the market was notified that Ibercaja Banco, S.A.U., Banco Grupo Cajatres, S.A. and its respective shareholder savings banks had agreed the inclusion of the banks through a share exchange process and subsequent merger by absorption of Banco Grupo Cajatres, S.A. into Ibercaja Banco, S.A.U.

On 25 July 2013, after satisfaction of the conditions precedent and the required administrative exemptions and authorisations having been secured, Ibercaja Banco became the owner of 100% of the share capital of Banco Grupo Cajatres, S.A. To this end, Ibercaja Banco carried out a 325.5 million euro capital increase subscribed for by the shareholders of Banco Grupo Cajatres, S.A. in exchange for all that bank’s share capital. The new shareholders thereby obtained a joint holding of 12.20% in the share capital of Ibercaja Banco.

As a result of the difference between the consideration for the business acquired and the total at the acquisition date of the fair value of the assets and liabilities and the amount of the non-controlling interests, goodwill in the amount of €128,065 thousand was recognised in the consolidated financial statements. This goodwill takes into consideration, among other factors, the future results, the expected synergies of the combination of the acquirer and the acquiree and other intangible assets that do not qualify for separate recognition.

The goodwill associated with the company Caja Badajoz Vida y Pensiones, S.A. de Seguros was established as a consequence of the acquisition of 50% of this entity on 3 September 2014 that was not owned by the Group at the close of 2013.

This acquisition took place as part of the reorganisation of the Group's insurance business as a result of the takeover of Banco Grupo Cajatres, S.A.U. in 2013. In 2015 Caja Badajoz Vida y Pensiones, S.A. de Seguros (absorbed company) was merged by absorption into Ibercaja Vida, Compañía de Seguros y Reaseguros, S.A.U. (Absorbing Company).

For the purposes of distributing the goodwill of that referred to in Note 2.16.1, in accordance with IAS 36 Impairment of Assets, the Group considered that there was only one cash-generating unit coinciding with the entirety of its balance, since the goodwill is controlled at the highest level for the purposes of internal management and there are no differentiated operational segments, in accordance with that indicated in Note 27.8. Ibercaja Banco has therefore been considered to be the cash-generating unit to which the goodwill is allocated.

The Group determines the recoverability of goodwill at the end of each reporting period in accordance with paragraph 96 of that IAS by comparing the recoverable amount of the CGU (higher of fair value or value in use) containing the goodwill is compared with that unit's carrying value.

The Group calculated the value in use by the cash-generating unit which constitutes Ibercaja Banco at the close of the year based on the valuation made by an independent expert (Deloitte Financial Advisory, S.L.U.) It was concluded that there was no need to record any impairment of the same.

In accordance with IAS 36, value in use has been calculated using discounted cash flows. The projected flows are the potentially distributable dividends based on the expected profit in an explicit 3-year projected scenario, net of compliance with the minimum solvency requirements defined by the supervisor. These flows have been discounted using market rates adjusted to the estimated cost of capital in accordance with the capital asset pricing model (CAPM) (Note 2.16).

The main criteria used to calculate value in use are as follows:

- Cash flows estimated from the Company's business plan
    - Stabilisation of the interest margin as a result of the rise in the yield curve, both in asset and liability products.
    - Increase in asset management fees (investment funds and pension plans) as a result of the increased marketing of mixed income or equity funds as opposed to fixed income funds, which means a higher management fee on the volume marketed.
    - Worsening of the efficiency ratio because of an increase in general expenses due to inflation and the expected reduction in gross margin.
    - Stability of the cost of risk due to sluggish growth and the gradual return to normal of the inflation rate. However, an increase in the NPL ratio is expected, especially in the productive activity segment, due to the end of the easing measures granted in recent years to facilitate the channelling of credit flows to the private sector.

It should be noted that the projections for previous years have been reasonably met with the results obtained in those years. However, on occasions, the downward deviations from the projections for previous years arose mainly from differences between the actual rates and the rate curve used or from some extraordinary event that could not have been known at the time the projection was made (e.g. the sale of a loan portfolio or foreclosure, since they are made when there is a perceived appetite in the market and the market is not always able to anticipate it).

With the exception of these cases, the Bank's projections do not usually show other significant downward deviations. However, in some cases, these downward deviations have been offset by upward deviations in other income statement headings, either due to improved income statement performance or to the use of levers to offset negative impacts. Nevertheless, the preparation of the projections has taken into account the strategic line set by the Bank, so that it follows a continuous and clearly defined pathway.

In addition, the uncertainty surrounding the making of projections of distributable cash flows, due to doubts about the future development of the main macroeconomic variables, means the Group has been extremely prudent in its estimates.

- Discount rate

  The discount rate has been calculated on the basis of the capital asset pricing model (CAPM). In this formula, the following has been taken into consideration: a risk-free rate of 3.00% (3.59% in 2022), which has been estimated based on the IRR of the Spanish 10-year bond obtained from Bloomberg; a beta adjusted by the Blume methodology of comparable listed companies taking the average monthly data of the last 5 years of 1.10 (1.12 in 2022), a market risk premium of 5.9% (5.6% in 2022), and a risk premium estimated as the spread of the IRR of Ibercaja's preference shares with respect to the average and median of the IRRs of comparable companies at 31 December 2023, the central value of which amounts to 0.95%. Taking these factors into consideration, the discount rate calculated on the basis of profit after tax is 10.4% (10.7% in 2022), while the discount rate calculated on the basis of profit before tax is 15.5% (15.6% in 2022).

- Rate of growth in perpetuity of the cash flow starting in 2025.

  The rate has been set at 1.6% (1.7% in 2022), a level similar to Spain's long-term growth estimates.

A sensitivity analyses of the valuation was made for possible reasonable changes in the key variables of the valuation (rate of growth in perpetuity of the cash flows and discount rate), it being observed that, in no case, would the calculated value in use be lower than the carrying amount of the cash-generating unit, which would imply an impairment of goodwill. The discount rate should vary at 366 bp (354 bp in 2022) so that, after incorporating the effects at the recoverable amount that are a consequence of this change to other variables, the value in use of the cash generating unit is equal to its value carrying amount.

16.2. Other intangible assets

The detail of this heading is as follows:

	Thousands of euros			
	Cost	**Accumulated depreciation**	**Impairment losses**	**Net balance**
Computer software	286,575	(129,305)	(815)	156,455
Trademark	7,500	(7,500)	-	-
Customer relationships (Core deposits) of Banco Grupo Cajatrés, S.A.U.	45,031	(43,470)	-	1,561
Balances at 31 December 2022	**339,106**	**(180,275)**	**(815)**	**158,016**
Computer software	367,054	(145,410)	(171)	221,473
Trademark	7,500	(7,500)	-	-
Customer relationships (Core deposits) of Banco Grupo Cajatrés, S.A.U.	45,031	(45,031)	-	-
Balances at 31 December 2023	**419,585**	**(197,941)**	**(171)**	**221,473**

The “Trademark” includes the estimated value of the brands of the now extinct savings banks that gave rise to Banco Grupo Cajatrés, S.A. (CAI, Caja Círculo and Caja Badajoz).

The cost of the asset “Customer relationships with Banco Grupo Cajatrés, S.A.U.” included the net present value, which, at the time of the acquisition of this entity, meant a saving of the costs that the demand deposits and term of this entity represent compared to other alternative financing sources.

Movements in this consolidated balance sheet heading throughout 2023 and 2022 are as follows:

	Thousands of euros			
	Computer software	Trade mark	Customer relationships of Banco Grupo Cajatres	Total
Cost				
Balances at 1 January 2022	**237,763**	**7,500**	**45,031**	**290,294**
Additions	49,260	-	-	49,260
Disposals due to sales or through other means	(448)	-	-	(448)
Other transfers and other movements	-	-	-	-
Balances at 31 December 2022	**286,575**	**7,500**	**45,031**	**339,106**
Additions	88,117	-	-	88,117
Disposals due to sales or through other means	(5,800)	-	-	(5,800)
Other transfers and other movements	(1,838)	-	-	(1,838)
Balances at 31 December 2023	**367,054**	**7,500**	**45,031**	**419,585**
Accumulated depreciation				
Balances at 1 January 2022	**(117,539)**	**(7,500)**	**(40,349)**	**(165,388)**
Disposals due to sales or through other means	13	-	-	13
Allowances recognised in profit or loss	(11,779)	-	(3,121)	(14,900)
Other transfers and other movements	-	-	-	-
Balances at 31 December 2022	**(129,305)**	**(7,500)**	**(43,470)**	**(180,275)**
Disposals due to sales or through other means	193	-	-	193
Allowances recognised in profit or loss	(16,298)	-	(1,561)	(17,859)
Other transfers and other movements	-	-	-	-
Balances at 31 December 2023	**(145,410)**	**(7,500)**	**(45,031)**	**(197,941)**
Impairment losses				
Balances at 1 January 2022	**(673)**	**-**	**-**	**(673)**
Transfer charged to profit for the year (Note 40)	(142)	-	-	(142)
Recovered amount credited to profit for the year (Note 40)	-	-	-	-
Applications and other movements	-	-	-	-
Balances at 31 December 2022	**(815)**	**-**	**-**	**(815)**
Transfer charged to profit for the year (Note 40)	(307)	-	-	(307)
Recovered amount credited to profit for the year (Note 40)	-	-	-	-
Applications and other movements	951	-	-	951
Balances at 31 December 2023	**(171)**	**-**	**-**	**(171)**
Net intangible assets				
Balances at 31 December 2022	**156,455**	**-**	**1,561**	**158,016**
Balances at 31 December 2023	**221,473**	**-**	**-**	**221,473**

At 31 December 2023, fully-amortised intangible assets still in use amounted to €144,182 thousand (€118,066 thousand at 31 December 2022).

17. Other assets

This heading in the consolidated balance sheets at 31 December 2023 and 2022 breaks down as follows:

	Thousands of euros	
	2023	2022 (*)
Accruals and deferred income	40,709	35,274
Inventories	93,684	123,793
Transactions in transit	3,763	3,182
Other	31,358	18,706
Total gross amount	**169,514**	**180,955**
(Impairment losses)	(29,498)	(54,658)
Total net amount	**140,016**	**126,297**

(*) Restated figures (see Note 1.4.).

Impairment analysed in the above table relates entirely to Inventories.

Movements in Inventories during 2023 and 2022 are as follows:

	Thousands of euros		
	Foreclosed assets	Other assets	Total
Cost			
Balances at 1 January 2022	**116,771**	**81,132**	**197,903**
Additions	153	-	153
Disposals due to sales or through other means	(67,083)	(7,180)	(74,263)
Other transfers and other movements	-	-	-
Balances at 31 December 2022	**49,841**	**73,952**	**123,793**
Additions	-	532	532
Disposals due to sales or through other means	(25,427)	(3,827)	(29,254)
Other transfers and other movements	(1,387)	-	(1,387)
Balances at 31 December 2023	**23,027**	**70,657**	**93,684**
Impairment losses			
Balances at 1 January 2022	**(87,756)**	**(20,494)**	**(108,250)**
Transfer charged to profit for the year (Note 40)	(623)	(1,126)	(1,749)
Recovered amount credited to profits (Note 40)	-	-	-
Applications and other movements	51,669	3,672	55,341
Balances at 31 December 2022	**(36,710)**	**(17,948)**	**(54,658)**
Transfer charged to profit for the year (Note 40)	(1,224)	(154)	(1,378)
Recovered amount credited to profits (Note 40)	-	-	-
Applications and other movements	22,559	3,979	26,538
Balances at 31 December 2023	**(15,375)**	**(14,123)**	**(29,498)**
Net inventories			
Balances at 31 December 2022	**13,131**	**56,004**	**69,135**
Balances at 31 December 2023	**7,652**	**56,534**	**64,186**

In inventories, all foreclosed assets consist of real estate.

The valuations of the above assets have been restated principally in the last year. The valuations have at all times been carried out by experts with recognised professional capacity and recent experience in the location and category of the assets valued. The valuations of these elements of real estate have been carried out by appraisers approved by the Group: TINSA, Sociedad de Tasación, Tasvalor, UVE Valoraciones, Gesvalt, Valum, Tecnitasa and Eurovaloraciones.

Note 18 sets out the criteria applied to determine the fair value of these assets.
The breakdown of the inventory-related expenses for 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
Costs to sell inventories sold during the year	6,695	22,594
Impairment losses on inventories (Note 40)	1,378	1,749
Impairment write-downs	*1,378*	*1,749*
Reversals of impairment write-downs	-	-
Total net amount	**8,073**	**24,343**

18. Non-current assets and disposal groups classified as held for sale

At 31 December 2023 and 2022, this consolidated balance sheet item breaks down as follows:

	Thousands of euros	
	2023	**2022**
Foreclosed assets	**205,111**	**233,210**
Residential	172,512	207,279
Industrial	30,927	24,114
Agricultural	1,672	1,817
Other assets	**42,157**	**37,257**
Residential	35,667	30,775
Industrial	133	133
Agricultural	6,357	6,349
Total gross amount	**247,268**	**270,467**
(Impairment losses)	(103,518)	(94,175)
Total net amount	**143,750**	**176,292**

Movements in this consolidated balance sheet heading in 2023 and 2022 are as follows:

	Thousands of euros		
	Foreclosed assets	Other assets	Total
Cost			
Balances at 1 January 2022	**271,339**	**38,898**	**310,237**
Additions	37,309	1,085	38,394
Disposals due to sales or through other means	(75,802)	(2,072)	(77,874)
Other transfers and other movements	364	(654)	(290)
Balances at 31 December 2022	**233,210**	**37,257**	**270,467**
Additions	32,283	7,532	39,815
Disposals due to sales or through other means	(53,473)	(3,634)	(57,107)
Other transfers and other movements	(6,909)	1,002	(5,907)
Balances at 31 December 2023	**205,111**	**42,157**	**247,268**
Impairment losses			
Balances at 1 January 2022	**(93,066)**	**(5,743)**	**(98,809)**
Net transfer charged to profit for the year (Note 42)	(25,623)	(200)	(25,823)
Applications and other movements	30,239	218	30,457
Balances at 31 December 2022	**(88,450)**	**(5,725)**	**(94,175)**
Net transfer charged to profit for the year (Note 42)	(34,292)	(1,664)	(35,956)
Applications and other movements	26,977	(364)	26,613
Balances at 31 December 2023	**(95,765)**	**(7,753)**	**(103,518)**
Net non-current assets held for sale			
Balances at 31 December 2022	**144,760**	**31,532**	**176,292**
Balances at 31 December 2023	**109,346**	**34,404**	**143,750**

The Group has a Realisation Plan for non-current assets held for sale, which includes the Sales financing policy. The Plan entails the collaboration of the real estate agent network, the disclosure of specific information on the Company's web page and the existence of a unit dedicated to the disposal of assets foreclosed as payment for debts.

According to the Group's historical experience, non-current assets held for sale remain on the balance sheet for an average of between one and three years. Since the majority relate to real estate assets, the Group considers it possible that part of these assets may remain on the balance sheet for longer than the Group's historical experience would indicate in view of the market situation.

Non-current assets are realised in cash, with a deferral for a prudent time period to preserve the Group's interests through adequate legal formulae or financing secured by mortgage under the usual conditions for this type of transactions.

There are no gains pending recognition since sales fulfil the following conditions:

- the purchaser is not controlled by the seller,
- the Group retains none of the significant risks or rewards associated with ownership of the asset sold,
- the Group does not retain any involvement in the asset's current management associated with ownership and does not retain effective control,
- the percentage of the sale financed by the entity for the purchase does not exceed that which the latter would obtain from a non-related credit institution,
- the purchaser's present and future payment capacity is sufficient to repay the loan, and

- the financing plan and conditions are similar to those granted by the Group to finance acquisitions of similar assets not owned by it.

In 2023, the Group financed 4.97% of sales (8.28% in 2022). Loans granted during the year to finance sales of this type of assets amount to €2,167 thousand (€5,589 thousand at 31 December 2022) and the accumulated amount of loans granted is €588,966 thousand (€586,799 thousand at 31 December 2022).

The following table sets out a classification by type of asset of non-current assets for sale. In addition, the balance appraised by an independent appraiser is indicated.

	Thousands of euros			
	carrying amount (without impairment losses)		of which: appraised by an independent appraiser	
	2023	2022	2023	2022
Non-current assets held for sale	**247,268**	**270,467**	**230,965**	**252,367**
Residential	208,179	238,054	202,692	220,783
Industrial	31,060	24,247	21,105	24,278
Agricultural	8,029	8,166	7,168	7,306

The fair value calculated by independent appraisals for the assets amounts to €293,559 thousand at 31 December 2023 (31 December 2022: €322,531 thousand).

The Group has a corporate policy that ensures the professional competence, independence and objectivity of external appraisal companies, in accordance with the provisions of the regulations, which require appraisal companies to meet the requirements of neutrality and credibility so that the use of their estimates does not undermine the reliability of their appraisals. This policy establishes that all the appraisal companies with which the Group works must be registered with the Official Register of the Bank of Spain and their appraisals must be carried out in accordance with the methodology established in Order ECO/805/2003 of 27 March.

The appraisal techniques are used generally by all appraisal companies depending on the type of real estate asset. By regulatory requirement, these companies generally employ observable market data and other factors that market participants would consider in setting the price, limiting as much as possible the use of subjective considerations and unobservable or unverifiable data.

In order to determine the appraisal value, the necessary verifications are carried out to ascertain the characteristics and real situation of the object of the appraisal, which, in accordance with the provisions of the aforementioned Order, are as follows:

- The physical identification of the property, by means of its location and ocular inspection by a competent technician, verifying whether its surface area and other characteristics match the description in the documentation used to carry out the valuation, as well as the existence of visible easements and its apparent state of construction or conservation.

- The state of occupation of the property and the use or exploitation for which it is intended.

- In the case of housing, the public protection regime.

- The architectural heritage protection regime.

- The suitability of the property for the urban planning in force, and, if applicable, the existence of the right to the urban development that is being valued.

Different valuation methods have been used to calculate the market value of the assets acquired depending on the type of asset involved. Generally speaking, the residual method has been used to value land and the construction work underway, the discounted cash flow method for assets for rent and the comparison method for finished buildings and elements thereof. The main features of these methods are as follows:

- Residual method: The final market value is determined on the basis of the projected selling prices of the units to be built. This amount is reduced by development, construction and financial costs and the developer's industrial margin, to arrive at the price of the land. In those cases where the management and development period is higher than the normal average for a development, a project timeline is estimated and forecast cash flows are discounted at an appropriate market rate (dynamic residual method).

  The following steps are used to calculate the residual value using the dynamic calculation procedure: the cash flows are estimated, the discount rate is chosen and the calculation formula is applied. The following shall be taken as cash flows: the collections and, where applicable, the credit deliveries expected to be obtained from the sale of the property to be developed; and the payments expected to be made for the various costs and expenses during construction or refurbishment, including payments for the credits granted. These charges and payments will be applied on the dates foreseen for the marketing and construction of the property.

  The following requirements must be met for the use of the residual method:

  - The existence of adequate information to determine the most likely property development to be carried out under the applicable planning regime or, in the case of land with completed buildings, to check whether it complies with the planning regime.

  - The existence of sufficient information on construction costs, necessary development costs, financial costs, if any, and marketing costs to enable an estimate to be made of the normal costs and expenses for an average developer and for a development of similar characteristics to the one to be developed.

  - The existence of market information allowing for the calculation of the most likely selling prices of the elements included in the development or in the building at the dates foreseen for their commercialisation.

  - The existence of sufficient information on the performance of similar developments.

  In order to be able to apply the residual method using the dynamic calculation procedure, it will also be necessary to have information on the construction or renovation periods, the marketing of the property and, where appropriate, the urban development management and the execution of the development.

- Discounted cash flow method: In order to determine the value of property rentals, the present value is calculated according to the market rent and/or present rent, taking into account the return required on each type of asset.

  The calculation of the present value requires the valuer to estimate the cash flows, estimate the reversion value, choose the discount rate and apply the calculation formula.

  For the use of the updating method, at least one of the following requirements must be met:

  - There must be a rental market that is representative of comparable properties. In order to presume such an existence, there will be a need to have at least six pieces of rental income data on comparable properties that adequately reflect the current situation of this market and to have sufficient data on rental transactions or offers to identify suitable parameters to perform the homogenisation of rents on comparable properties.

  - The existence of a lease on the property under valuation.

  - The valued real estate is producing or is likely to produce income as real estate linked to an economic activity and there is also sufficient accounting data from the operation or adequate information on average structural ratios of the relevant branch of activity.

- Comparison method: This takes as a starting point the principle of replacement under which the property to be valued is compared with other properties, the value of which is known. The methodology is based on the obtainment of comparable homogeneous products, taking into account purchase-sales operations in the area, the supply of similar properties and the opinions of other real estate market operators. In order to arrive at a definitive value, the value obtained is adapted to the specific characteristics of the property, according to its physical and structural condition, the design and lay-out of its surface area, location and other factors (planning status, immediate environment etc.).

The following general rules are used to calculate the value by comparison:

- The qualities and characteristics of the appraised property that influence its value are established. In the case of buildings of an historic or artistic nature, in order to establish these qualities and characteristics, the particular value of the elements of the building that give it that nature is also considered.

- The real estate market segment of comparable properties is analysed and, on the basis of concrete information on actual transactions and firm offers, corrected where necessary, current cash purchase prices for these properties are obtained.

- A representative sample of the prices obtained after the previous analysis is selected from among the prices corresponding to the comparable properties, to which the necessary homogenisation procedure is applied. In the selection process, those prices that are abnormal must first be compared in order to identify and eliminate both those from transactions and offers that do not meet the conditions required in the definition of the market value of the goods concerned and, in the case of a valuation for the purpose foreseen in the aforementioned Order, those that may include speculative elements.

- The comparable properties are homogenised using the criteria, coefficients and/or weightings that are appropriate for the property in question.

- The value of the property, net of marketing costs, is assigned on the basis of the homogenised prices, after deduction of the easements and limitations of ownership that apply to it and that have not been taken into account in the application of the preceding rules.

In order to use the comparison method, the following requirements must be met:

- There must be a representative market for comparable properties.

- Sufficient data on transactions or bids to be able, in the area concerned, to identify appropriate parameters to perform the homogenisation of comparable properties.

- Sufficient information on at least six transactions or offers of comparable properties that adequately reflect the current state of that market.

Hence, real estate assets awarded have a level 3 in the fair value hierarchy.

The valuations were carried out by the following appraisers approved by the Group: TINSA, Sociedad de Tasación, Tasvalor, UVE Valoraciones, Gesvalt, Valum, Tecnitasa and Eurovaloraciones.

19. <u>Financial liabilities at amortised cost</u>

The items making up the balance of this heading in the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

	Thousands of euros	
	2023	**2022**
Deposits	**39,619,294**	**40,855,197**
Central banks	-	-
Credit institutions (Note 19.1)	*4,402,017*	*2,013,412*
Customers (Note 19.2)	*35,217,277*	*38,841,785*
Debt securities issued (Note 19.3)	**1,684,814**	**1,715,207**
Other financial liabilities (Note 19.4)	**1,095,531**	**1,153,818**
	42,399,639	**43,724,222**

19.1 Deposits - Credit institutions

The breakdown, by transaction type, of the balances of this item in the accompanying consolidated balance sheets at 31 December 2023 and 2022 is shown below:

	Thousands of euros	
	2023	**2022**
On demand:	**11,559**	**10,823**
Other accounts	11,559	10,823
Time or at notice:	**4,358,301**	**2,000,855**
Fixed-term deposits	88,554	97,071
Assets sold under repurchase agreements	4,266,803	1,893,900
Other accounts	2,944	9,884
Valuation adjustments	**32,157**	**1,734**
	4,402,017	**2,013,412**

The average effective interest rate on debt instruments classified in this item during 2023 was 2.71% (0.41% during 2022).

19.2 Deposits - Customer

The breakdown of the balance under this heading in the consolidated balance sheets at 31 December 2023 and 2022, based on the geographical location, nature and counterparties of the transaction concerned, is indicated below:

	Thousands of euros	
	2023	**2022**
Geographic location		
Spain	35,109,952	38,719,547
Other	107,325	122,238
	35,217,277	**38,841,785**
By nature		
Demand deposits	32,331,054	35,575,488
Current accounts	*26,263,470*	*27,997,244*
Savings accounts	*6,027,889*	*7,531,508*
Other demand deposits	*39,695*	*46,736*
Term deposits	2,366,689	2,813,720
Fixed-term deposits	*1,341,580*	*1,705,122*
Non-marketable mortgage covered bonds and bonds issued (Note 44.1)	*1,006,026*	*1,081,026*
Hybrid deposits	-	-
Other term deposits	*19,083*	*27,572*
Assets sold under repurchase agreements	*455,000*	*405,733*
Valuation adjustments	64,534	46,844
	35,217,277	**38,841,785**
By counterparties		
Resident public administrations	1,850,549	1,441,471
Other resident sectors	33,259,403	37,278,076
Non-resident public administrations	12	13
Other non-resident sectors	107,313	122,225
	35,217,277	**38,841,785**

The average effective interest rate on debt instruments classified in this caption during 2023 was 0.46% (0.07% during 2022).

The item “Non-marketable mortgage covered bonds and bonds issued” (in the breakdown by nature) includes unique mortgage covered bonds issued under Law 2/1981 (25 March) governing the Mortgage Market in the amount of €1,006,026 thousand (€1,081,026 thousand at 31 December 2022). The mortgage covered bonds were issued at variable or fixed rates of interest. The fixed-interest issues are hedged for interest-rate risk by means of interest rate swaps.

19.3 Debt securities issued

This heading in the consolidated balance sheets at 31 December 2023 and 2022 breaks down as follows:

	Thousands of euros	
	2023	**2022**
Nominal value of mortgage covered bonds (Note 44.1)	3,750,000	2,250,000
Treasury shares	(3,750,000)	(1,750,000)
Nominal value of other securities linked to transferred financial assets	138,278	217,993
Nominal value of preferred ordinary bonds	1,050,000	550,000
Nominal value of subordinated bonds	500,000	500,000
Valuation adjustments	(3,464)	(52,786)
	1,684,814	**1,715,207**

In 2023, mortgage bonds for a nominal amount of €500 million matured (note 44.1). On 20 April 2023, Ibercaja Banco issued two mortgage covered bonds, each for a nominal amount of €1,000 million, maturing on 20 April 2033 and 2037. The price of the issues was 100% and they will accrue a quarterly coupon equivalent to the three-month Euribor plus an annual margin of 0.8% and 1%, respectively. Both bonds have been retained by the Bank and appear as treasury shares.

Details regarding each issue of preferred ordinary bonds are as follows:

			Thousands of euros	
			Nominal amount	
Issue	**Nominal interest**	**Maturity**	**2023**	**2022**
2 December 2021	Mixed	2 December 2027	50,000	50,000
9 June 2022	Mixed	15 June 2025	500,000	500,000
7 June 2023	Fixed	7 June 2027	500,000	-
			1,050,000	**550,000**

On 15 June 2022, Ibercaja Banco, S.A. issued preferred ordinary bonds worth €500 million and maturing on 15 June 2025. The issue price was 99.862% and the issue will pay a fixed annual coupon of 3.75% until 15 June 2024. From that date, they will pay fixed interest at the swap rate of 1 year plus a spread of 2.5%.

On 31 May 2023, Ibercaja Banco, S.A. set the economic terms for an issue of preferred ordinary bonds for an amount of €500 million maturing on 7 June 2027, without prejudice to their eligibility for early redemption, at the Ibercaja’s option, as of 7 June 2026. The issue price was 99.72% and the bonds will accrue a fixed annual coupon of 5.62% up to 7 June 2026. From this date, they will accrue a fixed interest equal to the 1-year swap rate plus a margin of 2.45%.

A breakdown of the security issues associated with financial assets transferred is as follows:

Type	Nominal Interest	Issuance date	Maturity date	Nominal value of issue	Thousands of euros Amount subscribed 2023	2022
TDA2 securitisation bonds	Variable	13/10/2005	(*)	904,500	–	43,521
TDA3 securitisation bonds	Variable	12/05/2006	(*)	1,007,000	35,174	43,371
TDA4 securitisation bonds	Variable	18/10/2006	(*)	1,410,500	40,944	50,973
TDA5 securitisation bonds	Variable	11/05/2007	(*)	1,207,000	24,687	29,902
TDA6 securitisation bonds	Variable	25/06/2008	(*)	1,521,000	9,508	11,015
TDA ICO-FTVPO securitisation bonds	Variable	15/07/2009	(*)	447,200	27,965	39,211
TDA7 securitisation bonds	Variable	18/12/2009	(*)	2,070,000	-	-
					138,278	**217,993**

(*) These bonds are redeemed as the mortgage loans that have been assigned to the relevant securitisation fund are repaid.

The average effective interest rate on debt instruments classified in this caption during 2023 was 4.49% (0.95% during 2022).

Details regarding each issue of subordinated bonds are as follows:

Issue	Nominal interest	Maturity	Thousands of euros Nominal amount 2023	2022
23 January 2020	Fixed	23 July 2030 (*)	500,000	500,000
			500,000	**500,000**

(*) The Group reserves the right to redeem these issues once five years have elapsed as from the issue date. Early redemption by the issuer is also possible within five years as from the issue date for causes deriving from a change in the tax treatment of the product and/or its treatment as an equity instrument. Such redemption must be authorised by the competent regulator from time to time.

The bonds of the 2020 issue qualify as Tier 2 capital instruments (Tier 2) for the purposes of the own funds requirements to which it is subject under Regulation (EU) 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms.

These issues are subordinated and come behind all common creditors with respect to debt seniority.

Issues of subordinated bonds have been authorised by the competent Regulator to be classified as eligible own funds.

Interest accrued on subordinated liabilities during the financial year 2023 amounted to €14,376 thousand (€14,392 thousand in 2022).

The average effective interest rate on debt instruments classified in this caption during 2023 was 6.40% (2.79% during 2022).

Below follows a reconciliation of the carrying value of the liabilities originating from financing activities according to changes that generate cash flows and those that do not:

	Thousands of euros	
	2023	**2022**
Opening balance	**462,654**	**502,752**
Cash flows	-	(30)
Redemption of subordinate bonds issued by Ibercaja Banco, S.A.	-	*(30)*
Redemption of preference shares	-	-
No impact on cash flows	17,061	(40,068)
Valuation adjustments	*17,061*	*(40,068)*
Closing balance	**479,715**	**462,654**

19.4 Other financial liabilities

This heading in the consolidated balance sheets at 31 December 2023 and 2022 breaks down as follows:

	Thousands of euros	
	2023	**2022**
Bonds payable	71,884	68,623
Guarantees received	10,208	7,701
Collection accounts	598,729	600,911
Special accounts	49,444	45,542
Financial guarantees	2,138	2,292
Other items	363,128	428,749
Total net amount	**1,095,531**	**1,153,818**

"Other items" include deposits arranged for the net value of assets purchased or sold under repurchase agreements with the same counterparty on the basis of the offset agreements concluded for repos or reverse repos. The balance also includes lease liabilities amounting to €79,679 thousand (€80,862 thousand during 2022, Note 2.10).

The Group has not offset the financial instruments that give rise to these guarantee deposits and has maintained the separate recognition of assets and liabilities without recording a net position, as the conditions described in Note 2.7 are not fulfilled. The carrying value of financial instruments covered by these agreements and deposits payable and receivable generated with the counterparties are as follows:

	Thousands of euros	
	Instruments subject to offset arrangements.	
	2023	**2022**
Assets under repos	-	-
Liabilities under repos	5,571	897

	Thousands of euros	
	Deposits subject to repo offset arrangements.	
	2023	**2022**
Deposits recognised under assets	5,570	960
Deposits recognised under liabilities	-	-

19.5 Information on average payment period for suppliers. Additional Provision Three. “Disclosure requirement” of Law 15/2010 of 5 July

Pursuant to Final Provision Two of Law 31/2014, of 3 December, amending Additional Provision Three of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, on measures to combat late payment in commercial transactions, and in connection with the information to be included in the notes to the financial statements on the deferral of payments to suppliers in commercial transactions, calculated in accordance with the Spanish Institute of Accounting and Auditing’s Ruling of 29 January 2016, the information for 2023 and 2022 is as follows:

	2023	2022
	Days	
Average supplier payment period	31	26
Ratio of settled transactions	27	22
Ratio of transactions pending payment	214	181
	Thousands of euros	
Total payments made	605,986	807,799
Total payments outstanding	14,441	18,875
	Units	
Number of invoices paid within the legal deadline (*)	113,272	95,401
Percentage of total paid invoices	90.0%	83.4%
Payments made within the legal deadline (*)	488,020	586,836
Percentage of total payments made	84.0%	87.5%

(*) The Second Transitional Provision of Law 15/2010 of 5 July, which contains measures to combat late payment in commercial transactions, sets out that the maximum legal period for payments between companies is 30 calendar days, although it may be extended to a maximum of 60 calendar days, provided that both parties agree.

20. Liabilities under insurance or reinsurance contracts

The Group undertakes its insurance business in Spain. The main product offered by the Ibercaja Group is life insurance, both to cover the risk of death (risk insurance) and life insurance savings. Within life risk insurance, a distinction is made between independently sold products and products offered to customers with mortgage or consumer loans, the principal of these loans being covered in the event of the customer’s death.

The insurance business generates different risks, including risks in common with those of the Group, such as credit, market, liquidity and operational risk. Similar methodologies are used for their measurement, control and monitoring (Note 3), although their management is differentiated due to the particular characteristics of the insurance business, such as the coverage of the obligations contracted and the long term of the commitments.

In addition, the insurance activity generates differential risks that are specific to this business and of a probabilistic nature, such as:

- Technical Risk: this arises because of deviations in the estimation of insurance claims, whether in terms of the number or amount of such claims or the moment when they occur.

- Longevity risk: it is the risk of incurring higher benefit payments than expected due to an increase in the life expectancy of the insured parties.

The insurance activity is fully integrated into the Group’s risk management framework. From the definition of risk appetite to management limits, the governance model, the acceptance process, the organisational scheme and the development of computer systems/models, everything is designed with a global approach under consistent, homogeneous criteria, aligned with all other financial businesses in the Group. This also means that control activities and the flow of information are fully integrated into internal processes, in everything from local *reporting* to the Group’s management bodies.

The breakdown by product type of the “Liabilities covered by insurance or reinsurance contracts” chapter of the consolidated balance sheets as at 31 December 2023 and 2022 is presented in the following table:

	Thousands of euros	
	2023	**2022**
Remaining coverage liability	**7,469,805**	**6,335,040**
Life insurance	**7,469,805**	**6,335,040**
Individual	7,203,938	5,986,881
Group	265,867	348,159
Liabilities for incurred claims	**106,665**	**103,159**
Total	**7,576,470**	**6,438,199**

The “Liabilities covered by insurance or reinsurance contracts” heading in the consolidated balance sheets includes the liabilities recognised for insurance or reinsurance contracts of consolidated insurance companies in accordance with the provisions of IFRS 17 (Note 1.11). In 2023 and 2022, the Group did not maintain any liabilities for reinsurance contracts. The breakdown of the balance under this heading, depending on the valuation model, is as follows:

On 31 December 2023:

	Thousands of euros				
	Risk		Saving	Direct part.	Total
	BBA	PAA	BBA	VFA	
Liabilities under insurance contracts					
Estimates of the present value of cash flows	3,376	-	5,759,065	1,417,901	**7,180,342**
Estimates of the present value of cash flows - PAA	-	24,554	-	-	**24,554**
Contractual service margin	5,263	-	147,497	56,144	**208,904**
Risk adjustment	487	-	41,271	14,247	**56,005**
Liabilities for claims incurred	896	33,124	67,902	4,743	**106,665**
Total	**10,022**	**57,678**	**6,015,735**	**1,493,035**	**7,576,470**

On 31 December 2022:

	Thousands of euros				
	Risk		Saving	Direct part.	Total
	BBA	PAA	BBA	VFA	
Liabilities under insurance contracts					
Estimates of the present value of cash flows	2,336	-	4,589,236	1,461,038	**6,052,610**
Estimates of the present value of cash flows - PAA	-	24,221	-	-	**24,221**
Contractual service margin	3,313	-	123,889	73,398	**200,600**
Risk adjustment	371	-	40,496	16,742	**57,609**
Liabilities for claims incurred	637	29,123	68,672	4,727	**103,159**
Total	**6,657**	**53,344**	**4,822,293**	**1,555,905**	**6,438,199**

The movements in liabilities covered by insurance contracts, distinguishing between the remaining coverage liability and the liability for claims incurred in 2023 and 2022, is shown below:

On 31 December 2023:

	Remaining coverage liability		Liabilities for incurred claims	Total
	Excl. Loss offset	Loss offset		
Opening balance	**6,272,047**	**62,993**	**103,159**	**6,438,199**
Insurance service profit/(loss)	**(180,389)**	**2,364**	**31,617**	**(146,408)**
Insurance income	**(192,838)**	**-**	**-**	**(192,838)**
Amounts related to changes in remaining coverage liability	(192,432)	-	-	(192,432)
Recovery of insurance acquisition cash flows	(406)	-	-	(406)
Other items	-	-	-	-
Insurance service expenses	**12,449**	**2,364**	**31,617**	**46,430**
Claims incurred and other insurance service expenses	-	-	31,617	31,617
Amortisation of insurance acquisition cash flows	12,449	-	-	12,449
Adjustments to the liability for claims incurred	-	-	-	-
Losses (reversals) on onerous contracts	-	2,364	-	2,364
Net financial income/expense of the insurance	**430,906**	**219**	**-**	**431,125**
Financial profit/(loss) for interest crediting	152,495	219	-	152,714
Financial profit/(loss) for changes in financial assumptions	135,908	-	-	135,908
Expenses/interest income from issued insurance contracts recognised as “Other Comprehensive Income”	142,503	-	-	142,503
Investment offset cash flows	**894,639**	**(12,974)**	**(28,111)**	**853,554**
Closing balance	**7,417,203**	**52,602**	**106,665**	**7,576,470**

On 31 December 2022:

	Remaining coverage liability		Liabilities for incurred claims	Total
	Excl. Loss offset	Loss offset		
Opening balance	**7,073,125**	**64,104**	**105,035**	**7,242,264**
Insurance service profit/(loss)	**(135,506)**	**29,014**	**44,563**	**(61,929)**
Insurance income	**(147,900)**	**-**	**-**	**(147,900)**
Amounts related to changes in remaining coverage liability	(147,620)	-	-	(147,620)
Recovery of insurance acquisition cash flows	(280)	-	-	(280)
Other items	-	-	-	-
Insurance service expenses	**12,394**	**29,014**	**44,563**	**85,971**
Claims incurred and other insurance service expenses	-	-	44,563	44,563
Amortisation of insurance acquisition cash flows	12,394	-	-	12,394
Adjustments to the liability for claims incurred	-	-	-	-
Losses (reversals) on onerous contracts	-	29,014	-	29,014
Net financial income/expense of the insurance	**(891,460)**	**179**	**-**	**(891,281)**
Financial profit/(loss) for interest crediting	66,576	179	-	66,755
Financial profit/(loss) for changes in financial assumptions	(233,653)	-	-	(233,653)
Expenses/interest income from issued insurance contracts recognised as “Other Comprehensive Income”	(724,383)	-	-	(724,383)
Investment offset cash flows	**225,888**	**(30,304)**	**(46,439)**	**149,145**
Closing balance	**6,272,047**	**62,993**	**103,159**	**6,438,199**

The Group recognised income from reinsurance contracts of €2,883 thousand (€2,775 thousand at 31 December 2022) and reinsurance contract expenses of €2,981 thousand (€2,802 thousand at 31 December 2022).

The changes in liabilities covered by insurance contracts, distinguishing between their different valuation components (excluding obligations measured using the PAA method) for the years 2023 and 2022 is presented in the following table:

On 31 December 2023:

	Current value of future cash flows	Risk adjustment	Contractual service margin (1)	Total
Opening balance	**6,126,646**	**57,609**	**200,600**	**6,384,855**
Insurance service profit/(loss)	**19,000**	**(7,411)**	**(65,761)**	**(54,172)**
Changes related to current services	**(4,789)**	**(7,164)**	**(63,532)**	**(75,485)**
Release of the contractual service margin	-	-	(63,532)	(63,532)
Release of risk adjustment	-	(7,164)	-	(7,164)
Experience adjustment	(4,789)	-	-	(4,789)
Changes related to future service	**23,789**	**(247)**	**(2,229)**	**21,313**
Changes to estimates that adjust the contractual service margin	80,252	(2,428)	(61,136)	16,688
Changes in estimates resulting in losses (reversals) on onerous contracts	4,723	-	-	4,723
Contracts initially recognised in the year	(61,186)	2,181	58,907	(98)
Changes related to past service	-	-	-	-
Adjustments to the liability for claims incurred	-	-	-	-
Net financial income/expense of the insurance	**351,253**	**5,807**	**74,065**	**431,125**
Financial profit/(loss) for interest crediting	147,838	859	4,017	152,714
Financial profit/(loss) for changes in financial assumptions	62,557	3,303	70,048	135,908
Expenses/interest income from issued insurance contracts recognised as “Other Comprehensive Income”	140,858	1,645	-	142,503
Cash flows	**756,984**	-	-	**756,984**
Closing balance	**7,253,883**	**56,005**	**208,904**	**7,518,792**

(1) The transitional approach to calculating the contractual service margin was the fair value approach.

On 31 December 2022:

	Current value of future cash flows	Risk adjustment	Contractual service margin (1)	Total
Opening balance	**6,929,204**	**52,640**	**208,765**	**7,190,609**
Insurance service profit/(loss)	**(179,785)**	**20,573**	**177,786**	**18,574**
Changes related to current services	**(5,538)**	**(4,944)**	**(19,240)**	**(29,722)**
Release of the contractual service margin	-	-	(19,240)	(19,240)
Release of risk adjustment	-	(4,944)	-	(4,944)
Experience adjustment	(5,538)	-	-	(5,538)
Changes related to future service	**(174,247)**	**25,517**	**197,026**	**48,296**
Changes to estimates that adjust the contractual service margin	(140,817)	19,005	148,680	26,868
Changes in estimates resulting in losses (reversals) on onerous contracts	16,916	-	-	16,916
Contracts initially recognised in the year	(50,346)	6,512	48,346	4,512
Changes related to past service	-	-	-	-
Adjustments to the liability for claims incurred	-	-	-	-
Net financial income/expense of the insurance	**(689,726)**	**(15,604)**	**(185,951)**	**(891,281)**
Financial profit/(loss) for interest crediting	63,091	625	3,037	66,755
Financial profit/(loss) for changes in financial assumptions	(35,101)	(9,564)	(188,988)	(233,653)
Expenses/interest income from issued insurance contracts recognised as “Other Comprehensive Income”	(717,718)	(6,665)	-	(724,383)
Cash flows	**66,953**	-	-	**66,953**
Closing balance	**6,126,646**	**57,609**	**200,600**	**6,384,855**

(1) The transitional approach to calculating the contractual service margin was the fair value approach.

The residual maturities of the estimates of the value of the cash flows are as follows:

	Thousands of euros				
	Under 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2023	2,655,563	625,565	1,024,185	2,875,029	**7,180,342**
2022 (*)	1,835,247	253,141	832,305	3,131,917	**6,052,610**

(*) Restated figures (see Note 1.4.).

The classification and valuation models used to calculate the liabilities covered by insurance or reinsurance contracts are detailed in Note 1.11 of these consolidated financial statements.

In general, to estimate the compliance flows valued using the General Model, the Group has used tables based on the company's own experience to estimate discounted future cash flows for all units of account, except when the entity has not had sufficient historical data to build the assumptions, in which cases regulatory tables have been used.

Reconciliation of expenses directly attributable to insurance contracts by type

Expenses directly attributable to insurance contracts are recognised under the "Insurance service profit/(loss)". The reporting of such expenses, when allocated according to their nature, would be as follows:

	Thousands of euros	
	2023	2022
Staff costs	2,644	2,157
Other administration expenses	2,077	1,596
Amortisation/Depreciation	287	10
	5,008	**3,763**

21. Provisions

The breakdown of movements in 2023 and 2022 indicating the purpose of the provisions recognised in the consolidated balance sheet at 31 December 2023 and 2022 is as follows:

	Thousands of euros				
	Pensions and other post-employment defined benefit obligations	**Other long-term employee remuneration**	**Lawsuits and litigation for outstanding taxes**	**Commitments and guarantees given**	**Other provisions**
Balances at 1 January 2022	**89,239**	**1,544**	**7,163**	**16,707**	**154,290**
Allowances charged to income statement					
Interest expense	5	-	-	-	-
Allowances to provisions and other	-	680	4,445	13,870	30,490
Staff costs (Note 38)	2,017	1,544	-	-	669
Reversal of provisions taken to income statement	-	-	-	(10,657)	(16,933)
Provisions utilised	(312)	(680)	(980)	-	(48,212)
Other movements	(25,915)	-		81	-
Balances at 31 December 2022	**65,034**	**3,088**	**10,628**	**20,001**	**120,304**
Allowances charged to income statement					
Interest expense	134	-	-	-	-
Allowances to provisions and other	-	598	3,058	14,914	28,187
Staff costs (Note 38)	2,470	1,288	-	-	-
Reversal of provisions taken to income statement	-	-	-	(14,735)	(892)
Provisions utilised	(311)	(598)	(749)	-	(50,912)
Other movements	(4,436)	-	-	174	-
31 December 2023	**62,891**	**4,376**	**12,937**	**20,354**	**96,687**

The composition of the provisions items “Pensions and other post-employment defined benefit commitments” and “Other long-term employee remuneration” is broken down in Note 38 “Staff costs”. Other movements discloses the variation of exterior commitments implemented through pension plans and insurance policies without breaking down the financial and actuarial components and the benefits paid, with the information provided in the aforementioned Note.

The item “Provision – Commitments and guarantees given” reflects impairment losses associated with financial guarantees (Note 27.1) and other off-balance-sheet exposures (Note 27.3) granted by the Group.

Post-employment benefits and other long-term commitments

As mentioned in Note 2.13, the Group has undertaken certain post-employment commitments with personnel. These pension and long-term remuneration commitments, carried as provisions in the balance sheet at 31 December 2023 and 2022, are analysed below:

	Thousands of euros	
	2023	**2022**
Liabilities		
Externalised post-employment benefits	58,506	60,410
Non-externalised post-employment benefits	4,385	4,624
Long-term incentive plan (Note 2.13.5)	4,376	3,088
	67,267	**68,122**

The net balance in the consolidated balance sheet for defined benefit plans breaks down as follows:

	Thousands of euros	
	2023	**2022**
Commitments relating to:		
Post-employment benefits (Note 38.2)	22,740	17,936
Other long-term remuneration - pre-retirement (Note 38.3)	(4,376)	(3,088)
(Shortfall)/Surplus	**18,364**	**14,848**
Impact of limit on assets	-	(28)
Net asset (liability) on balance sheet:	**18,364**	**14,820**
Assets linked to pensions (*)	62,135	66,690
Net pension assets (**)	23,496	16,252
Net pension (provision)	(67,267)	(68,122)

(*) Financial assets at the subsidiary Ibercaja Vida, S.A.U.
(**) Amount recorded under “Other assets” in the consolidated balance sheet.

The costs recognised in the consolidated income statement for employee benefits are as follows:

	Thousands of euros	
	2023	**2022**
Defined benefit plans (Note 38)	(2,470)	(2,017)
Contributions to defined contribution plans (Note 38)	(14,046)	(13,699)
Interest expense and similar charges (net)	(93)	2
Transfers to provisions (*)	(598)	(680)
Actuarial gains (-) losses on long-term employee benefits	-	-
	(17,207)	**(16,394)**

(*) Includes annual provision for training, educational assistance for children, etc.

The amounts recognised in the consolidated statement of changes in equity are as follows:

	Thousands of euros	
	2023	**2022**
Actuarial gains or (-) losses on post-employment benefits	3,670	23,979
Limitation on assets	(473)	(445)
	3,197	**23,534**

The main financial and actuarial assumptions used in measuring the commitments are as follows:

	2023	**2022**
Technical interest rate	3.51% - 3.92%	3.31% - 3.45%
Expected return on assets	3.51% - 3.92%	3.31% - 3.45%
Annual pension revision rate	1.00% - 3.00%	0.00% - 2.00%
Annual salary increase rate	2.00% - 3.00%	2.00%
Growth in Social Security contribution bases	1.00%	1.00%
Retirement age	63-67 years	63-67 years
Mortality tables	PER 2020	PER 2020
Life expectancy		
Employees retiring in FY 2023/2022		
Men	24.46	24.32
Women	28.18	28.05
Employees retiring in FY 2043/2042		
Men	26.99	26.87
Women	30.51	30.41

The technical interest rates taken into account for calculating the present value of benefit flows are applied based on the duration of each commitment and the reference curve has been determined taking as a reference high-quality (AA) corporate bonds issued in the same currency and within the payment period estimated for the payment of the benefits at the date referred to in the financial statements. The method applied for building the discount rate curve is based on high-quality Euro-Denominated Corporate bonds (AA) selected by reference to Bloomberg data as the principal source.

The average weighted duration of the post-employment obligations is 8.89 years and the weighted average discount rate was 3.50%.

Other provisions

Below is the detail and movement during the nine months of 2023 in “Provisions - Other provisions” in the consolidated balance sheet:

	Thousands of euros					
	Balances at 31 December 2022	**Transfers**	**Reversals**	**Amounts used**	**Other movements**	**Balances at 31 December 2023**
Interest rate floor clauses	9,862	6,019	-	(5,478)	-	10,403
Provisions ERE (temporary redundancy plan)	88,334	-	(831)	(21,101)	-	66,402
Mortgage expenses	5,385	3,853	-	(2,607)	-	6,631
Delivery demands on account of home purchases (purchasers with or without guarantee)	3,468	1,059	(60)	(1,051)	-	3,416
Other provisions	13,255	17,256	(1)	(20,675)	-	9,835
Total	**120,304**	**28,187**	**(892)**	**(50,912)**	**-**	**96,687**

Costs of the workforce downsizing plan

At of 31 December 2023, the “Provisions – other provisions” heading includes the labour cost of the 2020 redundancy plans pending disbursement for an amount of €66,402 thousand (€88,334 thousand at 31 December 2022, corresponding to the years 2017 and 2020). In 2023, payments were made in the amount of €21,101 thousand.

Interest rate floor clauses

As regards the possible impact of having to refund the amounts received under the so-called interest rate floor clauses, whether as a result of the hypothetical voiding by the courts of the floor clauses, or by virtue of Royal Decree Law 1/2018 of 20 January, on measures to protect consumers regarding floor clauses, the Company has allocated reserves to cover a hypothetical legal risk deriving from the potential elimination of the floor clauses in mortgages. These provisions would be sufficient to cover a maximum estimated amount of €10,403 thousand at 31 December 2023.

The IRPH clause in mortgage loans.

On 14 December 2017, the Spanish Supreme Court, in a bid to unify to various approaches followed by the provincial courts, ruled that the Mortgage Loan Reference Index (known as the IRPH) was valid and not abusive, given that it is an official index and as such should not undergo a transparency analysis.

On 3 March 2020, the CJEU delivered a ruling under Case C-125/18, in which it clarified that a clause that fixes the interest rate on the basis of an official reference rate is subject to Consumer Directive 93/13, and therefore, a national judge may examine whether the reference rate has been informed to the consumer in a transparent manner, unless this official rate is applied to the loan contract by application of a mandatory rule, as is the case, for example, in Spain, with the subsidised mortgage loans.

Following this ruling, the various Spanish provincial courts continued to apply different criteria.

Through the order of 17 November 2021, the CJEU confirmed what it had previously expressed in its ruling of 3 March 2020, clarifying that, for transparency to exist, it is not necessary to deliver a prospectus to the consumer before signing the contract that included the previous change in the index, or that the contract should include a specific definition thereof, since the information related to the IRPH “is subject to official communication”, and hence, an attentive shrewd consumer would easily have knowledge of this information when taking out their loan.

In the case of the Group, the largest loan book referenced to IRPH comes from agreed or VPO loans, in which the interest rate is mandatorily imposed by the government and, therefore, the clause of these loans is outside the scope of application of the Consumer Directive, as has been affirmed by the CJEU ruling.

The rest of the IRPH-linked loan book is scant and many of these loans have already been repaid. As a result, the number of claims received for this legal contingency has been very low.

As all the final decisions delivered at the date of authorisation for issue of these financial statements have been favourable for the Group and given also that current case law on this matter generally treats the IRPH as a non-abusive clause, the Group has decided not to provision any amount for this legal risk, as it considers that the probability of the Group having to disburse funds that include economic benefits to settle this obligation to be remote.

Mortgage expenses

In its ruling of 23 December 2015, the Spanish Supreme Court declared the nullity of the expense clause of the mortgage clauses due to its abusive nature, since it attributed the payment of all expenses to the consumer. According to its criteria, there was a serious imbalance in the contract’s features in favour of the lending banks and against the consumers. The nullity led to the expulsion of the loan contract clause, which means, in line with the Supreme Court doctrine set in its ruling of 23 January 2019 that the Spanish laws must apply to determine how pays each of the loan expenses.

The CJEU Ruling of 16 July 2020 recognises that, once the costs clause has been declared unfair, national law can be applied to regulate the distribution of the costs of mortgage creation and cancellation in the absence of an agreement between the parties. In these paragraphs, in particular, the Court expressly mentions the possibility of not refunding to the consumer amounts imposed on him by national law (such as Stamp Duty).

In short, the CJEU confirms the validity of the interpretation made by the Supreme Court in such a way that it will be up to the national judge to determine, in the absence of an agreement as the expense clause has been eliminated, which of the costs borne by the consumer were imposed on him by the provisions of national law. And these national provisions are the ones that have been applied by the Supreme Court in its case law.

Based on the foregoing and in view of how these contingencies are panning out, the Bank has estimated that the risk to be covered in relation to this contingency amounted to €6,631 thousand at 31 December 2023.

Amounts paid on account to the Bank in connection with home purchases

According to the Supreme Court judgment of 21 December 2015, in the sale and purchase of homes under Law 57/1968, credit institutions that accept deposits from buyers into an account held by the developer without requiring the opening of a special account and the related security are liable to the buyers for the total amounts advanced by the buyers and deposited in the account(s) that the developer holds with such institution in the event of insolvency of the developer. At 31 December 2023, the Group had recognised a provision in the amount of €3,416 thousand to cover amounts received on account for home purchases, whether or not they have been subject to judicial recovery proceedings.

Other provisions

The remainder of the balance relates to the coverage of other ordinary business risks of the Group.

22. Other liabilities

This heading in the consolidated balance sheets at 31 December 2023 and 2022 breaks down as follows:

	Thousands of euros	
	2023	2022 (*)
Personnel expense apportionment	35,131	18,586
Transactions in transit	2,479	1,727
Contribution to Deposit Guarantee Fund (Note 1.8.2)	50,983	50,397
Other	135,765	147,481
	224,358	**218,191**

(*) Restated figures (see Note 1.4.).

At 31 December 2023 and 2022, "Other" mainly includes supplier expenses that have been accrued by the Group.

23. Shareholders' funds and non-controlling interests

23.1 Shareholders' equity

The breakdown of shareholders' equity at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022 (*)
Capital	214,428	214,428
Equity instruments issued other than capital	350,000	350,000
Retained earnings	742,305	678,673
Legal reserve	*66,504*	*59,215*
Goodwill reserve	*12,807*	*12,807*
Voluntary reserves	*638,685*	*582,342*
Capitalisation reserves	*24,309*	*24,309*
Revaluation reserves	3,272	3,280
Other reserves	1,856,144	1,897,016
Legal reserve	*13,672*	*13,672*
Accumulated reserves or losses on investments in jointly-controlled entities and associates	*(37,359)*	*(36,159)*
Other reserves	*1,879,831*	*1,919,503*
Of which: from the application of IFRS 9	*(115,872)*	*(115,872)*
Of which: from the issue of equity instruments other than capital	*(112,222)*	*(84,170)*
Profit/(loss) for the year	304,396	181,871
Interim dividends	(168,247)	(101,072)
Total	**3,302,298**	**3,224,196**

(*) Restated figures (see Note 1.4.).

The equity instruments issued other than capital correspond to an issue of preference shares and are authorised by the competent supervisor to be classified as eligible tier-1 capital (Note 1.7.2).

On 25 January 2023, Ibercaja, S.A. carried out an issue of preference shares with a principal reduction mechanism for a nominal amount of €350 million. The preference shares were issued at par value and carry remuneration, to be paid on a quarterly basis, of 9.125% a year up to (but not including) 25 July 2028. From that moment onwards, the remuneration will be revised every five years with application of a margin of 6.833% at the five-year mid-swap rate. In any event, payment of the remuneration is subject to certain conditions, and is discretionary for the issuer.

Preference shares are perpetual, without prejudice to their eligibility for redemption under certain conditions, at the discretion of the company. In addition, the nominal value of each of them may decrease to 0.01 euros if the Common Equity Tier 1 (CET1) of Ibercaja Group falls below 5.125%. This issue has been admitted for listing and trading on the AIAF fixed-income market.

On 6 April 2023, an early amortisation occurred for preference shares recognised in the balance sheet at 31 December 2022. A nominal amount of €200,000 plus accrued and unpaid interest up (but not including) the above-mentioned date was paid for each outstanding share, in accordance with the terms and conditions of the issuance prospectus.

Accrual and payment of the coupon of these instruments is recognised in “Other reserves” of equity. At 31 December 2023, this payment amounted to €36,313 thousand, €25,419 thousand net of the tax effect. (€24,500 thousand, €17,150 thousand, net of the tax effect at 31 December 2022).

In 2023, the Group did not increase its capitalisation reserves, so the carrying amount of the capitalisation reserves on the balance sheet remained unchanged.

In accordance with the definition of distributable items in the CRR regulations, in article 4, section 1, paragraph; the balance thereof, at 31 December 2023, amounted to €558,183 thousand (€490,326 thousand at 31 December 2022).

“Interim dividends” includes the interim dividend out of 2023 profit, distributed among the shareholders in 2023 (Note 4.1).

23.1.1 Capital

Share capital at 31 December 2023 consisted of 214,427,597 shares (214,427,597 shares at 31 December 2022), with a par value of €1 each, fully subscribed and paid out, of the same class and series. The Bank’s shares are represented by bearer certificates.

The shareholders of Ibercaja Banco, S.A. are as follows:

	2023	2022
Fundación Bancaria Ibercaja	88.04%	88.04%
Fundación Caja de Ahorros de la Inmaculada de Aragón	4.73%	4.73%
Cajacírculo Fundación Bancaria	3.33%	3.33%
Fundación Ordinaria Caja de Badajoz	3.90%	3.90%

23.1.2 Reserves

Appendix II includes a breakdown by company of the balance in “Accumulated reserves or losses on investments in jointly-controlled entities and associates” and the other accumulated reserves.

23.1.2.1 Legal reserve

In accordance with the consolidated text of the Corporate Enterprises Act, companies that record profits for the financial year must transfer 10% of the profits to the legal reserve until the balance in the reserve reaches at least 20% of share capital. The legal reserve may not be used to offset losses unless it exceeds the aforementioned limit and no other sufficient reserves are available for such purpose.

The legal reserve may be used to increase the share capital provided that the remaining reserve balance does not fall below 10% of the balance of share capital after the increase.

23.1.2.2 Goodwill reserve

The goodwill reserve is recognised pursuant to the previous Article 273.4 of the Corporate Enterprises Act, (eliminated in financial statements for periods commencing on or after 1 January 2016) and is not available for distribution. Law 22/2015 of 20 July on the Auditing of Accounts stipulates that in periods commencing on or after 1 January 2016, the goodwill reserve will be reclassified to voluntary reserves and will be unrestricted as from that date in an amount that exceeds the goodwill recognised on the assets side of the balance sheet.

23.1.2.3 Revaluation reserves

The revaluation reserves are the result of the accounting restatement carried out on the first-time adoption of IFRS-EU and may not be distributed, directly or indirectly, unless the capital gain has been realised, this being understood as when:

a) The part of the restated assets corresponding to the reserve has been depreciated.

b) The restated assets have been transferred or written off the balance sheet.

23.2 Non-controlling interests

Movements in non-controlling interests in 2023 are set out below for each subsidiary included in the balance:

	Thousands of euros					
Company	**Balance at 31.12.22**	**Increases in shareholding**	**Decreases in shareholding**	**Attributed profit/(loss)**	**Other changes in equity**	**Balance at 31.12.23**
Pensumo, Pensión por Consumo, S.L.	-	222	-	(20)	-	202
Total	**-**	**222**	**-**	**(20)**	**-**	**202**

The financial highlights of the companies included in non-controlling interests are set out below at 31 December 2023:

	Thousands of euros		
Company	**Assets**	**Liabilities**	**Profit/(loss) after tax**
Pensumo, Pensión por Consumo, S.L.	1,574	7	(155)

24. Accumulated other comprehensive income

24.1 Actuarial gains/(losses) on defined benefit pension plans

As at 31 December 2023 the amount of accumulated actuarial gains on defined benefit pension plans was €5,101 thousand (actuarial gains of €2,863 thousand at 31 December 2022).

24.2 Hedging derivatives. Cash flow hedge reserve (effective portion)

At 31 December 2023, the amount of gains taken to equity for cash flow hedges amounted to €7,469 thousand (31 December 2022: losses of €1,087 thousand).

24.3 Financial assets at fair value through other comprehensive income

This heading on the consolidated balance sheets reflects the net amount of changes in fair value of assets which, as described in Note 2, must be classified as an integral part of the Group's consolidated equity, net of the relevant tax effect (detailed in Note 25.4).

A breakdown of valuation adjustments, net of the tax effect, and fair value hierarchies (detailed in Note 26) is as follows:

	Thousands of euros				
	2023				
	Valuation adjustments	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Listed equity instruments	1,937	98,385	98,385	-	-
Unlisted equity instruments	41,701	140,003	-	113,717	26,286
Listed fixed income	(41,248)	4,491,133	4,423,354	67,779	-
Total	**2,390**	**4,729,521**	**4,521,739**	**181,496**	**26,286**

	Thousands of euros				
	2022 (*)				
	Valuation adjustments	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Listed equity instruments	(15,598)	157,426	147,763	9,663	-
Unlisted equity instruments	42,641	141,481	-	113,717	27,764
Listed fixed income	(47,020)	3,711,323	3,617,079	94,244	-
Total	**(19,977)**	**4,010,230**	**3,764,842**	**217,624**	**27,764**

(*) Restated figures (see Note 1.4.).

25. Tax position

25.1 Consolidated Tax Group

Within the framework of the spin-off process, and in accordance with applicable legislation, in 2011 Ibercaja Banco and la Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (now Fundación Bancaria Ibercaja) decided to form a Corporate Income Tax Consolidated Group (No. 579/11). Since 2012, the other Group companies that could join the tax group have been included and therefore Corporate Income Tax is assessed on a consolidated basis.

As a result of the securities exchange in July 2013 in which Ibercaja Banco acquired control over Banco Grupo Cajatrés, as from the tax period starting 1 January 2014, Banco Grupo Cajatrés 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.

25.2 Years open to inspection

The Group and its entities' corporate income tax for 2018 and subsequent years are subject to review by the tax authorities. In this respect, in July 2020, tax audits were initiated in relation to the tax years 2013 to 2017, both inclusive, for the Corporate Income 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 audits were completed in June 2022 and became final and non-appealable following the signing of the settlement acceptance certificates.

Furthermore, in relation to the Corporate Income Tax of the tax consolidation group of Banco Grupo Cajatrés (a company absorbed by Ibercaja Banco in 2013) and several of its companies, in July 2020 notification was received that inspection proceedings were commencing regarding supplementary tax returns and requests for rectification filed for 2011 to 2013. These actions were completed in June 2022, acquiring the status of firm following the signing of the acts of conformity.

Due to possible different interpretations of the applicable tax regulations, there may be certain tax contingencies which cannot be objectively quantified. However, in the opinion of the Group's Board of Directors and Management, should these contingencies result in actual liabilities they will not have a significant effect on the financial position and the results obtained by the Group.

25.3 Reconciliation of book and tax income

The reconciliation of consolidated profit before taxes for 2023 and 2022 and corporation tax expense is as follows:

	Thousands of euros	
	2023	**2022 (*)**
Consolidated profit/(loss) before tax	**391,379**	**254,294**
Corporation tax at the 30% tax rate	117,414	76,289
Effect of permanent differences	14,148	3,979
Other adjustments on consolidation	2,700	155
Tax deductions and tax credits	(23)	(359)
Other business combination tax adjustments	(66,313)	-
Write-off of deferred tax assets	8,789	1,354
Corporation tax expense for the year	**76,715**	**81,418**
Adjustments to prior-year tax expense	10,288	(8,995)
Total corporation tax expense	**87,003**	**72,423**
Of which: current tax expense	*84,316*	*(19,609)*
Of which: deferred tax expense	*2,687*	*92,032*

(*) Restated figures (see Note 1.4.).

Corporate Income Tax expense decreased by €30,271 thousand in 2023 due to the deferred taxes related to the origination and reversal of temporary differences (increase of €65,497 thousand in 2022).

In the first half of 2023, the company Cerro Murillo, S.A. (in liquidation) has been put into liquidation, leading to activation of the associated future tax loss. This transaction resulted in €66,313 thousand being recognised under the "Deferred tax assets" heading in the consolidated balance sheet and under the "expense/income from on income from continuing operations" heading in the consolidated income statement.

Years prior to 2015, income was generated that qualified for the then-applicable tax credit for reinvestment of extraordinary profits, the relevant reinvestment commitment having been fulfilled. The following table shows the extraordinary gains that resulted in the tax credit:

	Thousands of euros	
Year income obtained	Income	Year of reinvestment
1998	3,498	2001
1999	190	2001
2001	6,001	2002
2002	6,017	2002
2003	4,181	2003
2004	6,707	2004
2005	4,486	2007
2006	14,633	2005-2007
2007	3,380	2007
2008	101,953	2007-2011
2009	1,598	2008-2012
2010	4,403	2009-2010
2011	17,729	2010-2011
2012	1,406	2012
2013	1,165	2012-2013
2014	9,229	2013-2014

Note: data for 2010 and prior years relate to operations of Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (now Fundación Bancaria Ibercaja).

25.4 Deferred tax assets and liabilities

Based on tax legislation in force in Spain, there are certain timing differences and tax credits that should be taken into account when calculating consolidated corporation tax expense. The balance of and movements in the deferred tax assets and liabilities recorded in the consolidated balance sheets at 31 December 2023 and 2022 are as follows:

	Thousands of euros	
	Deferred tax liabilities	Deferred tax assets
Balances at 31 December 2021	**1,292,152**	**159,449**
Prior-year restatement and other	(21,936)	(7,684)
Generated during the year	34,862	897
Applied during the year	(120,133)	(8,388)
Change in deferred tax assets and liabilities applied to equity	127,203	85,467
Balances at 31 December 2022 (*)	**1,312,148**	**229,741**
Prior-year restatement and other	35,076	4,856
Generated during the year	37,833	2,345
Applied during the year	(72,474)	(4,079)
Change in deferred tax assets and liabilities applied to equity	(46,256)	(35,825)
Balances at 31 December 2023	**1,266,327**	**197,038**

(*) Restated figures (see Note 1.4.).

Below follows a breakdown of the Group's deferred tax assets and liabilities by type of temporary difference and tax credit:

	Thousands of euros			
	Deferred tax assets		Deferred tax liabilities	
	2023	2022 (*)	2023	2022 (*)
Impairment of financial assets	633,954	656,014	2,530	2,530
Pension commitments and other provisions	48,082	66,388	-	-
Fixed assets	35,781	38,268	117,431	119,482
Foreclosed assets	1,635	410	-	-
Other adjustments	80,015	4,994	21,129	15,956
Total temporary differences with a balancing item in income statement	**799,467**	**766,074**	**141,090**	**137,968**
Temporary differences with a balancing item in equity	**115,350**	**161,606**	**55,948**	**91,773**
Tax credit for tax-loss carryforwards	351,115	379,899	-	-
Tax credit for deductions pending application	395	4,569	-	-
Total tax credits	**351,510**	**384,468**	**-**	-
(*) Restated figures (see Note 1.4.).	**1,266,327**	**1,312,148**	**197,038**	**229,741**

Below follows a breakdown of corporation tax relating to each item included in the statement of recognised income and expense:

	Thousands of euros	
	2023	2022 (*)
Actuarial losses and gains on defined benefit pension plans	(959)	(7,060)
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	(3,331)	4,405
Items that will not be reclassified to profit or loss	**(4,290)**	**(2,655)**
Debt instruments at fair value through other comprehensive income	(2,474)	13,176
Valuation gains/(losses) taken to equity	*(3,175)*	*14,185*
Transferred to the income statement	*701*	*(1,009)*
Reversal of deferred tax liabilities	-	-
Cash flow hedges	(3,667)	(10,237)
Other recognised income and expenses	-	-
Items that may be reclassified to profit or loss	**(6,141)**	**2,939**
(*) Restated figures (see Note 1.4.).	**(10,431)**	**284**

No significant temporary differences associated with investments in subsidiaries, branches and associates or interests in joint arrangements have arisen which could give rise to deferred tax liabilities not recognised on the balance sheet.

Under current tax and accounting regulations, certain temporary differences must be taken into account when quantifying the relevant corporation tax expense on continuing operations.

In 2013, Royal Decree-Law 14/2013 classed as assets guaranteed by Spain's Central Government those tax assets generated by impairment losses on loans or other assets as a result of the possible insolvency of debtors unrelated to the taxpayer; this status was subsequently extended to impairment losses on public corporations and on provisions for or contributions to pension plans and, if applicable, pre-retirement plans ("monetisable tax assets").

Monetisable tax assets may be converted into debt claims against the tax administration in the event that the taxpayer records book losses or the entity is liquidated or declared to be insolvent by a court. They may also be exchange for government securities once 18 years have elapsed as from the last day of the tax period in which the assets were recognised in the accounts. In order to maintain the Central Government's guarantee, the assets are subject to an annual charge of 1.5% of their amount as from 2016 (Note 37).

In 2023, the net amount of deferred tax assets and liabilities related to temporary differences amounted to €717,779 thousand (€697,939 thousand at 31 December 2022).

As noted above, a portion of deferred tax assets arising from temporary differences are enforceable against the public authorities in the above circumstances (monetisable assets), meaning that recoverability is not dependent on the existence of future taxable profits, so the recognition of the relevant amounts is justified. At 31 December 2023, deferred tax assets amounted to €632 million (€634 million at 31 December 2022).

In addition, at 31 December 2023 there are deferred tax assets for tax-loss carryforwards and for unused tax credits amounting to €351,510 thousand (31 December 2022: €384,468 thousand). The vast majority of these tax assets result from the prior-year losses, which were extraordinary and non-recurring, due basically to the write-down of real estate assets in 2012 and of renegotiated assets in 2013, as disclosed in the financial statements for those years.

The tax credits described in the preceding paragraph were recorded for accounting purposes on the premise that future tax benefits might be obtained that will allow the tax-loss carryforwards to be offset in a reasonable time. According to applicable regulations, there is no time limit for offsetting these deferred tax assets.

In accordance with Ibercaja Banco’s business plan, approved by the Bank’s Board of Directors on 25 January 2024, and with the management projections that have served as the basis for the goodwill impairment test and other regulatory reporting, sufficient future taxable profits will be generated to allow the recovery of these deferred tax assets, and therefore the Company considers that there is convincing objective evidence for the recognition of the deferred tax assets. Note 16.1 describes the justification of the basic assumptions used in determining the business plan considered by the Company, as well as the justification of the significant deviations therefrom in previous years that could jeopardise its fulfilment.

According to the business plan estimates referred to above, in 2023 the estimated period for recovering the recognised deferred tax assets is no more than 15 years.

26. Fair value of financial assets and liabilities

Set out below is the breakdown of the fair value of financial assets and liabilities at 31 December 2023 and 2022 compared with their corresponding carrying value reflected in the balance sheet at that same date. Similarly, a breakdown of fair value is included on the basis of the appraisal system (levels 1, 2 and 3):

	Thousands of euros				
	2023				
	Total balance sheet	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Cash and cash balances at central banks and other demand deposits	1,999,017	1,999,017	-	1,999,017	-
Financial assets held for trading	24,884	24,884	-	24,884	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,485,994	1,485,994	1,484,702	-	1,292
Financial assets at fair value through profit or loss	444,475	444,475	444,475	-	-
Financial assets at fair value through other comprehensive income	4,729,521	4,729,521	4,521,739	181,496	26,286
Financial assets at amortised cost (*)	42,692,570	43,140,307	9,922,253	2,466,365	30,751,689
Derivatives - Hedge accounting	154,553	154,553	-	154,553	
Total financial assets	**51,531,014**	**51,978,751**	**16,373,169**	**4,826,315**	**30,779,267**
Financial liabilities held for trading	145,070	145,070	-	144,693	377
Financial liabilities at amortised cost	42,399,639	39,976,929	-	39,976,929	-
Derivatives - Hedge accounting	537,768	537,768	18,902	518,866	-
Total financial liabilities	**43,082,477**	**40,659,767**	**18,902**	**40,640,488**	**377**

(*) The fair value of debt securities amounts to €11,682,012 thousand.

	Thousands of euros				
	2022 (*)				
	Total balance sheet	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Cash and cash balances at central banks and other demand deposits	1,582,223	1,582,223	-	1,582,223	-
Financial assets held for trading	25,177	25,177	-	25,177	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	1,547,710	1,547,710	1,546,214	-	1,496
Financial assets at fair value through profit or loss	433,048	433,048	433,048	-	-
Financial assets at fair value through other comprehensive income	4,010,230	4,010,230	3,764,843	217,623	27,764
Financial assets at amortised cost (**)	43,841,441	42,722,673	8,945,140	3,509,278	30,268,255
Derivatives - Hedge accounting	199,034	199,034	8,137	190,897	-
Total financial assets	**51,638,863**	**50,520,095**	**14,697,382**	**5,525,198**	**30,297,515**
Financial liabilities held for trading	130,150	130,150	-	129,773	377
Financial liabilities at amortised cost	43,724,222	39,602,541	-	39,602,541	-
Derivatives - Hedge accounting	609,795	609,795	-	609,795	-
Total financial liabilities	**44,464,167**	**40,342,486**	**-**	**40,342,109**	**377**

(*) Restated figures (see Note 1.4.).
(**) The fair value of debt securities amounts to €10,840,740 thousand.

The criteria used to determine fair value have been as follows:

- Level 1: using prices quoted on active markets for financial instruments.

- Level 2: using prices quoted on active markets for similar instruments or other valuation techniques in which all significant inputs are based on directly or indirectly observable market data.

- Level 3: using valuation techniques in which some significant inputs are not based on observable market data.

In particular, the valuation techniques used in levels 2 and 3 and assumptions used to determine fair value have been:

- Debt securities and interest rate swaps: valuation techniques based on discounted flows using the interest rate curve and the market spread for similar instruments have been used.

- Options: valued by applying models accepted as standard in the market. In those cases where no valuation model is available, they are valued through the quotation provided by counterparties.

- Equity instruments measured at fair value: in general, provided that directly or indirectly observable market data is available, their fair value is obtained from listed prices or transactions in active markets for similar instruments. If sufficient market information is not available, fair value is determined by discounting the estimated cash flows, which are derived from business plans of the investees, generally for a period of five years, calculating a residual value for the remaining period. These flows have been discounted using market rates and adjusted at the average cost of capital.

- Financial assets at amortised cost – Loans and advances - Customers: the valuation technique used is based on discounting the estimated future cash flows, considering maturity and repricing dates and calculating interest based on the interbank interest rate curve, without considering a "spread" for credit risk. Additionally, the early amortisation of 4.13% of the total has been taken into account. This percentage is based on the Group's historical data and is used in internal management.

The impact of a 100 basis point rise in the interbank interest rate curve would bring about a reduction in fair value of -2.12%.

In this case, it is estimated that there are no major differences owing to the credit risk between the carrying value and fair value of customer loans since the Group has quantified the level of credit risk provisions for its loan risk portfolio in accordance with applicable accounting legislation and which is considered sufficient to cover that risk. Nonetheless, since there is no market for those financial assets, the amount at which they may be exchanged between interested parties could differ from the net value reflected since the potential acquirer would take into account the expected losses and recorded in accordance with applicable legislation and their best estimates of possible future losses.

- Customer deposits: The valuation technique used has been based on discounting the estimated future cash flows, considering maturity and repricing dates and calculating interest based on the interbank interest rate curve.

- Marketable debt securities and subordinated liabilities: Valued using market prices or spreads for similar instruments.

The reasons why there may be differences between the fair value and carrying value of financial instruments are as follows:

- In the fixed-income instruments issued, the fair value of the instrument varies depending on the development of market interest rates. The longer the residual life of the instrument, the greater the variation.

- In variable income instruments, fair value may differ from carrying value if margins relative to the reference interest rate have changed since the issuing of the instrument. If margins remain constant, the fair value coincides with the carrying value only on repricing dates. On all other dates, there is an interest rate risk for the flows that have already been calculated.

The Group performs an analysis to assess whether levels of fair value hierarchy in which financial instruments are classified may have changed. If transfers between these levels occur, they are treated has having taken place at the end of the quarter in which they are identified. During 2023 and 2022 there were no financial instruments no longer measured using level 2 and 3 criteria and which have been measured with level 1 criteria.

For certain financial instruments (mainly the portfolio of financial assets and liabilities held for trading, the portfolio of financial assets not held for trading mandatorily measured at fair value through profit or loss and trading related to financial derivatives), there is a balancing entry in the income statement for fair value changes. Details of the effect on the income statement arising from changes in fair value are as follows, classified on the basis of the hierarchical level of the instrument's fair value:

	Thousands of euros	
	2023	**2022 (*)**
Level 1	(27,986)	(2,108)
Level 2	81,705	(116,764)
Level 3	(99)	(1,516)
	53,620	**(120,388)**

(*) Restated figures (see Note 1.4.).

Set out below in the fair value hierarchy of Level 3 fair value, there is a reconciliation of opening balances to closing balances, separately revealing changes during the year attributable to the following:

	Thousands of euros			
	Financial assets held for trading	**Financial assets not held for trading mandatorily measured at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial liabilities held for trading**
Balances at 1 January 2023	**-**	**1,496**	**27,764**	**377**
Profit/(loss) recognised in the income statement and/or statement of recognised income and expense	-	(99)	(1,335)	-
Purchases	-	-	218	-
Sales	-	-	(334)	-
Issues	-	-	-	-
Settlements and maturities	-	(105)	(27)	-
Transfers from or to Level 3 in or outside the portfolios described	-	-	-	-
Balances at 31 December 2023	**-**	**1,292**	**26,286**	**377**

	Thousands of euros			
	Financial assets held for trading	**Financial assets not held for trading mandatorily measured at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial liabilities held for trading**
Balances at 1 January 2022	**-**	**1,496**	**28,416**	**377**
Profit/(loss) recognised in the income statement and/or statement of recognised income and expense	-	(1,516)	(145)	-
Purchases	-	-	-	-
Sales	-	-	(344)	-
Issues	-	1,516	-	-
Settlements and maturities	-	-	(163)	-
Transfers from or to Level 3 in or outside the portfolios described	-	-	-	-
Balances at 31 December 2022	**-**	**1,496**	**27,764**	**377**

The fair value of investments in venture capital funds is determined according to the valuations regularly provided by the fund manager. The valuation criteria are generally based on the guidelines set by the EVCA (European Private Equity and Venture Capital Association).

Considering the amount of these investments, the Group believes that the changes that would occur in their fair value as a result of reasonably possible changes in the variables that determine the value would not have a significant impact on the results, total assets or equity of the Group.

27. Other significant information

27.1 Contingent risks

The following table breaks down financial guarantees granted at 31 December 2023 and 2022 in accordance with the maximum risk assumed by the Group:

	Thousands of euros	
	2023	**2022**
Guarantees and other sureties	**778,815**	**760,126**
Financial guarantees	107,269	98,854
Guarantees and other sureties	671,546	661,272
Irrevocable letters of credit	**16,072**	**25,642**
Irrevocable documents issued	16,072	25,642
Irrevocable documents confirmed	-	-
Assets associated with third-party obligations	**234**	**234**
	795,121	**786,002**

A significant portion of these amounts will mature without any payment obligation arising for the Group and therefore the full amount recorded for these commitments cannot be considered to be an actual future need for financing or liquidity to be granted to third parties.

The income obtained from collateral instruments is recorded under the headings “Fee and commission income” and “Interest income” (in the amount relating to the restatement of the commission values) in the consolidated income statement and are calculated by applying the rate established contractually based on the nominal amount of the guarantee.

Provisions recorded to cover these guarantees, which have been calculated by applying criteria similar to those for the calculation of the impairment of financial assets at amortised cost, are included under the heading “Provisions - Commitments and guarantees given” in the balance sheet (Note 21).

At 31 December 2023 and 2022, the Group had not identified any contingent liability.

27.2 Assets loaned or pledged

The breakdown of these assets is as follows:

	Thousands of euros	
	2023	2022
Assets under repos	4,968,701	2,577,199
Assets associated with Bank of Spain policy (*)	3,024,876	3,124,707
	7,993,577	**5,701,906**

(*) There is an additional €3,463,066 thousand (€2,671,358 thousand in 2022) relating to own securitisation bonds and mortgage covered bonds that are also associated with the Bank of Spain policy obtained to secure monetary policy operations in the Eurosystem.

The fair value of the assets provided or used as security do not differ from their carrying amount.

27.3 Contingent commitments

At 31 December 2023 and 2022, the limits on financing contracts granted and the undrawn balances were as follows:

	Thousands of euros			
	2023		2022	
	Limit granted	Undrawn balance	Limit granted	Undrawn balance
Drawable by third parties	**6,289,507**	**3,347,542**	**6,410,116**	**3,180,128**
Available immediately	3,716,643	2,129,514	3,886,310	2,051,985
Available subject to conditions	2,572,864	1,218,028	2,523,806	1,128,143
Securities subscribed pending disbursement	**-**	**1,268**	**-**	**1,268**
Documents in clearing houses	**-**	**101,517**	**-**	**118,815**
	6,289,507	**3,450,327**	**6,410,116**	**3,300,211**

The amounts available relate to variable interest operations.

Provisions recorded to cover these exposures, which have been calculated by applying criteria similar to those for the calculation of the impairment of financial assets at amortised cost, are included under the item “Provisions - Commitments and guarantees given” in the balance sheet (Note 21).

27.4 Third-party funds managed and marketed by the Group and securities depository

Details of the balance of off-balance sheet customer funds that have been marketed by the Group in 2023 and 2022 are indicated in the following table:

	Thousands of euros	
	2023	2022
Collective Investment Institutions	23,657,462	19,064,189
Pension funds	6,391,689	5,790,240
Insurance products	66,422	79,933
Discretionary portfolio management (*)	4,162,991	4,067,203
	34,278,564	**29,001,565**
Of which: managed by the Group	*32,984,984*	*27,990,910*

(*) Mainly includes discretionary managed Collective Investment Institutions.

Set out below is a breakdown of the securities deposited by third parties with the Group at 31 December 2023 and 2022:

	Thousands of euros	
	2023	2022
Fixed Income	1,825,705	1,755,573
Equities	2,644,211	2,676,125
	4,469,916	**4,431,698**

27.5 Securitisation of assets

The Group has securitised assets by assigning loans from its portfolio to a securitisation fund in which, due to the agreed transfer terms, the Company has continued to bear the substantial risks and rewards of the securitised assets and therefore these assets have been retained in full in the balance sheet. Details of the balances recorded in relation to these operations are set out below:

	Thousands of euros	
	2023	2022
Assets transferred to TDA Ibercaja 2, FTA in 2005	-	91,267
Assets transferred to TDA Ibercaja 3, FTA in 2006	114,531	141,066
Assets transferred to TDA Ibercaja 4, FTA in 2006	177,267	219,705
Assets transferred to TDA Ibercaja 5, FTA in 2007	190,481	230,387
Assets transferred to TDA Ibercaja 6, FTA in 2008	319,186	373,744
Assets transferred to TDA Ibercaja ICO-FTVPO, FTH in 2009	39,423	55,574
Assets transferred to TDA Ibercaja 7, FTA in 2009	609,404	713,003
	1,450,292	**1,824,746**

On 26 April 2023, the TDA Ibercaja 2, Asset Securitisation Fund was liquidated early, leading to the early amortisation of the securitisation bond backed by the fund for an amount of €40,990 thousand.

Note 11.1 provides details concerning the Company's exposure in securitisation funds and the amount of securitisation fund liabilities that have been subscribed by non-Group third parties.

Note 26 details the calculation criteria for estimating the fair value of customer loans, under which the securitised assets included in the above table are recorded.

The fair value of the liabilities issued by securitisation funds at 31 December 2023 and 2022, which are backed by the transferred assets mentioned above, is as follows:

	Thousands of euros	
	2023	2022
Liabilities issued by TDA Ibercaja 2, FTA in 2005	-	91,249
Liabilities issued by TDA Ibercaja 3, FTA in 2006	113,363	138,894
Liabilities issued by TDA Ibercaja 4, FTA in 2006	176,186	216,871
Liabilities issued by TDA Ibercaja 5, FTA in 2007	189,319	228,152
Liabilities issued by TDA Ibercaja 6, FTA in 2008	313,217	363,615
Liabilities issued by TDA Ibercaja ICO-FTVPO, FTH in 2009	39,372	55,024
Liabilities issued by TDA Ibercaja 7, FTA in 2009	580,092	669,082
	1,411,549	**1,762,887**

27.6 Assets received under guarantees

Assets received under guarantees at 31 December 2023 amounted to €5,384 thousand (€5,384 thousand at 31 December 2022). The fair value of the assets received as security do not differ from their carrying amount.

27.7 Environment

The Group's operations as a whole are subject to environmental protection legislation. The Group considers that it complies substantially with these laws and that it has procedures in place designed to ensure they are met.

The Group has adopted the appropriate measures to protect and improve the environment and to minimise possible environmental impacts, and complies with current environmental legislation.

The Statement of Non-financial Information included in the consolidated Directors' Report describes all the actions and strategies carried out by the Group in this area.

27.8 Segmentation

The ultimate decision-making body responsible for defining the operating segments is the Group's Management Committee. The Group has concluded that there are no distinct segments, as the results of its activities are not examined on an independent basis by Management, for the following reasons:

- The types of products marketed by the Group's insurance companies are, in part, substitutes for bank savings products and are subject to similar risks.
- The use of the commercial network of Ibercaja Banco, S.A. as the majority distribution channel for the products of the Group's insurance companies affects the relationship of dependence between the two sectors.
- The existence of a common customer base and the linkage of the two brands from the consumer's point of view mean that operational risk is interrelated between the two sectors of banking and insurance.
- All strategic, commercial and regulatory analysis is carried out at the Group level.

Nevertheless, in accordance with applicable regulations, information on the distribution of the Group's revenues by geographical area and product type have been included in this Note.

The Group carries out all its activity in Spain. The Group therefore considers it has a single geographical segment for operating purposes.

The breakdown of the Group's ordinary revenue (which includes interest income, dividend income, fees and commissions received, gains on financial assets and liabilities and other operating income) by type of product or service is as follows.

	Thousands of euros			
	Ordinary revenue from third-party customers		**Gross margin excl. gains on financial assets and liabilities**	
	2023	**2022 (*)**	**2023**	**2022 (*)**
Banking	1,572,771	1,049,475	1,070,509	841,640
Insurance	320,806	237,826	124,813	87,689
	1,893,577	**1,287,301**	**1,195,322**	**929,329**

(*) Restated figures (see Note 1.4.).

The reconciliation between total ordinary income and gross income excluding gains and losses on financial transactions is shown below:

	Thousands of euros	
	2023	**2022 (*)**
Ordinary revenue from third-party customers	**1,893,577**	**1,287,301**
(Interest expense)	519,772	145,238
Share of profit/(loss) of equity-accounted entities	(5,673)	(516)
(Fee and commission expenses)	19,502	19,236
(Net gains or (-) losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss)	1,297	4,519
(Gains/(losses) on financial assets and liabilities held for trading, net)	7,407	30,866
(Net gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss)	117,166	(183,222)
(Net gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss)	(132,156)	161,485
(Net gains or (-) losses from hedge accounting)	(1,677)	945
(Net exchange differences)	(895)	(274)
(Other operating expenses)	112,755	89,890
(Liability expenses covered by insurance or reinsurance contracts)	49,411	88,773
Gross margin excl. gains on financial assets and liabilities	**1,195,322**	**929,329**

(*) Restated figures (see Note 1.4.).

28. Interest income

The breakdown of the balance under this consolidated income statement heading in 2023 and 2022, based on the financial instrument portfolios from which the income originates, is as follows:

	Thousands of euros	
	2023	**2022 (*)**
Financial assets held for trading	-	-
Non-trading financial assets mandatorily valued at fair value through profit or loss	137	125
Financial assets at fair value through profit or loss	12,450	6,454
Financial assets at fair value through other comprehensive income	96,148	73,505
Financial assets at amortised cost	1,055,372	582,004
Interest rate hedging derivatives	(23,488)	(103,841)
Other assets	32,584	4,097
Interest income from liabilities	7,287	45,323
	1,180,490	**607,667**

(*) Restated figures (see Note 1.4.).

The “Interest income from liabilities” item includes interest income from the application of negative interest rates on liquidity auctions under the European Central Bank’s TLTRO programme for an amount of €37,511 thousand at 31 December 2022.

29. Interest expense

The breakdown of the balance under this consolidated income statement heading in 2023 and 2022, based on the financial instrument portfolios from which the income originates, is as follows:

	Thousands of euros	
	2023	2022 (*)
Financial liabilities at amortised cost	264,495	88,278
Interest rate hedging derivatives	97,963	(28,321)
Insurance contracts	152,714	66,756
Other liabilities	4,473	5,794
Interest expense from assets	127	12,731
	519,772	**145,238**

The "Other liabilities" item includes €2,246 thousand for interest expenses on lease liabilities (Note 2.10) (€1,240 thousand at 31 December 2022). At 31 December 2022, it included interest expenses for the extraordinary contribution made to the Deposit Guarantee Fund amounting to €39 thousand (Note 1.8).

30. Dividend income

The amount recorded under this heading relates in full to dividends from equity instruments in the portfolio of Financial assets at fair value through other comprehensive income, amounting to €12,679 thousand at 31 December 2023 (€10,365 thousand at 31 December 2022).

31. Share of profit/(loss) of equity-accounted entities

Appendix II provides a breakdown by company of the balance under this consolidated income statement heading in 2023 and 2022.

32. Fee and commission income

Fee and commission income accrued in 2023 and 2022, classified in accordance with the item generating the fees and commissions, is reflected in the following table:

	Thousands of euros	
	2023	2022
Contingent risk fees	8,348	8,684
Contingent commitment fees	3,496	2,721
Foreign currency exchange fees	168	195
Collection and payment services fees	138,447	137,171
Securities services fees	37,909	34,244
Non-bank financial product marketing fees	265,993	257,785
Other fees	15,924	16,775
	470,285	**457,575**

33. Fee and commission expenses

Expenses for fees and commissions accrued in 2023 and 2022, classified in accordance with the item generating the fees and commissions, are reflected in the following table:

	Thousands of euros	
	2023	2022
Fees and commissions assigned to other entities	9,068	8,299
Fees and commissions paid for securities transactions	2,146	1,581
Other fees	8,288	9,356
	19,502	**19,236**

34. Gains/(losses) on financial transactions

The breakdown of the balance under this consolidated income statement heading in 2023 and 2022, based on the financial instrument portfolios from which the balances originate, is as follows:

	Thousands of euros	
	2023	2022 (*)
Net gains/(-)losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss.	**1,297**	**4,519**
Financial assets at fair value with changes in OCI	2,337	(6,941)
Financial assets at amortised cost	(1,040)	11,460
Financial liabilities at amortised cost	-	-
Net gains/(losses) on financial assets and liabilities held for trading	**7,407**	**30,866**
Gains/losses on non-trading financial assets mandatorily valued at NAV with changes in PL, net	**117,166**	**(183,222)**
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	**(132,156)**	**161,485**
Net gain/(loss) from hedge accounting	**(1,677)**	**945**
Adjustments to hedged instruments (fair value hedge)	(62,880)	130,462
Hedge derivative (fair value hedge)	61,203	(129,517)
	(7,963)	**14,593**

(*) Restated figures (see Note 1.4.).

At 31 December 2023, the “Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net, net – Financial assets at amortised cost” heading reflects the impact of the sale of a portfolio of non-performing loans arranged at the end of 2023 (Note 11.5), with a negative impact of €1,520 thousand.

In addition, at 31 December 2022, this heading included the impact of the sale of a portfolio of non-performing loans arranged at the end of 2022 (Note 11.5), with a negative impact of €2,678 thousand, and the impact of the sale of a portfolio of non-performing loans (Note 11.5), with a positive impact of €9,997 thousand.

35. Exchange differences

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	2022
Translation into euro of monetary items denominated in foreign currency	855	2.231
Foreign currency trading	(1,750)	(2,505)
	(895)	**(274)**

No gain or loss was obtained on the cancellation of exchange differences recorded in consolidated equity, in accordance with the provisions of Note 2.5.3.

36. Other operating income

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	**2022 (*)**
Income from investment property (Note 15.2)	4,752	4,120
Income from other operating leases (Note 15.3)	23,764	18,478
Sales and income from provision of services	4,425	4,445
Other items	10,319	19,657
	43,260	**46,700**

(*) Restated figures (see Note 1.4.).

37. Other operating expenses

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	**2022**
Operating expenses on investment properties (Note 15.2)	1,251	1,209
Contribution to National Resolution Fund (Note 1.8.1)	11,421	16,095
Contribution to Deposit Guarantee Fund (Note 1.8.2)	51,258	57,434
Other items	48,825	15,152
	112,755	**89,890**

At 31 December 2023, "Other items" includes the charge of €2,025 thousand (€5,652 thousand at 31 December 2022) for converting deferred tax assets into debt claims against the Spanish tax administration (Note 25.4).

The balance also includes an impact of €28,913 thousand due to the temporary levy on credit institutions. This tax has been regulated by Law 38/2022 of 27 December for the establishment of temporary energy taxes and taxes on credit institutions and financial credit establishments and which creates the temporary solidarity tax on large fortunes and amends certain tax regulations, which makes it compulsory for credit institutions operating in Spanish territory whose total interest and fee income for 2019 is equal to or greater than €800 million to pay a non-tax public benefit during 2023 and 2024, which is payable on the first day of the calendar year of those years. The amount of the benefit to be paid will be the result of applying the percentage of 4.8% to the sum of the interest margin and the income and expenses from commissions derived from the activity carried out in Spain and which appear in the income statement of the tax consolidation group to which the credit institution belongs for the calendar year prior to the year in which the obligation to pay arose.

38. Staff costs

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	**2022 (*)**
Wages and salaries	279,425	249,320
Social security contributions	72,320	62,439
Defined benefit plans	2,470	2,017
Contributions to defined contribution plans (Note 2.13.2)	14,046	13,699
Severance payments	876	669
Other staff costs	2,855	1,568
	371,992	**329,712**

(*) Restated figures (see Note 1.4.).

At 31 December 2023 the Bank has recognised an expense of €1,288 thousand (€1,544 thousand at 31 December 2022) under “Wages and salaries” corresponding to the accrual of the multi-year management incentive plan (Note 2.13.5).

38.1 Number of employees

The distribution by category and gender of the Group’s employees at 31 December 2023 and 2022 is as follows:

	31/12/2023			31/12/2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
GR. 1 Senior Management	9	3	12	9	3	12
GR. 1 Levels I to V	1,195	754	1,949	1,175	713	1,888
GR. 1 Levels VI to X	963	1,416	2,379	967	1,451	2,418
GR. 1 Levels XI to XIII	287	324	611	210	253	463
GR. 2 and Cleaning service	12	1	13	12	1	13
	2,466	**2,498**	**4,964**	**2,373**	**2,421**	**4,794**

At 31 December 2023 and 2022, the entire workforce is based in Spain.

The average number of Group employees in 2023 and 2022 is as follows:

	2023	2022
GR. 1 Senior Management	12	12
GR. 1 Levels I to V	1,896	1,892
GR. 1 Levels VI to X	2,431	2,461
GR. 1 Levels XI to XIII	551	435
GR. 2 and Cleaners	13	14
	4,903	**4,814**

At 31 December 2023, the average number of Group employees with a disability of 33% or more is 50 (48 employees at 31 December 2022).

38.2 Staff costs - post-employment benefits

Net figures recognised in the balance sheet for defined benefit post-employment plans at December 2023 and 2022 are as follows:

	Thousands of euros	
	2023	**2022**
Present value of obligations financed	(156,998)	(164,336)
Fair value of plan assets	179,738	182,272
(Shortfall)/Surplus	**22,740**	**17,936**
Impact of limit on assets	-	(28)
Net asset (liability) on balance sheet:	**22,740**	**17,908**
Assets linked to pensions (*)	62,135	66,690
Net pension assets (**)	23,496	16,252
Net pension (provision)	(62,891)	(65,034)

(*) Financial assets at the subsidiary Ibercaja Vida Compañía de Seguros y Reaseguros, S.A.U
(**) Amount recorded under “Other assets” in the consolidated balance sheet.

The reconciliation of opening and closing balances reflecting the present value of post-employment defined benefit plan obligations during 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Initial value of obligations financed	**(164,336)**	**(229,644)**
Cost of services for the current year	(2,470)	(2,017)
Interest expense	(5,137)	(333)
Past service cost	-	-
Gains/(losses) on plan settlements and reductions	-	-
Recalculation of values:		
Gains/(losses) on changes in demographic assumptions	-	-
Gains/(losses) on changes in financial assumptions	(8,856)	50,134
Gains/(losses) due to experience	9,399	1,106
Benefits paid	14,402	16,418
Other increases or (-) decreases		-
Final present value of obligations	**(156,998)**	**(164,336)**

The reconciliation of opening and closing balances reflecting the present value of post-employment defined benefit plan assets during 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Initial fair value of plan assets	**182.244**	**224.810**
Interest income	5,044	335
Gains/(losses) on plan settlements and reductions	-	-
Recalculation of values:		
Yield on plan assets excluding interest (expense)/income	-	-
Gains/(losses) on changes in financial assumptions	(843)	(11,500)
Gains/(losses) due to experience	3,468	(16,654)
Change in asset limit, excluding interest expense	29	448
Employer contributions	3,887	912
Member contributions	-	-
Benefits paid	(14,091)	(16,107)
Transfers and other		**-**
Final fair value of plan assets	**179,738**	**182,244**

The breakdown of the main types of plan assets at 31 December 2023 and 2022 is as follows:

	2023	2022
Shares	16.10%	15.20%
Debt instruments	75.18%	77.03%
Constructions	-	-
Demand deposits	8.72%	7.77%
Other assets	-	-
Total	**100.00%**	**100.00%**

The analysis of the expected termination of non-discounted post-employment benefits in the coming 10 years is as follows:

	2024	2025	2026	2027	2028	2029-2033
Probable post-employment benefits	14,207	13,945	13,452	12,928	12,322	53,492

Changes in the main assumptions will give rise to changes in the calculation of the obligations. The sensitivity of post-employment plan obligations to changes in the main assumptions is detailed below:

	Change in bps	Increase in assumptions	Decrease in assumptions
Discount rate	50 bp	(4.26%)	4.84%
Pension increase rate	50 bp	4.86%	(4.30%)
Salary increase rate	50 bp	0.15%	(0.14%)

The sensitivity analysis relates to individual changes in each assumption while the remainder remain constant.

The value of the obligation and the fair value of the assets for the purposes of the post-employment defined benefit plan for the current year and the previous four are as follows:

	2023	2022	2021	2020	2019
Present value of obligations financed	(156,998)	(164,336)	(229,644)	(254,922)	(265,205)
Fair value of plan assets	179,738	182,272	225,283	225,608	235,064
Surplus/(Shortfall)	**22,740**	**17,936**	**(4,361)**	**(29,314)**	**(30,141)**
Impact of limit on assets	-	(28)	(473)	(638)	(568)
Asset (liability) on balance sheet:	**22,740**	**17,908**	**(4,834)**	**(29,952)**	**(30,709)**
Insurance contracts related to pensions	62,135	66,690	78,998	84,845	89,215
Net pension assets	23,496	16,252	5,407	4,328	3,686
Net pension assets (Provision)	(62,891)	(65,034)	(89,239)	(119,125)	(123,610)

38.3 Staff costs - long-term remuneration for early retirees

The net figures recognised in the balance sheet for long-term remuneration payable to early retirees under defined benefit plans at December 2023 and 2022 are as follows:

	Thousands of euros	
	2023	2022
Present value of obligations financed	(4,376)	(3,088)
Fair value of plan assets	-	-
Net liability on balance sheet:	**(4,376)**	**(3,088)**
Assets linked to pensions	-	-
Net pension assets	-	-
Net pension assets (Provision)	(4,376)	(3,088)

The reconciliation of opening and closing balances reflecting the present value of obligations under defined benefit plans for early retirees during 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Initial value of obligations financed	**(3,088)**	**(1,544)**
Cost of services for the current year	(1,288)	(1,544)
Interest expense	-	-
Past service cost	(598)	(680)
Gains/(losses) on plan settlements and reductions	-	-
Recalculation of values:	-	-
Gains/(losses) on changes in demographic assumptions	-	-
Gains/(losses) on changes in financial assumptions	-	-
Gains/(losses) due to experience	-	-
Benefits paid	598	680
Final present value of obligations	**(4,376)**	**(3,088)**

The analysis of the expected termination of other non-discounted long-term employee remuneration in the coming 10 years is as follows:

	Thousands of euros					
	2024	2025	2026	2027	2028	2029-2033
Probable post-employment benefits	875	875	875	875	875	-

Changes in the main assumptions will not give rise to changes in the calculation of the obligations.

39. Other administration expenses

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	2022 (*)
Buildings, installations and office equipment	28,221	29,989
Equipment maintenance, licences, works and computer software	27,403	22,661
Communications	12,279	12,080
Advertising and publicity	6,112	5,656
Charges and taxes	18,758	18,083
Other management and administration expenses	75,715	76,159
	168,488	**164,628**

(*) Restated figures (see Note 1.4.).

The item "Charges and taxes" includes the Tax on Deposits in Credit Institutions amounting to €11,613 thousand at 31 December 2023 (€11,906 thousand in 2022).

- Other information

The fees relating to the services provided by the audit company Ernst & Young, S.L. regarding the financial statements of Ibercaja Banco and the Group companies in 2023 and 2022 are as follows:

	Thousands of euros	
	2023	2022
From audit services to the Group	1,016	1,027
From other assurance services	522	774
From other services	-	51
	1,538	**1,852**

The amount indicated in the previous table for audit services includes the total fees for these audit services, regardless of their billing date.

The other assurance services of the audit company relate mainly to limited reviews of the Group's interim consolidated financial statements and other services requested of the auditor.

In 2023 and 2022, no services have been provided by other companies that use the Ernst & Young brand.

40. Impairment or (-) reversal of impairment on non-financial assets

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	2022
Tangible assets (Note 15)	**13,010**	**16,390**
Property, plant and equipment	323	549
Investment property	12,687	15,841
Intangible assets (Note 16)	**307**	**142**
Goodwill	-	-
Other intangible assets	307	142
Other (Note 17)	**1,378**	**1,749**
	14,695	**18,281**

41. Gains/(losses) on derecognition of non-financial assets, net

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	2022
Gains on disposal of assets not classified as non-current assets held for sale	(353)	(4,432)
Gains/(losses) on disposal of shareholdings	50	10,152
	(303)	**5,720**

At 31 December 2022, the gains/losses on disposal of shareholdings mainly includes the purchase and sale agreement on the shareholding in the company Solavanti, S.L. This agreement generated a gain of €10,167 thousand, the remaining transactions being immaterial.

42. Profit/(loss) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

This consolidated income statement heading is analysed below for 2023 and 2022:

	Thousands of euros	
	2023	2022
Impairment losses on other non-current assets for sale (Note 18)	(35,956)	(25,823)
Gains/(losses) on disposal of other non-current assets for sale	3,896	2,152
	(32,060)	**(23,671)**

43. Related parties

The balances recorded on the consolidated balance sheets at 31 December 2023 and 2022 and in the consolidated income statements for 2023 and 2022 are as follows:

	Thousands of euros									
	2023					2022				
	Shareholder	Associates	Associates entities	Other related parties (*)	Related individuals (**)	Shareholder	Associates	Jointly cont. entities	Other related parties (*)	Related individuals (**)
ASSETS										
Loans and receivables	72,812	171	-	-	8,277	196,058	1,921	-	-	9,591
Counterparties under insurance contracts	-	-	-	-	-	-	-	-	-	-
LIABILITIES										
Deposits	136,800	5,249	717	214,600	14,311	193,399	4,995	4,478	340,784	16,340
Liabilities under insurance contracts linked to pensions	-	-	-	-	-	-	-	-	-	-
Provisions	-	2	-	-	-	-	2	-	-	-
PROFIT / (LOSS)										
Expenses										
Interest expense	-	3	125	-	-	-	-	-	-	-
Fees, commissions and other expenses	1,125	-	-	-	-	1,105	-	-	-	-
Income						-				
Interest income	-	10	9	10,317	18	-	-	28	944	89
Fees, commissions and other income	277	-	-	-	2	246	-	-	-	1
Dividends	**188,447**					**152,212**	-	-	-	-
OTHER										
Contingent liabilities	-	1,226	-	-	-	-	1,233	-	-	-
Commitments	-	-	6,007	-	520	-	-	6,011	-	309

(*) Investment funds and companies and pension funds.
(**) Senior management, Board of Directors, relatives to the second degree and their related entities.

The financial operations included have been carried out in accordance with the usual operating processes of the Group's parent entity and at arm's length. Arm's length terms are also applied in other operations with related parties. For these purposes, the preferred valuation method taken into account is the comparable uncontrolled price method.

44. Other disclosure requirements

44.1 Information on the mortgage market

In accordance with Royal Decree 716/2009, of 24 April, whereby certain aspects of Law 2/1981, of 25 March, governing the mortgage market and other rules on the financial mortgage system were developed, and Bank of Spain Circular 3/2010, of 29 June, the Board of Directors approved the "Loan and discount risk management policy and procedure manual" drawn up by the Company to guarantee compliance with legislation governing the mortgage market, including guidance on the following:

- The relationship between the amount of the loan and appraisal value (in accordance with MO ECO/805/2003) of the mortgaged property and the selection of valuation companies authorised by the Bank of Spain.

- The relationship between the debt and the borrower's capacity to generate income, verification of the information provided by the borrower and the borrower's solvency, and the existence of other additional guarantees.

- The balance between the flows deriving from the hedging portfolio and those deriving from the payments due on the instruments issued.

The General Shareholders' Meeting of Ibercaja Banco, S.A. is authorised to issue debentures or other fixed income securities and has empowered the Board of Directors to issue any kind of loans for a maximum amount, including mortgage securities.

Royal Decree-Law 24/2021 of 2 November has transposed Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issuance and public supervision of covered bonds. This new regulation sets out that the volume of covered bonds issued by an institution is covered, at all times, by the credit rights linked to the assets that form part of the cover pool (a pool of assets whose purpose is to fully guarantee the institution's obligations to the holders of the covered bonds throughout the life of the bonds). This cover pool must have a minimum overcollateralisation level of 5% of the principal amount of the issues. However, the bank approved a more restrictive limit, setting the minimum voluntary over-collateralisation at 20%.

At 31 December 2023, the degree of overcollateralisation of the cover pool of covered bonds was 41.25% (44.73% if the liquidity buffer established at that date is taken into account). At 31 December 2022, these ratios reached 41.29% and 43.33%, respectively.

At that date 99.66% of transactions in the mortgage portfolio have been formalised through loans (99.59% at 31 December 2022). Of these, instalments are collected on a monthly basis for 98.25% (98.09% at 31 December 2022). The operations formalised at variable interest rates are 83.14% of the total (84.94% at 31 December 2022) and of these, 88.22% are tied to Euribor (87.51% at 31 December 2022).

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

	Thousands of euros	
	2023	2022
	Mortgage covered bonds issued	Mortgage covered bonds issued
Mortgage covered bonds (Note 19.4)	**3,750,000**	**2,250,000**
Ibercaja October 2016	-	500,000
Ibercaja September 2018 II	750,000	750,000
Ibercaja December 2018	1,000,000	1,000,000
Ibercaja April 2023 I	1,000,000	-
Ibercaja April 2023 II	1,000,000	-
AYT mortgage covered bonds (Note 19.3)	**506,026**	**581,026**
AYT 10 Single Covered Bond (20 years)	341,026	341,026
AYT Cajas Global 2023 Covered Bond Series X	-	75,000
AYT Cajas Global 2027 Covered Bond Series XIII	165,000	165,000
TDA mortgage covered bonds (Note 19.3)	**500,000**	**500,000**
TDA 6 Single Covered Bond	250,000	250,000
TDA 6 Single Covered Bond (Extension)	250,000	250,000

None of the issues has been made through a public offering and all are denominated in euros. At 31 December 2023 and 31 December 2022, the Bank has not issued mortgage bonds and does not have any replacement assets assigned to such bonds.

The requirements for disclosure of information relating to the mortgage market, established in Article 19 of Royal Decree-Law 24/2021, are available on the Bank's corporate website.

44.2 Customer service

As it does every year, the Ibercaja Group's Customer Service Department prepares a report in compliance with the requirement of article 17.1 of Order ECO/734/2004 of 11 March on Customer Service Departments and Services and the Customer Ombudsman of Financial Institutions and the requirement of article 25 of the Regulations for the Defence of the Ibercaja Group's Customers. This annual report is presented and submitted for the consideration of the Board of Directors of the Group companies and contains the summary of its activity over the year, a statistical analysis of the complaints, claims and suggestions dealt with and the decisions adopted, together with a summary of the main criteria with which a response has been given to the most significant claims, a series of recommendations and suggestions raised in their study. All of this due to its work within the group, which situates it as one of the units charged with guaranteeing adequate risk control, compliance with laws, regulations, supervisory requirements and the entity's internal policies and procedures, together with a unit favouring the prudent business conduct of the Ibercaja Group.

For these purposes, the Ibercaja Group comprises the following entities: Ibercaja Banco, S.A.; Ibercaja Gestión S.A.U; Ibercaja Pensión S.A.U; Ibercaja Mediación de Seguros, S.A.U.; Ibercaja Renting, S.A.U. and Ibercaja Servicios de Financiación, E.F.C., S.A.U.

In accordance with the aforementioned provisions, the Board of Directors of Ibercaja Banco, S.A. will submit for its consideration the two statistical reports of the Ibercaja Group's Customer Service Department, comprising the complaints and claims handled, the decisions issued and the general criteria contained in the decisions and recommendations or suggestions, as well as the changes implemented with a view to better achieving the aims that inform its actions, the summary of which is as follows:

a. <u>Claims processed</u>

In 2023, the Customer Care Service (CCS) of the Ibercaja Group handled a total of 27,779 cases, which can be classified into two groups:

- Claims and grievances regarding mortgage arrangement costs and other clauses included in mortgage loan contracts: 13.446.

- Other claims, grievances and suggestions: 14,333, spread among the different existing classification families in accordance with Bank of Spain Circular 4/2021 of November 2021. According to the nature of the cases, the classification has been: 21,964 claims, 5,216 complaints, 38 suggestions and 561 requests for the refund under the interest rate hedging instrument clause (commonly known as the "floor clause").

- The average resolution time for these procedures is around 18 days, while the maximum period established by the regulation for consumer customers is 30 days.

b. <u>Special out-of-court procedure for resolving claims relating to interest rate floor clauses under the terms of Royal Legislative Decree 1 of 20 January 2018</u>

Since February 2017, the Ibercaja Group's Customer Care Service has also been responsible for resolving claims regarding interest rate floor clauses within the framework of Royal Decree Law 1 of 20 January 2017, through the Interest Rate Floor Clauses Claims Service (SERS). This service is voluntary for consumers and compulsory for Ibercaja, and consumer customers who do not use this procedure and go to court are not entitled to legal costs if Ibercaja agrees to their claims before the response to the lawsuit. In 2023, the number of claims managed is 561, of which, at 31 December, 513 had been resolved, mostly were in favour of the Bank, with 63 resolved in favour of the customer. In 2023, as in the previous year, in addition to the operations that still have floor clauses, claims are also being resolved favourably for customers demanding the refund of novated loans in which only the surplus amounts collected for the floor clause are requested, from their activation to the date on which the novation was signed, in line with the Supreme Court case law, which has granted validity to these agreements.

The average time taken to resolve complaints and claims in 2023 is around 19 days for the Suelo resolution procedure, which is within the current regulations, as the Royal Decree stipulates 90 days as the maximum period for replying.

<u>General criteria contained in the decisions</u>

The decisions have been issued with the utmost regard for good corporate governance and banking practices, transparency and consumer protection, taking into account the views formally expressed by customers and the reports issued by the branches, departments and Group companies concerned. Moreover, all decisions were reached on the basis of the contractual documents signed with the customers.

45. Financial statements of Ibercaja Banco, S.A. for the years ended 31 December 2023 and 2022

Set out below are the balance sheets at 31 December 2023 and 2022, together with the income statements, statements of recognised income and expense, total statements of changes in equity and statements of cash flow of the parent entity for the years ended 31 December 2023 and 2022, all such statements drawn up in accordance with Bank of Spain Circular 4/2017, as discussed in Note 1.2 to the individual annual accounts of Ibercaja Banco at 31 December 2023.

IBERCAJA BANCO, S.A.

BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022
(Thousands of euros)

ASSETS	2023	2022
Cash and cash balances at central banks and other demand deposits	**1,861,557**	**1,411,903**
Financial assets held for trading	**13,909**	**15,980**
Derivatives	13,909	15,980
Debt securities	-	-
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**1,292**	**1,496**
Equity instruments	-	-
Debt securities	-	-
Loans and advances	1,292	1,496
Customers	*1,292*	*1,496*
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Financial assets at fair value through profit or loss	**-**	**-**
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Financial assets at fair value through other comprehensive income	**707,316**	**754,301**
Equity instruments	204,506	263,976
Debt securities	502,810	490,325
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Financial assets at amortised cost	**41,186,619**	**42,694,314**
Debt securities	10,803,882	10,947,159
Loans and advances	30,382,737	31,747,155
Credit institutions	*787,277*	*656,230*
Customers	*29,595,460*	*31,090,925*
Memorandum items: loaned or delivered as collateral with the right to sell or pledge	-	-
Derivatives - Hedge accounting	**154,553**	**199,034**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	**-**	**-**
Investments in subsidiaries, joint ventures and associates	**724,064**	**810,875**
Subsidiaries	639,301	721,562
Joint ventures	38,226	38,226
Associates	46,537	51,087
Tangible assets	**713,677**	**753,950**
Property, plant and equipment	558,613	573,768
For own use	*558,613*	*573,768*
Assigned under operating lease	-	-
Investment property	155,064	180,182
Of which: assigned under operating lease	*75,039*	*75,787*
Memorandum items: acquired under finance lease	-	-
Intangible assets	**215,430**	**166,720**
Goodwill	-	12,806
Other intangible assets	215,430	153,914
Tax assets	**1,207,998**	**1,209,120**
Current tax assets	5,821	5,643
Deferred tax assets	1,202,177	1,203,477
Other assets	**143,954**	**142,403**
Insurance contracts linked to pensions	58,110	60,410
Inventories	563	31
Remainder of other assets	85,281	81,962
Non-current assets and disposal groups classified as held for sale	**27,619**	**30,850**
TOTAL ASSETS	**46,957,988**	**48,190,946**

IBERCAJA BANCO, S.A.

BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022
(Thousands of euros)

LIABILITIES	2023	2022
Financial liabilities held for trading	**3,043**	**7,843**
Derivatives	3,043	7,843
Financial liabilities at fair value through profit or loss	**-**	**-**
Memorandum items: subordinated liabilities	-	-
Financial liabilities at amortised cost	**42,626,045**	**43,961,591**
Deposits	39,985,259	41,322,481
Central banks	-	-
Credit institutions	*4,401,988*	*2,013,383*
Customers	*35,583,271*	*39,309,098*
Debt securities issued	1,545,952	1,497,112
Other financial liabilities	1,094,834	1,141,998
Memorandum items: subordinated liabilities	*479,715*	*462,654*
Derivatives - Hedge accounting	**537,768**	**609,795**
Fair value changes of the hedged items in a portfolio with interest rate risk hedging	**(79,093)**	**(140,313)**
Provisions	**195,362**	**218,165**
Pensions and other post-employment defined benefit obligations	62,891	66,103
Other long-term employee remuneration	4,376	3,088
Lawsuits and litigation for outstanding taxes	11,619	9,083
Commitments and guarantees given	20,388	20,151
Other provisions	96,088	119,740
Tax liabilities	**117,759**	**122,436**
Current tax liabilities	-	-
Deferred tax liabilities	117,759	122,436
Other liabilities	**186,740**	**175,927**
Liabilities within disposal groups classified as held for sale	**-**	**-**
TOTAL LIABILITIES	**43,587,624**	**44,955,444**

IBERCAJA BANCO, S.A.

BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022
(Thousands of euros)

EQUITY	2023	2022
Shareholders' equity	**3,394,848**	**3,297,687**
Capital	214,428	214,428
Paid-in capital	*214,428*	*214,428*
Called-up capital	-	-
Memorandum items: uncalled capital	-	-
Share premium	-	-
Equity instruments issued other than capital	350,000	350,000
Equity component of compound financial instruments	-	-
Other equity instruments issued	*350,000*	*350,000*
Other equity items	-	-
Retained earnings	789,921	592,815
Revaluation reserves	2,327	2,327
Other reserves	1,918,390	1,957,105
(Treasury shares)	-	-
Profit/(loss) for the year	288,029	282,084
(Interim dividends)	(168,247)	(101,072)
Accumulated other comprehensive income	**(24,484)**	**(62,185)**
Items that will not be reclassified to profit or loss	29,189	12,282
Actuarial gains/(losses) on defined benefit pension plans	*(10,287)*	*(12,860)*
Non-current assets and disposal groups classified as held for sale	-	-
Changes in the fair value of equity instruments measured at fair value changes through other comprehensive income	*39,476*	*25,142*
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk	-	-
Items that may be reclassified to profit or loss	(53,673)	(74,467)
Hedges of net investment in foreign operations (effective portion)	-	-
Foreign currency translation	-	-
Hedging derivatives. Cash flow hedge reserve (effective portion)	*7,469*	*(1,087)*
Changes in the fair value of debt instruments measured at fair value through other comprehensive income	*(61,142)*	*(73,380)*
Hedging instruments (undesignated items)	-	-
Non-current assets and disposal groups classified as held for sale	-	-
TOTAL EQUITY	**3,370,364**	**3,235,502**
TOTAL EQUITY AND LIABILITIES	**46,957,988**	**48,190,946**
Memorandum items: off-balance sheet exposures		
Loan commitments given	**3,598,795**	**3,436,336**
Financial guarantees granted	**107,269**	**99,507**
Other commitments given	**791,997**	**808,608**

IBERCAJA BANCO, S.A.

INCOME STATEMENTS FOR
YEARS ENDED 31 DECEMBER 2023 AND 2022
(Thousands of euros)

	2023	2022
Interest income	**1,069,211**	**517,189**
Financial assets at fair value through other comprehensive income	7,163	3,662
Financial assets at amortised cost	1,037,968	564,281
Other	24,080	(50,754)
(Interest expense)	**383,042**	**87,503**
(Expenses on share capital repayable on demand)	**-**	**-**
INTEREST MARGIN	**686,169**	**429,686**
Dividend income	**194,581**	**241,566**
Fee and commission income	**315,147**	**304,697**
(Fee and commission expenses)	**13,305**	**11,874**
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**1,718**	**10,605**
Financial assets at amortised cost	(1,349)	7,881
Other financial assets and liabilities	3,067	2,724
Net gains or (-) losses on financial assets and liabilities held for trading	**(2,084)**	**9,843**
Reclassification of financial assets from fair value through other comprehensive income	-	-
Reclassification of financial assets from amortised cost	-	-
Other gains or (-) losses	(2,084)	9,843
Gains/(losses) on non-trading financial assets valued mandatorily at fair value through profit or loss, net	**(99)**	**(1,516)**
Reclassification of financial assets from fair value through other comprehensive income	-	-
Reclassification of financial assets from amortised cost	-	-
Other gains or (-) losses	(99)	(1,516)
Gains/(losses) on financial assets and liabilities at fair value through profit or loss, net	-	-
Net gains or (-) losses) from hedge accounting	**(1,677)**	**945**
Net exchange differences	**(895)**	**(274)**
Other operating income	**47,668**	**56,384**
(Other operating expenses)	**106,717**	**84,926**
GROSS INCOME	**1,120,506**	**955,136**
(Administration expenses)	**517,498**	**471,598**
(Staff costs)	358,308	317,587
(Other administration expenses)	159,190	154,011
(Amortisation/depreciation)	**83,735**	**79,601**
(Provisions or (-) reversal of provisions)	**28,388**	**19,059**
(Impairment or (-) reversal of impairment on financial assets not measured fair value through profit or loss or (-) net gain on change)	**89,019**	**65,274**
(Financial assets at fair value through other comprehensive income)	(59)	81
(Financial assets at amortised cost)	89,078	65,193
(Impairment or (-) reversal of impairment on investments in subsidiaries, joint ventures and associates)	**63,449**	**8,330**
(Impairment or (-) reversal of impairment on non-financial assets)	**11,790**	**14,953**
(Tangible assets)	11,329	14,727
(Intangible assets)	307	142
(Other)	154	84
Net gains/(losses) on derecognition of non-financial assets	**(629)**	**(5,445)**
Negative goodwill recognised in profit or loss	**-**	**-**
Profit/(loss) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	**(1,981)**	**(2,730)**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**324,017**	**288,146**
Expense or (-) income from taxes on income from continuing operations	**35,988**	**6,062**
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	**288,029**	**282,084**
Profit/(loss) after tax from discontinued activities	**-**	**-**
PROFIT/(LOSS) FOR THE YEAR	**288,029**	**282,084**

IBERCAJA BANCO, S.A.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR YEARS ENDED 31 DECEMBER 2023 AND 2022
(Thousands of euros)

	2023	2022
PROFIT/(LOSS) FOR THE YEAR	**288,029**	**282,084**
OTHER COMPREHENSIVE INCOME	**28,877**	**(63,425)**
Items that will not be reclassified to profit or loss	**8,083**	**(16,231)**
Actuarial gains/(losses) on defined benefit pension plans	3,676	(7,574)
Non-current assets and disposal groups of items held for sale	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	7,778	(15,613)
Gains/(losses) resulting from hedge accounting of equity instruments at fair value through other comprehensive income, net	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
Changes in the fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
Changes in fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		
Corporation tax relating to items not to be reclassified	(3,371)	6,956
Items that may be reclassified to profit or loss	**20,794**	**(47,194)**
Hedges of net investment in foreign operations (effective portion)	-	-
Valuation gains/(losses) taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications	-	-
Currency translation	-	-
Valuation gains/(losses) taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications	-	-
Cash flow hedges (effective portion)	12,223	34,123
Valuation gains/(losses) taken to equity	*12,223*	*34,123*
Transferred to the income statement	-	-
Transferred to initial carrying amount of hedge items		
Other reclassifications	-	-
Hedging instruments (undesignated items)	-	-
Valuation gains/(losses) taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications		
Debt instruments at fair value through other comprehensive income	17,483	(101,543)
Valuation gains/(losses) taken to equity	*20,550*	*(98,819)*
Transferred to the income statement	*(3,067)*	*(2,724)*
Other reclassifications	-	-
Non-current assets and disposal groups of items held for sale	-	-
Valuation gains/(losses) taken to equity	-	-
Transferred to the income statement	-	-
Other reclassifications	-	-
Corporation tax relating to items that may be reclassified to profit or loss	(8,912)	20,226
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**316,906**	**218,659**

IBERCAJA BANCO, S.A.

STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023
(Thousands of euros)

	Thousands of euros											
	Capital	**Share premium**	**Equity instruments issued other than capital**	**Other equity items**	**Retained earnings**	**Revaluation reserves**	**Other reserves**	**(Treasury shares)**	**Profit/(loss) for the year (Note 4)**	**(Interim dividends)**	**Accumulated other comprehensive income**	**Total**
I. Closing balance at 31/12/2022	**214,428**	**-**	**350,000**	**-**	**592,815**	**2,327**	**1,957,105**	**-**	**282,084**	**(101,072)**	**(62,185)**	**3,235,502**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**592,815**	**2,327**	**1,957,105**	**-**	**282,084**	**(101,072)**	**(62,185)**	**3,235,502**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**288,029**	**-**	**28,877**	**316,906**
Other changes in equity	**-**	**-**	**-**	**-**	**197,106**	**-**	**(38,715)**	**-**	**(282,084)**	**(67,175)**	**8,824**	**(182,044)**
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments (Note 20)	-	-	350,000	-	-	-	-	-	-	-	-	350,000
Exercise or maturity of other equity instruments issued	-	-	(350,000)	-	-	-	-	-	-	-	-	(350,000)
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration) (Note 4)	-	-	-	-	(20,200)	-	-	-	-	(168,247)	-	(188,447)
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	181,012	-	(8,824)	-	(282,084)	101,072	8,824	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	36,294	-	(1,836)	-	-	-	-	34,458
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(28,055)	-	-	-	-	(28,055)
III. Closing balance at 31/12/2023	**214,428**	**-**	**350,000**	**-**	**789,921**	**2,327**	**1,918,390**	**-**	**288,029**	**(168,247)**	**(24,484)**	**3,370,364**

IBERCAJA BANCO, S.A.

STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Thousands of euros)

	Thousands of euros											
	Capital	**Share premium**	**Equity instruments issued other than capital**	**Other equity items**	**Retained earnings**	**Revaluation reserves**	**Other reserves**	**(Treasury shares)**	**Profit/(loss) for the year (Note 4)**	**(Interim dividends)**	**Accumulated other comprehensive income**	**Total**
I. Closing balance at 31/12/2021	**214,428**	**-**	**350,000**	**-**	**566,640**	**2,327**	**1,976,797**	**-**	**124,315**	**(47,000)**	**(1,303)**	**3,186,204**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
II. Adjusted opening balance	**214,428**	**-**	**350,000**	**-**	**566,640**	**2,327**	**1,976,797**	**-**	**124,315**	**(47,000)**	**(1,303)**	**3,186,204**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**282,084**	**-**	**(63,425)**	**218,659**
Other changes in equity	**-**	**-**	**-**	**-**	**26,175**	**-**	**(19,692)**	**-**	**(124,315)**	**(54,072)**	**2,543**	**(169,361)**
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or other shareholder remuneration) (Note 4)	-	-	-	-	(51,140)	-	-	-	-	(101,072)	-	(152,212)
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	77,315	-	(2,543)	-	(124,315)	47,000	2,543	-
Increase/(decrease) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(17,149)	-	-	-	-	(17,149)
III. Closing balance at 31/12/2022	**214,428**	**-**	**350,000**	**-**	**592,815**	**2,327**	**1,957,105**	**-**	**282,084**	**(101,072)**	**(62,185)**	**3,235,502**

IBERCAJA BANCO, S.A.
STATEMENTS OF CASH FLOWS FOR THE
YEARS ENDED 31 DECEMBER 2023 AND 2022
(Thousands of euros)

	2023	2022
A) CASH FLOWS FROM OPERATING ACTIVITIES	**765,475**	**(5,057,858)**
Profit/(loss) for the year	**288,029**	**282,084**
Adjustments to obtain cash flows from operating activities	**468,416**	**324,347**
Amortisation/Depreciation	83,735	79,601
Other adjustments	384,681	244,746
Net increase/decrease in operating assets	**1,365,815**	**(1,688,406)**
Financial assets held for trading	2,071	(13,391)
Financial assets not held for trading mandatorily measured at fair value through profit or loss	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	112,025	60,154
Financial assets at amortised cost	1,203,196	(1,674,752)
Other operating assets	48,523	(60,417)
Net increase/(decrease) in operating liabilities	**(1,423,978)**	**(3,988,165)**
Financial liabilities held for trading	(4,800)	5,633
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	(1,349,409)	(4,106,769)
Other operating liabilities	(69,769)	112,971
Corporation tax credit/(payments)	**67,193**	**12,282**
B) CASH FLOWS FROM INVESTING ACTIVITIES	**(87,408)**	**(72,024)**
Payments	**(101,372)**	**(92,774)**
Tangible assets	(20,070)	(38,625)
Intangible assets	(79,855)	(47,364)
Investments in subsidiaries, joint ventures and associates	(1,447)	(6,063)
Other business units	-	-
Non-current assets and liabilities classified as held for sale	-	(722)
Other payments related to investing activities	-	-
Receipts	**13,964**	**20,750**
Tangible assets	13,008	15,962
Intangible assets	-	-
Investments in subsidiaries, joint ventures and associates	-	22
Other business units	-	-
Non-current assets and liabilities classified as held for sale	956	4,766
Other receipts related to investing activities	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	**(228,413)**	**323,258**
Payments	**(1,074,650)**	**(176,742)**
Dividends	(188,447)	(152,212)
Subordinated liabilities	-	(30)
Write down of own equity instruments	(350,000)	-
Acquisition of own equity instruments	-	-
Other payments related to financing activities	(536,203)	(24,500)
Receipts	**846,237**	**500,000**
Subordinated liabilities	-	-
Issuance of own equity instruments	346,237	-
Disposal of own equity instruments	-	-
Other receipts related to financing activities	500,000	500,000
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS	**-**	**-**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**449,654**	**(4,806,624)**
F) CASH AND CASH EQUIVALENTS AT START OF PERIOD	**1,411,903**	**6,218,527**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,861,557**	**1,411,903**
MEMORANDUM ITEMS		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash	248,057	232,516
Cash equivalents at central banks	1,545,050	1,119,464
Other financial assets	68,450	59,923
Less: bank overdrafts repayable on demand	-	-

APPENDIX I

INFORMATION ON INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Group companies:

Company	Address	Country of residence	Shareholding (%)			
			2023		2022	
			Direct	Indirect	Direct	Indirect
Badajoz Siglo XXI, S.A.U.	Pº Fluvial, 15, Badajoz	Spain	100.00%	-	100.00%	-
Cerro Goya, S.L.U.	Pº Constitución, 4, 5ª planta, Zaragoza	Spain	100.00%	-	99.69%	0.31%
Cerro Murillo, S.A.U (in liquidation)	Pº Constitución, 4, 5ª planta, Zaragoza	Spain	100.00%	-	99.77%	0.23%
Ibercaja Gestión de Inmuebles, S.L.U.	Pº Constitución, 10, entlo. izda., Zaragoza	Spain	100.00%	-	100.00%	-
Ibercaja Gestión, S.G.I.I.C., S.A.U	Pº Constitución, 4, 3ª planta, Zaragoza	Spain	100.00%	-	99.80%	0.20%
Ibercaja Servicios de Financiación, E.F.C, S.A.U.	Pº Constitución, 4, 1ª planta, Zaragoza	Spain	100.00%	-	100.00%	-
Ibercaja Mediación de Seguros, S.A.U.	Pº Constitución, 4, 1ª planta, Zaragoza	Spain	100.00%	-	100.00%	-
Ibercaja Pensión, E.G.F.P., S.A.U.	Pº Constitución, 4, 8ª planta, Zaragoza	Spain	100.00%	-	100.00%	-
Ibercaja Vida, S.A.U.	Pº Constitución, 4, 8ª planta, Zaragoza	Spain	100.00%	-	100.00%	-
Ibercaja Cajaragón, S.A.U (*)	Pza. Basilio Paraíso, 2, Zaragoza	Spain	-	-	100.00%	-
Inmobinsa Inversiones Inmobiliarias, S.A.U	Pº Constitución, 4, 5ª planta, Zaragoza	Spain	100.00%	-	-	100.00%
Residencial Murillo, S.A.U.	Pº Constitución, 4, 5ª planta, Zaragoza	Spain	100.00%	-	100.00%	-
Ibercaja Connect, S.L.U.	C/ Bari, 49, Zaragoza	Spain	100.00%	-	95.00%	5.00%
Ibercaja Renting, S.A.U. (**)	Pº Constitución, 4, 1ª planta, Zaragoza	Spain	100.00%	-	-	-
Pensumo, Pensión por Consumo, S.L. (**)	Pº Constitución, 4, 1ª planta, Zaragoza	Spain	87.10%	-	-	-

(*) Derecognition due to merger by absorption.
(**) Company incorporated during the year.

Joint ventures:

Company	Address	Country of residence	Shareholding (%)			
			2023		2022	
			Direct	Indirect	Direct	Indirect
Aramón Montañas de Aragón, S.A.	Pza. Aragón, 1, Zaragoza	Spain	50%	-	50%	-

Associates:

Company	Address	Country of residence	Shareholding (%)			
			2023		2022	
			Direct	Indirect	Direct	Indirect
Centro de Transportes Aduana de Burgos, S.A.	Ctra. Madrid-Irún (Villafría), (KM 245), Burgos	Spain	25.45%	-	25.45%	-
Cerro de Mahí, S.L.	Pza. Roma, F-1, 1ª planta, of. 5, Zaragoza	Spain	-	33.33%	-	33.33%
Concessia Cartera y Gestión de Infraest., S.A.	C/ Severo Ochoa, 3, of 4B, Las Rozas Madrid	Spain	30.15%	-	30.15%	-
Districlima Zaragoza, S.L.	Avda. Ranillas, 107, Zaragoza	Spain	35.00%	-	35.00%	-
Henneo	Pº Independencia, 29, Zaragoza	Spain	39.94%	-	39.94%	-
Northwind Finco, S.L.	C/ Vía de los Poblados, 3, Ed.1, Parque Empresarial Cristalia, Madrid	Spain	-	20.00%	-	20.00%
Proyectos y Realizaciones Aragonesas de Montaña, Escalada y Senderismo, S.A.	Camino Molinos, 32, Zaragoza	Spain	31.29%	-	31.29%	-
Rioja Nueva Economía, S.A.	Gran Vía Rey Juan Carlos I, 9, Logroño	Spain	43.20%	-	43.20%	-
Sociedad Gestora del Conjunto Paleontológico de Teruel, S.A.	Pol. Ind. Los Llanos, s/n, Teruel	Spain	23.42%	-	23.42%	-
Sociedad para la Promoción y Desarrollo Empresarial de Teruel, S.A.	C/ Los Enebros, 74, Teruel	Spain	22.17%	-	22.17%	-
Viacajas, S.L.	C/ Alcalá, 27, Madrid	Spain	23.90%	-	20.59%	-

APPENDIX II

FINANCIAL INFORMATION ON INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Group companies:

Company	Date of financial statements	Contribution to consolidated earnings		Contribution to consolidated reserves		Non-controlling interests	
		2023	2022 (*)	2023	2022 (*)	2023	2022
Badajoz Siglo XXI	Dec-23	(775)	(894)	(20,703)	(19,810)	-	-
Cerro Goya, S.L.	Dec-23	(1,720)	(5,246)	(4,346)	(2,032)	-	-
Cerro Murillo, S.A.U. (in liquidation)	Dec-23	(52,903)	(82,202)	39,209	121,394	-	-
Ibercaja Cajaragón, S.A.U (**)	Dec-23	-	9,886	-	10,326	-	-
Ibercaja Banco, S.A.	Dec-23	221,661	151,460	2,525,547	2,338,450	-	-
Ibercaja Gestión, S.A.U.	Dec-23	48,159	47,678	10,287	10,410	-	-
Ibercaja Gestión de Inmuebles, S.A.	Dec-23	78	70	453	382	-	-
Ibercaja Servicios de Financiación, E.F.C, S.A.U.	Dec-23	(3,024)	6,976	12,658	24,976	-	-
Ibercaja Mediación de Seguros, S.A.	Dec-23	30,862	29,222	2,207	2,206	-	-
Ibercaja Pensión, S.A.	Dec-23	10,759	10,810	9,373	9,381	-	-
Ibercaja Renting, S.A. (***)	Dec-23	(220)	-	(2)	-	-	-
Ibercaja Vida, S.A.	Dec-23	74,395	46,652	43,694	66,397	-	-
Inmobinsa Inversiones Inmobiliarias, S.A.	Dec-23	1,537	1,352	38,794	37,562	-	-
Pensumo, Pensión por Consumo, S.L. (***)	Dec-23	(135)	-	-	-	202	-
Residencial Murillo, S.A.	Dec-23	(18,467)	(33,617)	(18,466)	15,352	-	-
Ibercaja Connect, S.L.	Dec-23	(138)	240	375	134	-	-

(*) Restated figures (see Note 1.4.).
(**) Derecognition due to merger by absorption.
(***) Company incorporated during the year.

Company	Date of financial statements	Financial information					
		2023			2022		
		Capital	Reserves and val. adj.	Profit/(loss)	Capital	Reserves and val. adj.	Profit/(loss)
Badajoz Siglo XXI, S.A.U.	Dec-23	40,950	(7,029)	(760)	40,950	(6,159)	(893)
Cerro Goya, S.L.U.	Dec-23	4,982	(8)	(1,627)	7,912	(838)	(2,100)
Cerro Murillo, S.A.U. (in liquidation)	Dec-23	146,566	(79,879)	(37,422)	146,566	(64,834)	(15,045)
Ibercaja Cajaragón, S.A.U (*)	Dec-23	-	-	-	58,041	7,964	12,134
Ibercaja Banco, S.A.	Dec-23	214,428	2,517,907	288,028	214,428	2,388,990	282,084
Ibercaja Gestión, S.A.U.	Dec-23	2,705	(30,640)	48,131	2,705	(22,826)	47,661
Ibercaja Gestión de Inmuebles, S.L.U	Dec-23	120	456	78	120	385	71
Ibercaja Servicios de Financiación, E.F.C, S.A.U.	Dec-23	5,006	9,655	-	5,006	22,724	4,096
Ibercaja Mediación de Seguros, S.A.U.	Dec-23	60	(25,574)	30,869	60	(16,669)	29,231
Ibercaja Pensión, S.A.U.	Dec-23	11,010	(566)	10,742	11,010	1,603	10,807
Ibercaja Renting, S.A.U. (**)	Dec-23	500	(2)	(182)	-	-	-
Ibercaja Vida, S.A.U.	Dec-23	135,065	55,359	66,951	135,065	(20,849)	70,160
Inmobinsa Inversiones Inmobiliarias, S.A.U.	Dec-23	40,051	32,321	1,382	40,051	31,243	1,197
Pensumo, Pensión por Consumo, S.L. (**)	Dec-23	172	1,550	(155)	-	-	-
Residencial Murillo, S.A.U.	Dec-23	182,817	(78,457)	(25,602)	182,817	(47,936)	(30,521)
Ibercaja Connect, S.L.U.	Dec-23	480	191	46	480	134	241

(*) Derecognition due to merger by absorption.
(**) Company incorporated during the year.

Joint ventures:

Company	Contribution to consolidated earnings		Contribution to consolidated reserves		Value of shareholding	
	2023	2022	2023	2022	2023	2022
Aramón Montañas de Aragón, S.A.	2,718	3,848	(26,091)	(29,536)	31,557	29,242

The most significant information relating to joint ventures is shown below:

	Thousands of euros	
	Financial information	
	2023	2022
Company	**Aramon, Montañas de Aragón, S.A. (*)**	**Aramon, Montañas de Aragón, S.A. (*)**
Current assets	10,802	5,727
Non-current assets	111,701	117,072
Cash and cash equivalents	7,482	3,200
Current liabilities	18,019	16,847
Non-current liabilities	31,376	37,354
Current financial liabilities	10,853	15,467
Non-current financial liabilities	29,145	34,855
Ordinary income	61,293	61,604
Dividends paid	-	-
Total recognised income and expense	5,175	7,504
Profit/(loss) from ordinary activities	*5,175*	*7,504*
Profit/(loss) after tax from discontinued operations	-	-
Other recognised income and expense	-	-
Depreciation	1,615	1,591
Amortisation/Depreciation	10,291	10,600
Interest income	-	-
Interest expense	(1,247)	(1,130)
Income tax expense/(income)	(669)	-

(*) Financial information at 30 September of the year under way.

Associates:

The most significant information relating to associates is shown below:

Company	Contribution to consolidated earnings		Contribution to consolidated reserves		Value of shareholding	
	2023	2022	2023	2022	2023	2022
Concessia Cartera y Gestión de Infraestructuras, S.A. (*)	(761)	(887)	(870)	17	3,576	4,209
Henneo (formerly Grupo Heraldo) (*)	1,269	1,681	(1,989)	(3,443)	30,699	29,657
Rioja nueva economía (*)	(2,694)	(12)	1,995	2,007	3,536	6,230
Northwind Finco, S.L (*)	(5,145)	(5,427)	(8,017)	(2,539)	4,060	9,305
Cerro de Mahi, S.L (*)	(1,415)	-	(4,427)	(4,422)	2,711	4,131
Other companies	355	281	2,040	1,757	4,084	7,036

(*) The financial information corresponding to these companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

	Thousands of euros									
	Financial information									
	2023					2022				
Company	**Concessia Cartera y Gestión de Infra., S.A. (*)**	**Henneo (formerly Grupo Heraldo) (*)**	**Rioja Nueva Economía, S.A. (*)**	**Northwind Finco, S.L (*)**	**Cerro de Mahi, S.L (*)**	**Concessia Cartera y Gestión de Infra., S.A. (*)**	**Henneo (formerly Grupo Heraldo) (*)**	**Rioja Nueva Economía, S.A. (*)**	**Northwind Finco, S.L (*)**	**Cerro de Mahi, S.L (*)**
Current assets	9,110	93,439	16,120	8,171	43	11,621	75,738	23,374	6,988	73
Non-current assets	2,858	48,915	22,253	86,474	24,010	2,858	48,894	22,532	105,265	24,010
Current liabilities	38	62,767	17,834	51,026	14	23	48,634	17,873	65,710	13
Non-current liabilities	68	17,802	1,600	–	447	68	20,058	4,932	–	417
Ordinary income	–	172,092	62,649	–	2	–	140,716	57,959	–	2
Dividends paid	–	–	–	–	–	–	–	–	–	–
Total recognised income and expense	(2,526)	4,628	(812)	(3,906)	(60)	(2,112)	2,775	(1,432)	(24,036)	(70)
Profit/(loss) from ordinary activities	*(2,526)*	*4,628*	*(812)*	*(3,906)*	*(60)*	*(2,112)*	*2,775*	*(1,432)*	*(24,036)*	*(70)*
Profit/(loss) after tax from discontinued operations	–	–	–	–	–	*(2,112)*	*995*	–	*(24,036)*	–
Other recognised income and expense	–	–	–	–	–	(249)	–	–	(262)	–

(*) The financial information corresponding to these companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

APPENDIX III

INFORMATION ON HOLDINGS IN COMPANIES AND INVESTMENT AND PENSION FUNDS MANAGED BY THE GROUP ITSELF

	Shareholding (%)			
	2023		2022	
	Not related to Unit Linked schemes	Related to Unit Linked schemes	Not related to Unit Linked schemes	Related to Unit Linked schemes
IBERCAJA AHORRO RENTA FIJA FI	-	27.52%	-	28.85%
IBERCAJA ALL STAR FI	-	9.13%	-	13.32%
IBERCAJA BLACKROCK CHINA FI	-	2.17%	-	12.13%
IBERCAJA BOLSA ESPAÑA FI	-	10.73%	-	7.29%
IBERCAJA BOLSA EUROPA FI	-	3.57%	-	2.25%
IBERCAJA BOLSA INTERNACIONAL FI	-	17.63%	0.01%	18.05%
IBERCAJA BOLSA USA FI	-	6.54%	-	5.20%
IBERCAJA CAPITAL GARANTIZADO FI	-	1.44%	-	-
IBERCAJA COLECTIVOS FONDO DE PENSIONES	-	0.45%	-	-
IBERCAJA CORTO PLAZO EMPRESAS 2 FI	0.66%	-	-	-
IBERCAJA CORTO PLAZO EMPRESAS FI	-	-	1.05%	-
IBERCAJA DEUDA ALTO RENDIMIENTO FI	0.02%	-	-	-
IBERCAJA DEUDA CORPORATIVA 2024 FI	-	-	-	0.48%
IBERCAJA DEUDA CORPORATIVA 2025 FI	-	12.21%	0.01%	18.84%
IBERCAJA DIVIDENDO GLOBAL FI	0.51%	0.62%	0.52%	0.44%
IBERCAJA ESPAÑA - ITALIA ABRIL 2024 FI	0.05%	-	-	-
IBERCAJA ESPAÑA-ITALIA 2023 FI	-	-	0.04%	-
IBERCAJA ESPAÑA-ITALIA 2026 FI	-	-	0.48%	-
IBERCAJA DYNAMIC STRATEGY IF	-	4.71%	-	9.26%
IBERCAJA EUROPA STAR FI	-	-	0.03%	-
IBERCAJA FINANCIERO FI	-	0.34%	-	-
IBERCAJA GLOBAL BRANDS FI	0.20%	15.85%	0.18%	16.01%
IBERCAJA HIGH YIELD FI	-	0.23%	-	11.16%
IBERCAJA HORIZONTE FI	-	43.40%	-	1.95%
IBERCAJA INFRAESTRUCTURAS FI	-	-	-	4.03%
IBERCAJA JAPON FI	-	0.61 %	-	9.38%
IBERCAJA MEGATRENDS FI	-	9.96 %	-	10.22%
IBERCAJA OBJETIVO 2024 FI	6.29%	-	-	5.52%
IBERCAJA OBJETIVO 2026 FI	-	-	0.01%	-
IBERCAJA OBJETIVO 2028 FI	-	-	0.05%	-
IBERCAJA OPORTUNIDAD RENTA FIJA FI	-	53.72%	-	48.01%
IBERCAJA PERFILADO 30 ASG FI	77.95%	-	96.15%	-
IBERCAJA PLUS FI	-	0.53%	-	0.37%
IBERCAJA RENTA FIJA 2026 FI	-	0.49%	-	9.11%
IBERCAJA RENTA FIJA 2027 FI	-	2.94%	-	-
IBERCAJA RENTA FIJA EMPRESAS FI	3.00%	-	-	-
IBERCAJA SUSTAINABLE FIXED INCOME IF	-	-	0.01%	-
IBERCAJA RF HORIZONTE 2024 FI	1.26%	-	0.08%	-
IBERCAJA RF HORIZONTE 2025 FI	-	-	-	1.92%
IBERCAJA SANIDAD FI	-	9.12%	0.26%	10.81%
IBERCAJA SELECCION RENTA FIJA FI	-	1.51%	-	2.60%
IBERCAJA SMALL CAPS FI	-	17.34%	0.01%	19.10%
IBERCAJA SUSTAINABLE AND SOLIDARITY IF	-	0.02%	0.42%	0.10%
IBERCAJA TECNOLOGICO FI	-	12.01%	-	12.05%

APPENDIX IV

ANNUAL BANKING REPORT

On 27 June 2014, the Official State Gazette published Act 10/2014 on the organisation, supervision and solvency of credit institutions, which transposed Article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC (CRD IV) and repealing Directives 2006/48/EC and 2006/49/EC.

In compliance with Article 87 and Transitional Provision 12 of Act 10/2014, credit institutions are required to publish, as an appendix to their audited financial statements and for each country in which they operate, the following information on a consolidated basis for the last completed financial year:

a) Name, nature and geographical location of the activity
b) Business volume
c) Number of equivalent full-time employees
d) Gross profit/(loss) before tax
e) Corporate income tax
f) Grants and public aid received

Accordingly, all this information is set out below.

a) Name, nature and geographical location of the activity

Ibercaja Banco is a credit institution. Its registered office is located at Plaza de Basilio Paraíso 2 and it is filed at the Companies Registry of Zaragoza at volume 3865, book 0, sheet 1, page Z-52186, entry 1. It is also entered on the Bank of Spain Special Register under number 2085. Its corporate webpage (electronic headquarters) is www.ibercaja.com, where its Articles of Association and other public information can be viewed.

Ibercaja Banco, S.A. engages in the banking business and is subject to the standards and regulations governing banking institutions operating in Spain.

In addition to the operations carried out directly, the Bank is the parent of a group of dependent entities that engage in various activities and that, together with it, make up the Ibercaja Banco Group. The Bank is therefore required to draw up the Group's consolidated annul accounts, as well as its own individual annual accounts.

The consolidated Group carries out all its activity in Spain.

b) Business volume

Information on consolidated business volume is as follows, by country. Business volume for these purposes means gross income, as shown on the Group's consolidated income statement at the end of 2023.

	Thousands of euros
	31/12/2023
Spain	1,186,464
	1,186,464

c) Number of equivalent full-time employees.

Equivalent full time employees by country were as follows at year-end 2023:

	Thousands of euros
	31/12/2023
Spain	4,964
	4,964

d) Gross profit/(loss) before tax.

	Thousands of euros
	31/12/2023
Spain	391,379
	391,379

e) Corporate income tax.

	Thousands of euros
	31/12/2023
Spain	87,003
	87,003

f) Grants and public aid received.

No grants or public aid were received by Ibercaja Banco, S.A. or any Group company in 2023.

Other information

The return on the Group's assets during the year, calculated as net profit divided by the total balance sheet, was 0.56%.

iberCaja

Consolidated Directors' Report 2023

IBERCAJA BANCO, S.A. AND SUBSIDIARIES

EL BANCO DEL vamos

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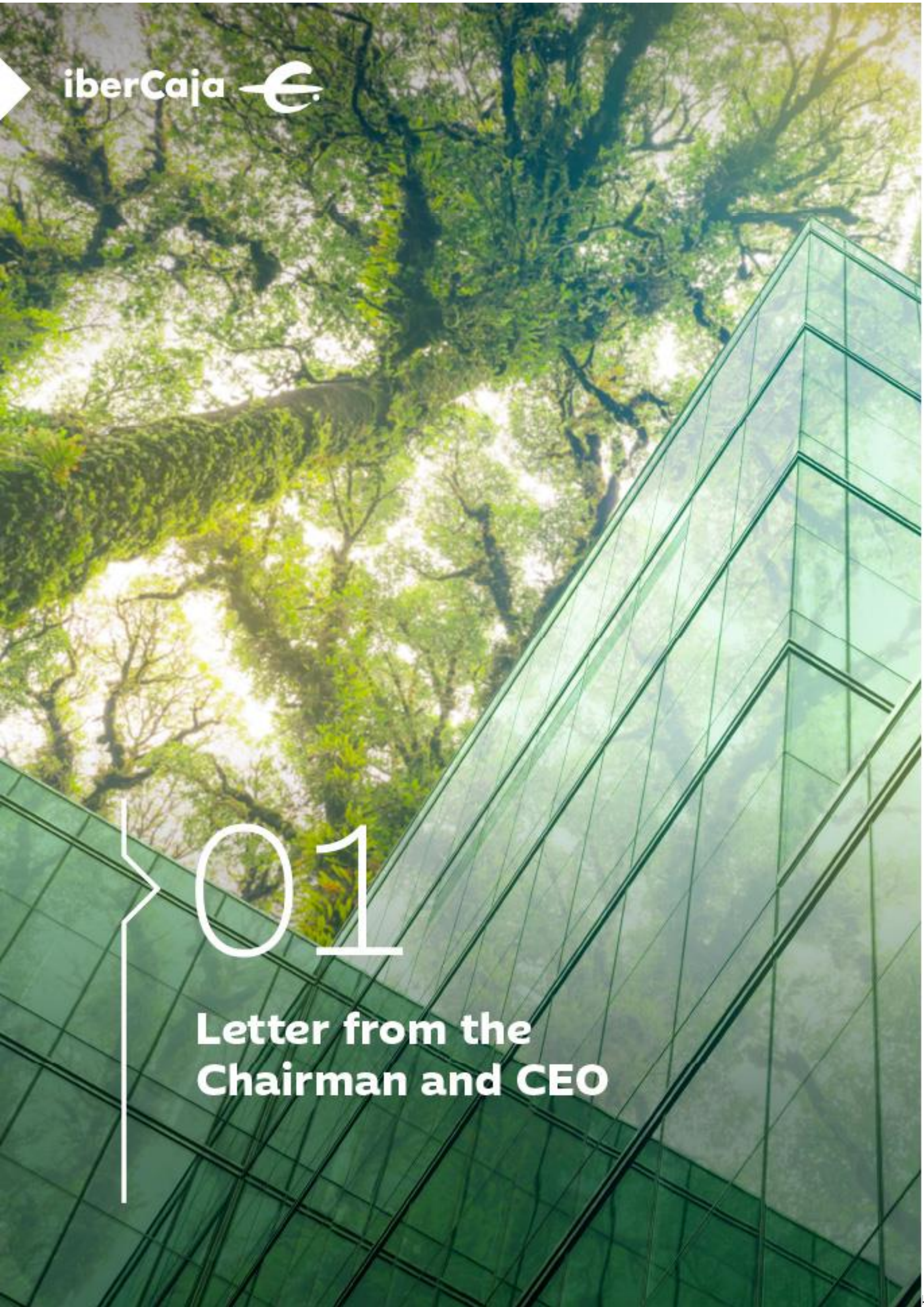


01

Letter from the Chairman and CEO

1. Letter from the Chairman and CEO

2-6, 2-22, 3-3

The **global geopolitical uncertainty** has dominated 2023. The lamentable "chronification" of the war in Ukraine has been compounded by the outbreak of war between Israel and Hamas, growing tension between China and Taiwan and threats to the safety of shipping companies passing through the Red Sea. All these factors, **which disrupt peace and security in the world and represent an enormous humanitarian drama**, also have a negative impact on activity, on international trade flows and on the confidence of economic agents.

This instability will probably also be one of the biggest obstacles to economic growth in 2024 due to its multiple associated impacts on: the cost of raw materials, the normal functioning of logistics and supply chains, business investment decisions, etc.

As a result, after the strong "bounce-back" in 2021 and 2022 from the recession caused by the pandemic in 2020, **the world economy has begun a period of general** slowdown and cooling in 2023, which will continue in the coming quarters. However, this lower dynamism will not lead to a deep recession, but rather, according to the estimates of most analysts, will take the form of a "soft landing".

At the same time, monetary policy authorities have managed to start bring inflation under control faster than expected, both due to the drastic reduction in the cost of energy and raw materials, and the "base effect" after the sharp price rises in 2022 and the first half of 2023. In addition, the logical revision upwards of wages in most countries is allowing the purchasing power lost by households during the inflationary episode to be recovered, without the feared wage-price spirals, i.e., the so-called "second round" effects, occurring for the time being.

In this context, **the consensus among analyst points to an outlook of decreases in interest rates set by the Federal Reserve and the European Central Bank throughout 2024**, after having raised them with unprecedented intensity and speed throughout the second half of 2022 and in 2023. These forecasts are, in turn, leading to significant short-term interest rate contraction in futures markets.

The Spanish economy is proving to be notably resilient to the string of external shocks to which it is being subjected. Not surprisingly, the absence of significant endogenous imbalances in the system (in the indebtedness of economic agents, in the prices of real estate assets, in the valuations of financial assets, etc.) acts as an effective “shield” to soften the impact of these crises on the economy.

In Spain, the remarkable financial “health” of households, companies and the banking sector underpins domestic demand; this, together with the strength of exports and of the fabric of national productivity, is making it possible to maintain employment levels, household incomes and business margins, despite the complex global framework, the abrupt rise in interest rates and the greater current weakness of other large European economies, such as Germany.

Here in Spain, the year has also been marked by municipal, regional and national elections that have influenced institutional stability and, to a certain extent, business investment decisions.

Despite this, Spain’s risk premium has remained stable, standing at less than 100 basis points at the end of the year. The decrease in interest rates expected for the coming years will help public accounts to comply with the new fiscal rules of the euro area without needing to adopt the drastic measures of raising taxes and/or reducing public spending. Given that most of the rises in interest rates from the anomalous levels of the previous cycle will have already taken place, in the coming years we could see levels lower than the peaks reached in 2023.

In this context, **the Spanish banking sector has completed a year with a very positive balance in terms of financial soundness and achievement of results**. In general, banks have continued to strengthen their solvency, managed their liquidity position more actively and kept NPL ratios at minimum levels.

With regard to the development of resources, in 2023, household savings rates have continued on their downward path due inflation and persistently vigorous consumption. However, they remain above historical averages, and households still hold the bulk of the stock of the extraordinary financial savings that were accumulated in the phases of the pandemic due to the greater restrictions on mobility and gatherings of people.

Credit production has been lower than in the previous two years as a result of the change of cycle in the real estate market, which returns to sales volumes more aligned with structural demand, and of the sluggishness in business investment.

The margins of activity, typically banking intermediation activity, have increased very significantly as the effects of the new interest rate environment have been passed on to credit portfolio yields throughout the year, and because there has been no generalised remuneration for fixed-term deposits since banks have offered their customers attractive off-balance sheet products, especially investment funds with target returns, and they have high levels of liquidity.

The sector's operating expenses have shown the effects of high inflation, although significant recent restructuring efforts and advances in productivity facilitated by digitalisation have made it possible to achieve improvements in the operational efficiency of financial institutions.

The containment of non-performing loans has not put any further pressure on the income statements in terms of allocation of provisions, so the sector has recorded much higher after-tax profits than in recent years, mainly due to recurring business, which in most banks already covers the cost of capital.

In this scenario, Ibercaja has completed the **2023 Challenge Strategic Plan**, **exceeding the main** quantitative and qualitative objectives that it set itself at the beginning of this period.

The Bank has strengthened the financial firmness of its balance sheet, closing the year with a fully-loaded CET1 capital ratio of 12.7%, preserving a comfortable liquidity position with an LCR of 247%, and placing the NPL ratio at its lowest level in the last fifteen years (1.6%), which puts the non-performing loans ratio at 2.8%, with coverage of 81.5%.

Ibercaja has achieved an outstanding improvement in recurring efficiency and profitability in this strategic cycle, obtaining after-tax profits of €304 million in 2023, 67.4% more than in 2022, equivalent to a ROTE of 11.6%, clearly exceeding the target established in the Strategic Plan (exceeded by 9%).

This significant capacity to generate results has made it possible, by distribution of the Bank's dividends, to "feed" the **Reserve Fund** endowed by the Fundación Ibercaja foundation to comply with one of the channels specified in the Law on Savings Banks and Banking Foundations. In fact, Fundación Ibercaja has already accumulated €260 million in this Reserve Fund, which represents 80% of the total required by current regulations and which can be covered until the end of 2025.

In this three-year strategic cycle, the Bank has also gone further in the transformation of its operating, technology, customer relations and talent management model. The **Bank has adapted to new social and consumer habits in order to strengthen its competitiveness**, and is now able to identify the financial needs of customers and offer them the most appropriate solutions, from a professional, empathetic, honest and comprehensive perspective.

Ibercaja has once again reaffirmed its special commitment to good corporate governance, society, territories and the environment that has characterised it since it was established in 1876, in line with the distinctive corporate DNA that has been forged over these almost 150 years.

The Bank has continued to apply the decalogue of specific measures to strengthen the financial service and care for the elderly that it signed in March 2022, and has also instigated the new Code of Good Mortgage Practices, adhered to in December 2022, to help mitigate the impact of rising interest rates on the ability of the most vulnerable mortgage customers to repay their debts.

In 2023, Ibercaja renewed its adherence to the “Funcas Programme for the Stimulation of Financial Education” – “Funcas Educa Programme”, which has been running since 2018, to develop face-to-face and digital activities aimed at increasing the financial literacy of Spaniards, particularly young people and the elderly.

Also in line with previous years, Ibercaja has promoted and supported hundreds of alliances with public and private institutions and associations, through collaboration agreements and sponsorship agreements, in different areas: entrepreneurship and business, sport, culture and leisure, labour market inclusion, etc.

The Bank has also consolidated the “Your money with a heart” initiative, which already contributes €1.2 million to Spanish society, sourced from the investment fund and sustainable and solidarity pension plan fees of Ibercaja Gestión and Ibercaja Pensión, to support actions carried out by non-profit organisations in the fields of social welfare, health research, and care for children and the elderly.

In environmental and social matters, the Bank has maintained its firm commitment to the Global Compact and the Sustainable Development Goals (SDGs) promoted by the United Nations, has exercised actively as **a founding member, since 2021, of the Net Zero Banking Alliance,** and organised the third edition of its Planet Week in October to raise awareness among employees, customers and society as a whole.

In summary, **Ibercaja's commitment to sustainability remains firm and consistent with the values and management philosophy that have always characterised it**. In 2023, it has continued to promote the progressive integration of sustainability principles into its retail banking business model, both in the management of customer assets and investments and in the analysis and granting of financing to households and companies.

In people management, Ibercaja is certified as a family-responsible company, with the EFR seal granted by the Másfamilia Foundation, and, in 2023, it was the first financial institution to be awarded AENOR's Healthy Organisation Management System (SIGOS) certificate, highlighting its commitment to the well-being of all its workers, who can benefit from different measures that contribute to their work-life balance.

In short, in 2023 the Bank has again put into practice its **corporate purpose**, "**help people build their life story because it will be our story**", which permanently guides all strategic decisions and all the day-to-day actions of the governing bodies, the management team and each and every one of the Bank's employees.

In 2024, Ibercaja will launch a **new Strategic Plan** with a 2026 horizon. Based on the Bank's current strengths, this will build future competitiveness while consolidating the capacity to generate a return that covers the cost of capital through recurring banking activity and in a sustainable way.

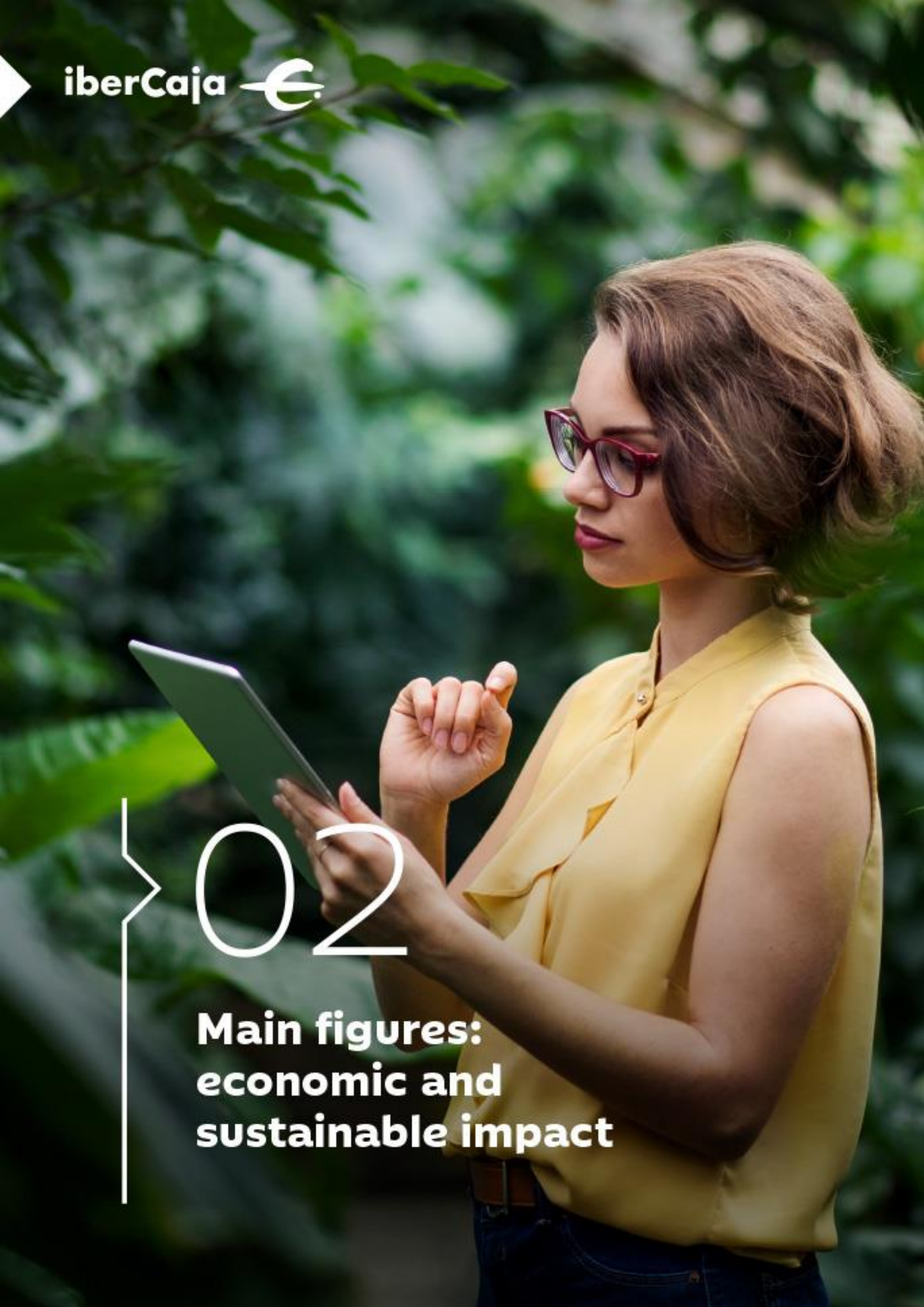
These will be the most effective "passports" to a future for the Bank as bright as the long history that precedes it, without, of course, losing its founding essence and spirit, contributing at all times to the economic development, progress and social cohesion, and environmental balance of our country.

Francisco Serrano Gill de Albornoz

CHAIRMAN

Víctor Iglesias Ruiz

CEO



02

Main figures: economic and sustainable impact

ibercaja

Economic Impact 2023

Relevant figures resulting from the bank's performance

Capital adequacy and liquidity

12.7% (+33 b.p)
CET 1 fully loaded

17.3% (+18 bp)
capital total fully loaded

247.2%
LCR

4.8%
MDA distance

Asset Quality

-2,5%
non-performing assets

1.6% (+4 bp)
Loan NPL ratio

2.8% (-12 bp)
Distressed asset ratio

81.5% (+5.2 p.p.)
Coverage of problem assets

National Dimension

€54,516 million
Total assets

€100,118 million
Retail business volume

892
Branches

1,172
ATMs

4,964 (4,627 parent)
Employees

1.6 million
Cards

950.941
Digital customers

75%
Digital transactions

41.9%
Digital sales

Off-balance sheet market shares

3 POSITION	12.1% employment pension plans
4 POSITION	6.2% pension plans
5 POSITION	6.5% investment funds
6 POSITION	3.7% individual pension plans
7 POSITION	3.8% life insurance

Market shares

2.5%
Share of credit and households

3.5%
Market share for funds

5.6%
Share of asset management and insurance

Commercial activity

€6,383 million
loans and credit arranged

+2,0%
Performing loans to company

+13 b.p
Market share of non-financial corporations

+3,7%
Retail funds

+7,6%
New insurance origination

Results

€304 million
net profit

€1.257 million (+30.6%)
recurrent revenues

11,6%
ROTE

60%
pay-out

Recognitions

AENOR EXCELENCIA EN EL SERVICIO SERVICIO PERSONALIZADO

AENOR ASESORAMIENTO PATRIMONIO PERSONAL

RSA 2023

efr IBERCAJA BANCO

AENOR Gestión Ambiental UNE EN ISO 14001

EXCELENCIA INNOVACIÓN SOSTENIBILIDAD 500 EFQM

EL BANCO DEL Vamos

ibercaja

Our purpose:
"Help people build their life story because it will be our story."

Sustainable Impact 2023

We contribute to society and to our environment

+€19 million
investment in social action by Fundación

+1 million
Beneficiaries of social action

100
Towns served as the only bank present

€1,158,000
delivered to worthy causes by customers of the Investment Fund and the Sustainable and Solidarity Pension Plan

We accompany our people

4,964 (4,627 parent)
People who work in the Ibercaja Group

34,7%
Management positions held by women

273
JYoung university students carried out internships at Ibercaja Banco centres

92
Work-life balance measures, making us a family-responsible company

Our commitment to sustainability

€3,440 million
Managed in sustainable investment (as per art. 8)

Family-friendly business (efr) certification

SIGOS certification

3rd Ibercaja Planet Week held

Committed to the 2030 Agenda

Signatories to:

UN Global Compact

UN Principles for Responsible Banking

Net Zero Banking Alliance

Adherence to TCFD recommendations

2-2

We advance innovation and digitisation

More than 74%
Transactions through digital banking

100%
Bank employees with mobility

We accompany our customers: families and businesses

892
Branches in Spain

+330.000
SME and self-employed customers place their trust in Ibercaja

23%
Branches in towns or villages with fewer than 1,000 inhabitants

208
Managers specialised in companies, with an average satisfaction rate of **9,7/10**

We look after the environment

Commitment to carbon neutrality (Scope 1 and 2)

665.000
Cards with recycled plastic procured

100% green energy
Endesa's Sustainable Energy Statement

90%
Reduction in emissions, compared to 2016

7.335,25 t
of C02 avoided by purchasing green energy

ISO 14001
Certification in environmental management

Recognitions

We promote the SUSTAINABLE DEVELOPMENT GOALS

03

Key points of this document

3. Key points of this document

2-2, 2.5, 2-13, 2-14, 2-25, 2-29, 3-1, 3-2, 3-3

This 2023 Consolidated Directors' Report contains the most relevant economic and sustainability information on Ibercaja Banco and its subsidiaries.

3.1 Scope

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

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

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.

In addition, this annual report includes the progress made on implementing the 10 Principles of the Global Compact, which responds to the reporting requirements of the United Nations Global Compact for the preparation of the "**Progress Report**". It also gives detailed information on the commitments made with UNEP-FI after adhering to the **United Nations Principles for Responsible Banking**, in 2019.

Committed to the 2015 Paris Agreement, this document presents developments in Ibercaja to achieve the Sustainable Development Goals (SDGs), in order to promote sustainable development, preserve natural resources and seek a fairer and more inclusive society.

With the aim of disseminating progress in climate risk management, the **Appendix, "Recommendations of the Task Force on Climate-Related Financial Disclosures",** shows the progress made in reporting climate-related information, following the recommendations of the TCFD, an alliance that Ibercaja Banco joined in 2019.

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

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

Ibercaja has prepared this annual report **with reference to the GRI Standards** for the period from **1 January 2023 to 31 December 2023**.

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

3.2 Materiality study

Ibercaja carried out an in-depth **materiality study** in 2021, the first year of the 2021-2023 strategic cycle, with the aim of identifying the financial, economic, social and environmental matters that are priorities for its stakeholders and for its business, thus determining what information should be reported consistently with its strategic lines, and its correct dimensioning. This analysis has been reviewed and updated annually to follow the Bank's progress

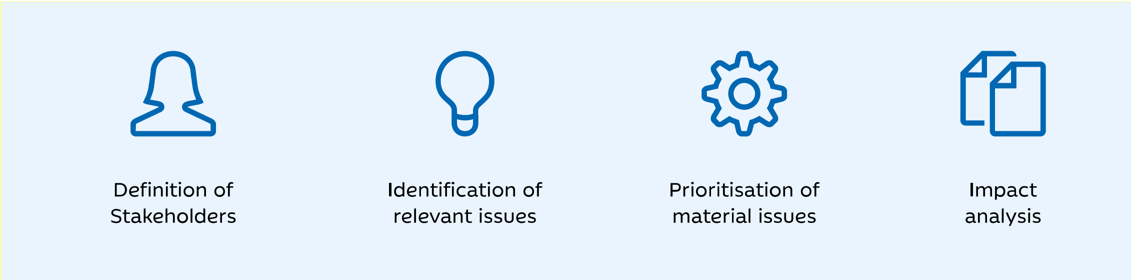
Significant aspects are deemed to be those matters that have a high probability of generating a significant impact, both at the business and in the valuations and decisions of the stakeholders. In this regard, during 2023 Ibercaja has updated the work done in 2022, advancing in the requirements of the new GRI 3 – Material issues 2021[1], for which it has carried out an analysis and assessment of the importance of the Bank's impacts.

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

Objective

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

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



a) Definition of key stakeholders for the materiality study:

In 2021, the base year of the study, Ibercaja developed its stakeholder map and identified **its priority stakeholders** on which the materiality study has been based: customers, shareholders and investors, employees, suppliers, society, competitors and benchmarks, public administrations, and the media and opinion influencers. For each of them, the means of participation and interaction was defined, the channels of communication and dialogue that the Bank has established to identify their expectations and interests were identified, as well as the method through which the relevant issues for these stakeholders are assessed and prioritised. In both 2022 and 2023, the stakeholder analysis has been reviewed and updated, validating its prioritisation.

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

- **Customers:** use of various communication channels, such as regular surveys, suggestion boxes and customer service.
- **Shareholders and Investors:** a specific shareholder questionnaire for materiality analysis, and rating surveys, meetings, etc. are conducted.

- **Employees:** a survey open to the entire workforce, in addition to focus groups and experience surveys carried out periodically on the internal employee portal.
- **Suppliers:** a specific survey has for this analysis, and an Ibercaja supplier portal also exists.
- **Company:** regular surveys and monitoring of media and social media, etc.
- **Competitors and benchmarks:** analysis of public documentation from competitors in the sector and participation in industry associations to gain insight into trends and priorities.
- **Public Administrations:** analysis of legislation and regulatory requirements in ESG matters.
- **Media and opinion leaders**: regular searches and consultation in the media and with external experts.

b) Identification and assessment of relevant issues:

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

- For the internal analysis, the **Challenge 2023 Strategic Plan** and the **Sustainability Roadmap** were evaluated, as essential pillars on which the relevance of Ibercaja's materiality is based. More work was done on the 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. Finally, the results were reviewed of the communication established in the usual channels with stakeholders (surveys, reports, mailboxes, meetings, questionnaires, etc.) and other specific analyses carried out.

- The external analysis gathered **regulatory requirements and recommendations** on ESG and Sustainable Finance, as well as **best practices and trends** in sustainability, focusing on sector aspects and relevant issues obtained in the financial industry, and **initiatives, alliances and standards**, such as the Global Reporting Initiative, Sustainable Development Goals and TCFD. Additionally, as in the internal analysis, **external requirements and demands** in the media, and the requirements of rating agencies, analysts and investors, among others, were reviewed.

This analysis of internal and external information was carried out with Ibercaja seeking to include a broad time horizon, taking into account, as far as possible, the demands of the different stakeholders in the medium and long term. From this analysis, Ibercaja obtained a list of **90 specific topics**, all of them aligned with industry expectations and which respond to the programmes and initiatives included in the Bank's "Challenge 2023" Strategic Plan.

These specific topics were grouped into **15 material topics**, on which internal and external consultations were carried out through **personalised questionnaires** for the main stakeholders in order to determine their priority. This study was carried out from a dual perspective that serves as the basis for the materiality matrix: "Importance for Ibercaja" and "Importance for stakeholders".

IMPORTANCE FOR IBERCAJA

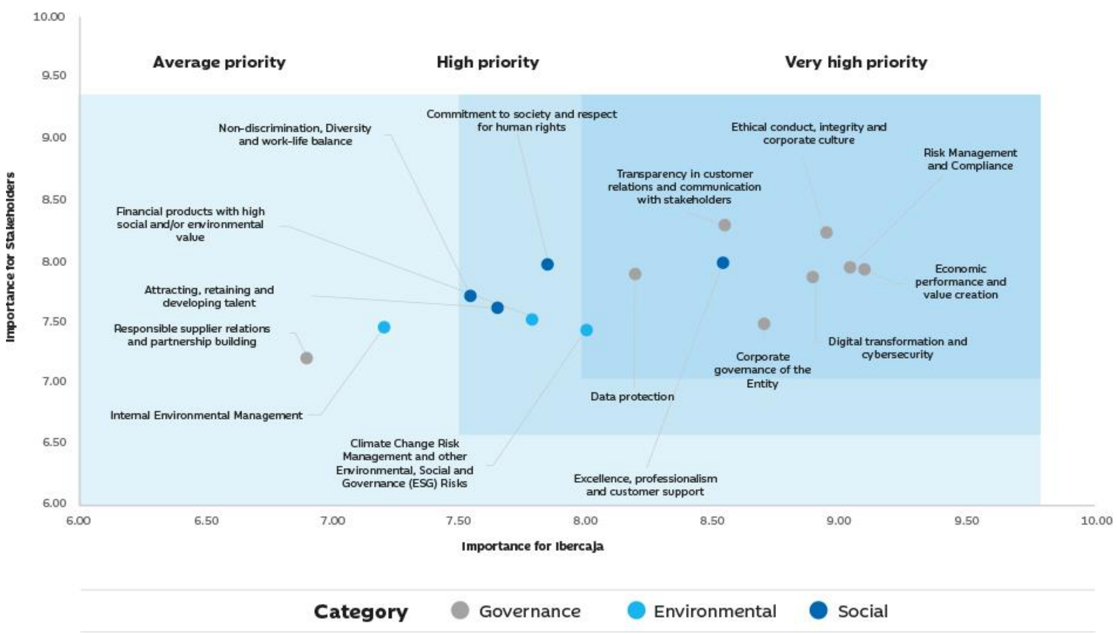
Corporate Divisions	Financial Group
Business Divisions	Fundación Ibercaja

IMPORTANCE FOR STAKEHOLDERS

Customers	Suppliers
Shareholders and Investors	Society at large
Employees	Opinion leaders

c) Prioritisation of material topics:

The results of the stakeholder assessments were structured in a materiality matrix reflecting the **prioritisation** of the **15 relevant topics** previously:


Average priority
High priority
Very high priority
Commitment to society and respect for human rights
Non-discrimination, Diversity and work-life balance
Ethical conduct, integrity and corporate culture
Risk Management and Compliance
Transparency in customer relations and communication with stakeholders
Financial products with high social and/or environmental value
Economic performance and value creation
Attracting, retaining and developing talent
Responsible supplier relations and partnership building
Digital transformation and cybersecurity
Corporate governance of the Entity
Data protection
Internal Environmental Management
Climate Change Risk Management and other Environmental, Social and Governance (ESG) Risks
Excellence, professionalism and customer support
Importance for Stakeholders
Importance for Ibercaja
10.00
9.50
9.00
8.50
8.00
7.50
7.00
6.50
6.00
Category
Governance
Environmental
Social

The materiality matrix shows that all of Ibercaja's material issues are characterised by their **high importance for both the Bank and its stakeholders**: transparency and compliance with standards and regulations, security of customers and protection of their personal data, development of the business in accordance with best practices in matters of integrity, ethics and corporate governance, and the commitment to integrate all ESG factors into the business and risk management, mainly climate risks.

The topics that were ranked as "very high" priority align with **the Bank's strategic objectives**, including:

- 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**, as well as the full guarantee of data privacy.
- Integration of ESG aspects, specifically those related to climate change, into the business and risk management. This is a reflection of the **Bank's commitment to sustainability and the fight against climate change**.

d) Impact analysis according to the dual perspective of materiality:

The dual perspective of materiality is intended to **assess the potential 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.** Therefore, the approach taken is an "inside-out" and "outside-in" analysis.

Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
Ethical conduct, integrity and corporate culture Compliance with ethical principles, as well as with the specific commitments subscribed to voluntarily by the organisation and actions aimed at improving the image and principles on which Ibercaja's Corporate Culture is based.	The correct management of these aspects is reflected in an improvement in Ibercaja's reputation with its stakeholders, ensuring regulatory and ethical compliance. To this end, the Bank must maintain a constant drive for employee training and stringent monitoring practices in these areas.	Having a corporate culture of integrity and ethics enhances trust in stakeholder relations while placing greater demands on stakeholders. This results in increased investment security and increased job stability as the risk of regulatory non-compliance is reduced. This behaviour has a positive impact on stakeholders, who are favoured in this way. By demanding that they behave in the same way, they transfer these principles to the other groups.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
Risk Management and Regulatory Compliance Risk management model and compliance with applicable legislation and corporate policies and commitments.	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.	Proper management of this aspect leads to greater confidence on the part of public administrations, as well as greater security for the Bank's investors, employees and suppliers, due to a lower risk of non-compliance. In addition, the management of this aspect makes a direct contribution to SDG 16.	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
Economic performance and value creation Maintain adequate economic performance to ensure profitability, solvency and value creation for shareholders and investors.	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.	The creation of value and economic profitability is key to consolidating the long-term stability of relations with stakeholders such as investors, customers, employees and suppliers and fosters their confidence in the Bank's profitability and solvency. Adequate economic performance and the creation of value for its shareholders enables the improvement of shareholders and society in general, through the social action of its shareholder foundations.	8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
Transparency in customer relations and communication with stakeholders Mechanisms to ensure adequate, clear and transparent communication with stakeholders to manage expectations and identify and respond to their requirements.	Transparency is a key aspect in the relationship with stakeholders, which translates into better communication with simpler and more accessible channels of dialogue, which will allow greater alignment with their expectations of information and an improvement in the perception of investors and rating agencies. In addition, maintaining transparency and quality information requires the need to maintain efficient and secure communication channels, as well as to establish control procedures to ensure confidentiality in data storage and processing.	Generating trust for all stakeholders, including customers, as the management of this aspect improves accessibility to the Bank's information. Likewise, the management of this aspect improves communication with stakeholders and therefore the identification of their expectations, thus providing a better response to their needs. Furthermore, generating value for the investor can be highlighted, as it improves traceability in Ibercaja's operations and business, as well as more agile participation and more effective decision-making.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
The Bank's Corporate Governance policy Compliance with best practices in good corporate governance (including those aspects related to ESG governance).	Having a diverse, integral and capable Corporate Governance ensures correct decision making in the Bank, which translates into greater stability, reduced reputational risk and improved process efficiency. These aspects are directly related to attracting customers and investors. The governance structure must meet the objective of oversight, validation and control, without impacting on the loss of operational efficiency by slowing down decision-making.	Greater trust in Ibercaja and the establishment of more stable and lasting relationships, as a result of greater business stability, lower risk of default and proper management and decision-making (including ESG aspects). Shareholders benefit from good corporate governance as it provides stability, profitability and value creation. Compliance with best practices in corporate governance also benefits society and other stakeholders in general.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
Digital transformation and cybersecurity Identification and implementation of new digital solutions to streamline internal processes, boost efficiency, open up business opportunities and improve the customer experience while ensuring maximum system security and data protection.	Digitisation has a significant impact on increasing the efficiency and speed of processes. It is also associated with a reduction in costs and impacts on the environment, resulting from a digital service that requires less use of natural resources. In addition, the digitalisation process increases the need for investment in cybersecurity, given the possible risk of cyber-attacks, as well as the need to incorporate specialised human resources and tools (e.g. apps such as Ibercaja Pay).	Customers benefit from a more accessible, immediate and efficient service (e.g. My manager), which in turn can be a difficulty for customers less familiar with digital services, who will receive the necessary support. In turn, employees and suppliers will see Ibercaja's demands in these areas increase and will have to train and adapt to an increasingly digital environment. In a common way for all stakeholders, digitalisation and cybersecurity improve relations with Ibercaja, resulting in a more agile, traceable and secure relationship.	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Excellence, professionalism and support for the customer Operations implemented by the Bank in order to achieve excellence in the provision of its services and the highest quality perceived by customers, and to continue to promote proximity and tailored solutions.	Ibercaja, with its professional and excellent service, has the potential to attract and retain customers, which translates into greater stability and business growth and, therefore, greater attraction and loyalty of investors. Ibercaja will continue to invest in the training of its team and innovation in order to continue providing the best personalised service.	Customers require quality and personalised services, tailored to their needs and expectations. Among others, Ibercaja has managed to improve accessibility with tools such as Ibercaja Próxima and the protection and support of the most vulnerable groups, for example through the Retail Trade Support Plan. This range of services and the specialisation demanded translates into a higher level of demand for suppliers and employees. Proper management of this aspect translates into greater confidence, stability and value creation for all stakeholders.	8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS
Data protection Management model that guarantees maximum protection of stakeholder data.	To the extent that Ibercaja responsibly manages the privacy and confidentiality of its stakeholders' data, damages and losses are avoided and possible risks of non-compliance are reduced. Ibercaja ensures compliance with the controls implemented in order to avoid reputational and economic damage due to privacy breaches, sanctions or loss of personal data integrity.	Stakeholders have the right to control the use of their personal data with regard to the right of access, rectification and deletion. The modification of personal data of customers, employees or other stakeholders (destruction, loss, theft, misuse, etc.) can lead to moral and financial damage and loss of trust. Proper management of them therefore generates confidence in all groups	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Main material issues and definition	Main environmental impacts on Ibercaja	Ibercaja's impact on the environment	SDGs related
Climate Change Risk Management and other Environmental, Social and Governance (ESG) Risks Identification and management of ESG risks (including risks associated with climate change) and their integration into Ibercaja's risk model.	Ibercaja's management of these types of risks results in less exposure of Ibercaja's business to them, greater alignment with regulation and with stakeholder expectations. The current focus is on climate change risks. Ibercaja will continue to make progress in identifying and managing these ESG risks to meet regulatory and stakeholder expectations. This will enhance the Bank's solvency and reputation.	The management of this aspect allows Ibercaja's customers to have support and backing in the transition processes of their businesses (companies) and in their personal contribution (individuals), towards a sustainable, low-carbon economy. While funding requirements may be tightened for activities with higher exposure to climate risks, the future benefit will reward this approach. The correct management of these aspects improves stakeholder confidence in Ibercaja as a result of greater alignment with the 2030 Agenda, the 2015 Paris agreement, the TCFD recommendations, legal requirements and complete climate risk management.	

Continuing with this identification, in 2023 Ibercaja updated the **qualitative analysis of its impacts,** taking into account the **dual materiality** approach and the GRI 3 requirements, in order to assess the potential and real impacts generated by the Bank on the environment and society, as well as the impacts that the environment may have on the business and the company.

In addition, this analysis identifies the type of management that Ibercaja is implementing to contribute to the remediation of these negative impacts. Regarding the priority topics, the Bank has analysed impacts in terms of significance (for positive impacts), severity (for negative impacts) and likelihood:

- **Importance (positive impacts):** the significance of positive impacts is determined by their scale and scope, as well as the likelihood of their occurrence. In the case of positive impacts, scale refers to how beneficial the impact is or could be, and scope implies how widespread the positive impact is or could be (e.g. the group of stakeholders that it affects).

- **Severity (Negative impacts):** the importance of negative impacts is determined by their severity and the likelihood of their occurrence. The severity of an actual or potential negative impact is determined by its scale, such as the level of severity of the impact, if it has an effect, and the scope, which refers to the extent of the impact (e.g. the number of individuals affected or the magnitude of environmental damage).
- **Likelihood of a potential positive or negative impact:** refers to the possibility that the impact will eventually occur.

Below is the summary table of the quantitative impact analysis:

Qualitative impact analysis:

	Scope		Likelihood		Prioritisation		
Main material issues and definition	Positive impact	Negative impact	Positive impact	Negative impact	Positive impact	Negative impact	Main actions
Ethical conduct, integrity and corporate culture							
Improved positioning of Ibercaja in relation to best practices in the market and lower probability of reputational risks materialising.		Average		Low		Low	Our main actions in this area are set out in chapter 4 of this report.
Improved positioning of Ibercaja in relation to best practices in the market and lower probability of reputational risks materialising.	High		High		High		
Risk Management and Regulatory Compliance							
Difficulty in complying with regulatory requirements as a result of insufficient investment in the development and implementation of processes for identifying, controlling and mitigating risks for Ibercaja's business (Risk Appetite Framework) and in training of the human team.		Average		Low		Low	Our main actions in this area are set out in Chapters 3, 4, 6 and 7 and Appendix D of this report.
Improved reputation and stakeholder relations resulting from proper management of financial risks and ESG risks.	Very High		Very High		Very High		

Low Average High Very High

Main material issues and definition	Scope – Positive impact	Scope – Negative impact	Likelihood – Positive impact	Likelihood – Negative impact	Prioritisation – Positive impact	Prioritisation – Negative impact	Main actions
Economic performance and value creation							
Difficulty in complying with regulatory requirements as a result of insufficient investment in the development and implementation of processes for identifying, controlling and mitigating risks for Ibercaja's business (Risk Appetite Framework) and in training of the human team.		Low		Low		Low	Our main actions in this area are set out in chapters 4 and 6 of this report.
Improved reputation and stakeholder relations resulting from proper management of financial risks and ESG risks.	Average		High		Average		
Transparency in customer relations and communication with stakeholders							
Worsening of the customer relationship with and perception of the Bank due to insufficient communication.		Low		Low		Low	Our main actions in this area are set out in chapters 4 and 6 of this report.
Better response to the expectations of stakeholders, which have a better perception of the Bank as a result of an improvement in communication channels.	High		Average		Average		
Greater reach in relation to financial inclusion thanks to personalised products and services, adapted to the needs of all customers.	Very High		Very High		Very High		

Low Average High Very High

	Scope		Likelihood		Prioritisation		
Main material issues and definition	Positive impact	Negative impact	Positive impact	Negative impact	Positive impact	Negative impact	Main actions
The Bank's Corporate Governance policy							
Difficulty in correct decision-making due to a lack of robustness in the Bank's corporate governance.		Low		Low		Low	Our main actions in this area are set out in chapters 4 and 6 of this report.
A diverse governance team trained in management and decision-making, prepared to respond to ESG aspects and stakeholder expectations as a result of a strengthening of corporate governance practices.	Average		High		High		
Digital transformation and cybersecurity							
Inability to respond to stakeholder requirements in matters of digital transformation and cybersecurity due to insufficient investment in innovation and digital tools.		Average		Average		Average	Our main actions in this area are set out in chapter 4 of this report.
Increased risk of cyber-attack due to insufficient investment in digital security systems.		Average		Average		Average	
Greater attraction of new customers and greater penetration in terms of financial inclusion (due to greater accessibility of customers with special needs) as a result of greater digital investment.	High		High		High		

Low Average High Very High

Main material issues and definition	Scope: Positive impact	Scope: Negative impact	Likelihood: Positive impact	Likelihood: Negative impact	Prioritisation: Positive impact	Prioritisation: Negative impact	Main actions
Excellence, professionalism and customer support							
Worsening in the quality of services, below customer expectations, due to insufficient investment in innovation.		Average		Low		Low	Our main actions in this area are set out in chapters 3, 4 and 6 of this report.
More personalised and innovative services due to an investment in specialised, high-level training for the Bank's team.	Very High		High		High		
Retention and attraction of talent by promoting initiatives to nurture diversity, equality and work-life balance for our people.	Very High		Very High		Very High		
Data protection							
Failure to comply with regulatory and stakeholder requirements related to the storage and processing of personal information and stakeholder information		High		Average		Average	Our main actions in this area are set out in chapter 4 of this report.
Better valuations by Rating Agencies and other stakeholders due to an investment in technological infrastructure that enables effective protection of data in accordance with regulatory requirements.	High		Average		Average		

Low Average High Very High

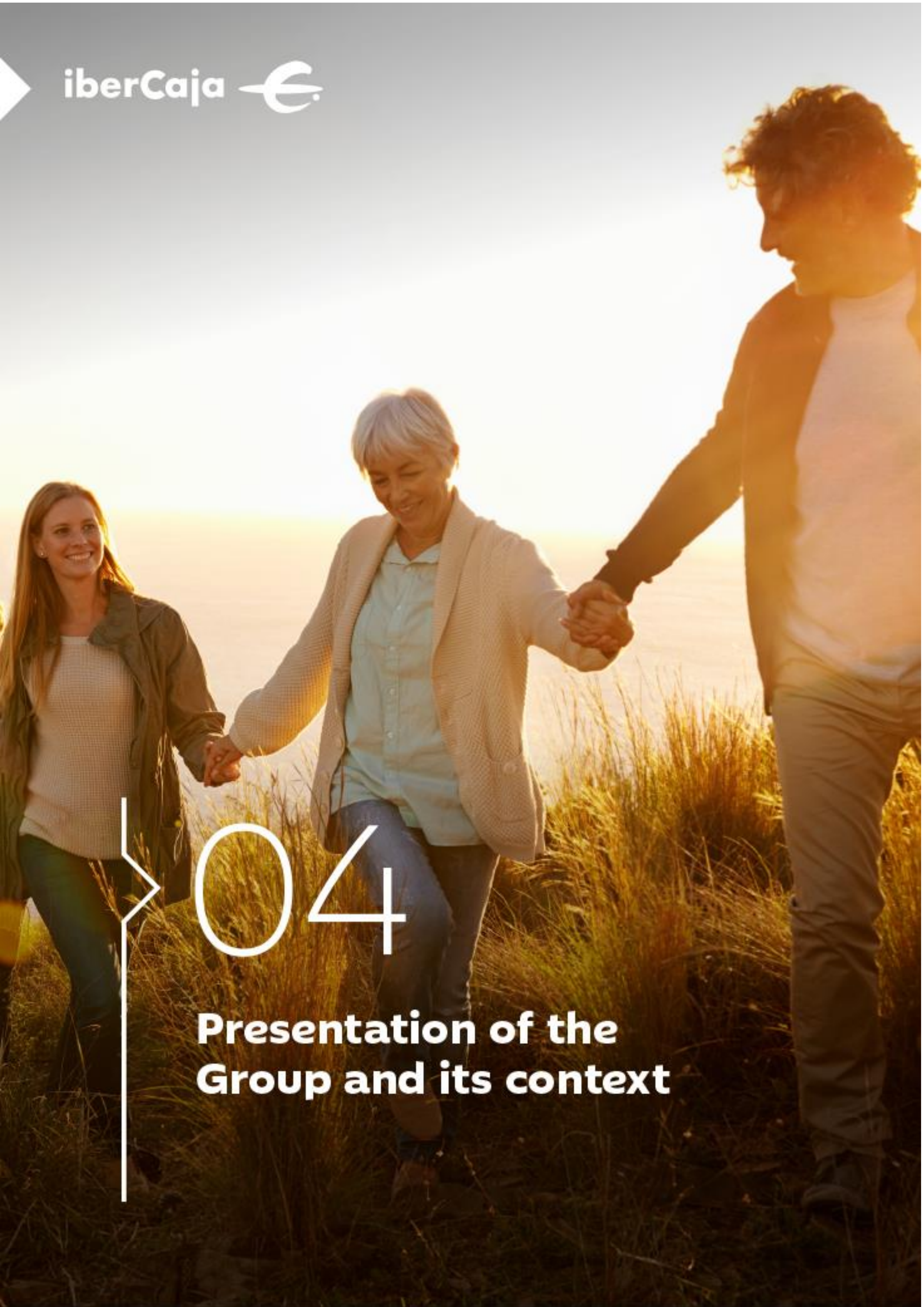
Main material issues and definition	Scope		Likelihood		Prioritisation		Main actions
	Positive impact	Negative impact	Positive impact	Negative impact	Positive impact	Negative impact	
Climate Change Risk Management and other Environmental, Social and Governance (ESG) Risks 							
Difficulty in dealing with the risks to which Ibercaja is exposed and in managing regulatory compliance due to lack of specialised training and recruitment of expert ESG talent.		High		Low		Average	
More personalised and innovative services due to an investment in specialised, high-level training for the Bank's team.		Average		Low		Low	Our main actions in this area are set out in chapters 6 and 7 and Appendix D of this report.
Lower exposure of Ibercaja's business to risks associated with climate change and other ESG risks (e.g.: political, legal, technological, market and reputational risks).	High		High		High		
Greater customer support and accompaniment to facilitate their decarbonisation, as a method of managing negative ESG impacts on the Bank.	Very High		High		High		

Low Average High Very High

3.3. External audit review

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



04 Presentation of the Group and its context

4.1. Description, shareholding and organisational structure

2-1, 2-2, 2-6

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

The **Group primarily engages in retail banking, and carries out practically all of its business in Spain**.

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 acquired Banco Caja3, a** bank 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 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. In 2014, Ibercaja absorbed Banco Cajatres.

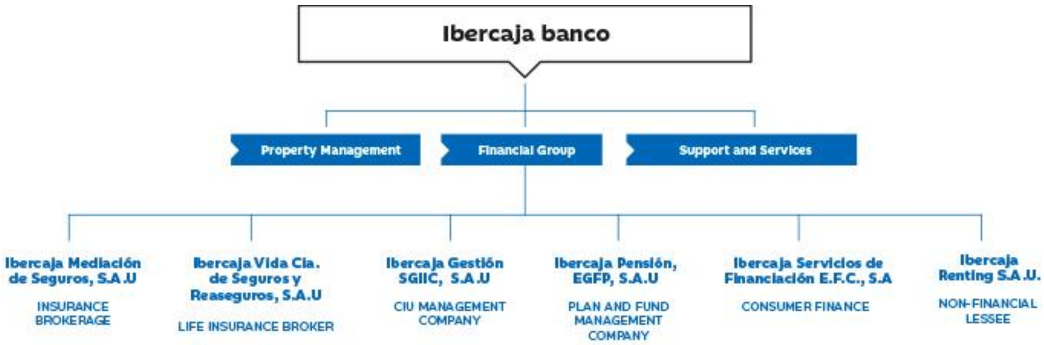
Shareholder structure

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

During the year, the Bank's Governing Bodies approved the partial spin-off of Ibercaja Leasing y Financiación S.A., E.F.C. in favour of Ibercaja Banco S.A. Under this transaction, the leasing activity is carried out by the Bank directly, the leasing activity by a company wholly owned by the newly created Bank "Ibercaja Renting, S.A.U.", and the company formerly known as Ibercaja Leasing y Financiación S.A., E.F.C. has changed its corporate name to Ibercaja Servicios Financieros, E.F.C., S.A.U., with the activity of consumer finance.

Organisational structure

The key companies that make up the scope of consolidation are:



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

2-6, 2-15, 2-16, 2-23, 2-29,

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

Corporate purpose

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

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

This activation process has been carried out through one of the **Strategic Challenges** of the **cross-cutting Purpose and Sustainability Initiative**. The aim of this challenge is for the Corporate Purpose to be reflected in **our way of banking** and to be a lever for competitive differentiation.

To this end, jointly with the People Area Management, the Internal Culture and Corporate Purpose Activation project was developed, with the aim of working on a relationship model that is consistent with our culture, purpose and values.

In the first phase of the project, we have focused on some guidelines for corporate behaviour that should guide our way of doing things and of conducting our relationships.

This group of behaviours is represented by the mnemonic, SOMOS, in which each letter represents one of the pillars on which the model is based, to help understand and remember them.

These essentials focus on the internal activation of our purpose through a common language and behaviours, so that a homogeneous and differential way of doing things is understood and taken on board.

Backbone of the Model — 5 PILLARS

- **S** — **CUSTOMER** SERVICE
- **O** — VISION WITH A CLEAR **COMMON OBJECTIVE**
- **M** — **MOVE FORWARD BY IMPROVEMENT**
- **O** — **ORGULLO IBERCAJA (PRIDE)**
- **S** — **SUSTAINABILITY** FOR BUSINESS

> Internally, Purpose is the cornerstone of our corporate culture.

With the Commercial Strategy unit, a cross-cutting enabling line of work was launched to achieve activation of the Corporate Purpose and integrate ESG aspects into business decisions. This activation is carried out by implementing the ESG commercial strategy. Progress has also been made in customer communication and awareness of sustainability, with the aim of accompanying them in the transition to a decarbonised economy.

Finally, in coordination with the Department of Communication and Institutional Relations[2], we have worked on active integration of the Purpose in all the communications made, and on heightening our commitment to helping people on the path towards a sustainable economy.

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

Mission

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

Ibercaja's mission reflects how the Institution should act in order to achieve its Purpose: **to improve the lives of families and companies,** helping them to manage their finances with the objective of providing the client with an efficient service and personalized and quality advice, which will help them to achieve 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 stronger and more sustainable. Therefore, it accepts the triple challenge of generating business, social and environmental benefits so as to drive the transition towards a more sustainable economy.

[2] See Chapter 6.11 Communication for more information: listening to and dialogue with our stakeholders

Vision

The **vision** sets the path for the Bank to follow, towards what we want to be and 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, which are reflected in its Code of Ethics.

Ibercaja Code of Ethics

The Bank has an **"Ethics Model"** consisting of:

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

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

- We are **rigorous**: we know and follow the rules.
- We are **honest and trustworthy.**
- For us, **the customer takes centre stage.**
- We are **role models.**
- We take care of **the Bank's reputation** and look after information.
- We make **careful use of the Bank's resources.**
- 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. Reminders are regularly included in the Daily Information published for all staff. We also have a **training pill** on **Corporate Culture and Ethics** for all Ibercaja employees, the purpose of which is to strengthen and consolidate these principles, as well as the protection of human rights and the values and behaviours that define our different way of banking.

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

The **whistle-blowing channel**, 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. The Brand, Reputation and Sustainability Department analyses all of them, with the assistance of the competent departments or units in each case, reporting on them regularly to the Reputation and Sustainability Committee, which, where appropriate, will inform the competent governing bodies.

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

Corporate Brand

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

"The bank that says let's go" communication concept responds to our brand DNA, the result of our 147-year history, and helps convey our Corporate Purpose.

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

Within the framework of the 2021-2023 Strategic Plan, the Bank's positioning in the market and the perception of the Ibercaja brand have been reviewed, identifying our strengths and the main areas for improvement with the aim of improving our positioning, and designing the strategy to extend the revised positioning and transfer it to the commercial attraction, capture and loyalty building process, thus increasing our brand awareness and carrying our purpose to society, in a way that differentiates us from other financial institutions.

Our positioning was reviewed at all points of interaction with current customers and potential customers, to identify the areas for improvement that needed to be worked on to ensure the correct implementation of our revised positioning at each point of contact between the customer and the Bank, guaranteeing brand consistency in interactions and achieving harmony in the customer experience.

The final goal is to define the key levers that will make Ibercaja an attractive and differential brand for the different stakeholders, ensuring that the customer has a good perception of the Ibercaja brand, which will result in a better customer experience and greater satisfaction with the Bank.

4.3 Economic and financial environment

3-3

> After the pandemic and the energy crisis, a new cycle is taking shape with lower economic growth than in previous years.

World economic scenario

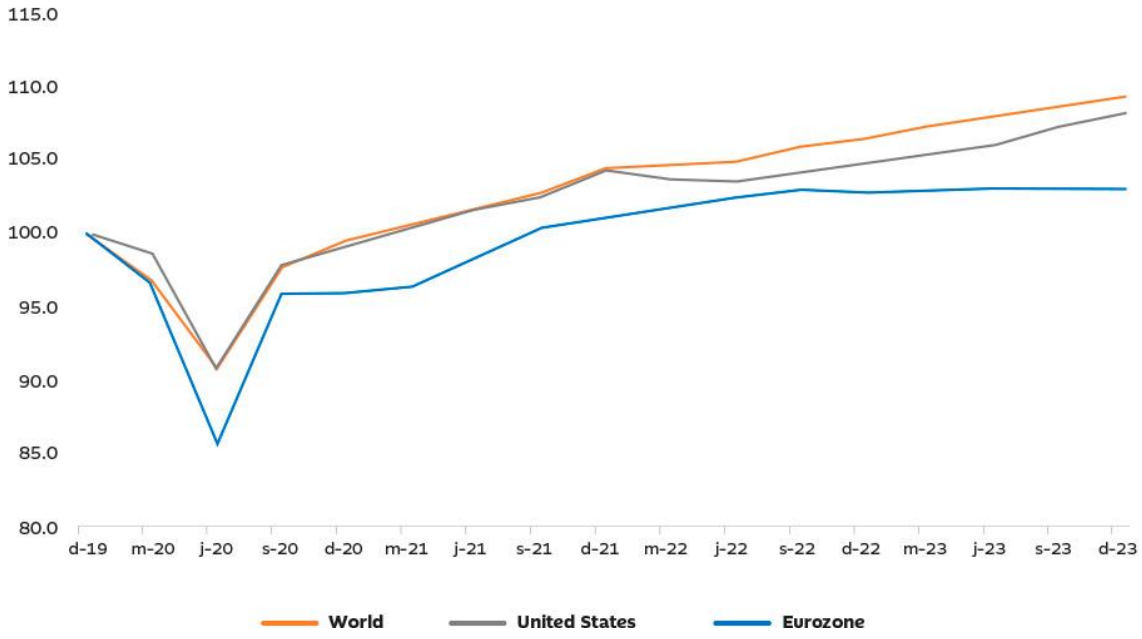
2023 has been characterised by a less dynamic **world economy** in a context of persistent inflation that has led to strong monetary tightening by the major central banks. The IMF estimates that global GDP growth stood at 3.1%, slowing from 3.5% in 2022. This moderation appears to come from advanced countries, which grew by 1.6% in 2023, compared to 2.6% in 2022, while expansion in emerging countries has remained stable at 4.1%.

Among the **advanced countries**, the increase in GDP in the United States appears as a positive surprise, having accelerated from 1.9% in 2022 to 2.5%, and Japan's GDP has also accelerated (from 1.0% to 1.9%). By contrast, growth appears to have lost strength in the euro area (from 3.4% to 0.5%) and in other advanced economies such as Canada (from 3.8% 1.1%) and the United Kingdom (from 4.3% 0.5%).

The **emerging** regions have shown dissimilar behaviours. In 2023, growth accelerated in Asia (from 4.5% to 5.4%) and Europe (from 1.2% 2.7%), while growth slowed in Latin America (from 4.2% to 2.5%), the Middle East and Central Asia (from 5.5% to 2.0%) and sub-Saharan Africa (from 4.0% to 3.3%).

The acceleration of growth in emerging Asian countries is largely due to the recovery in **China**. After 2022, a year marked by pandemic waves that led to closures of activity under the zero-COVID policy and in which GDP barely grew by 3.0%, in 2023 there was growth of 5.2%. Despite the improvement, this increase still looks a little low when we consider the growth of the Chinese economy in the years prior to the pandemic (an average of 6.7% in the years 2015-2019). The change in the growth model towards one more oriented towards domestic demand is encountering difficulties arising from the implosion of the Chinese real estate market, which is reflected in a fall in residential investment of around -9.0%, with a knock-on effect on domestic demand as a whole.

Evolution of GDP since Q4 2019



The U.S. economy produced a surprise with its notable 2.5% year-on-year GDP growth in 2023, when a sharp slowdown was expected. Much of this behaviour was explained by the positive trend in consumption, which in turn responded to the high propensity to consume of North American families, who were more willing than families in other regions of the world to spend the savings generated during the pandemic. The savings rate was down to 4% in 2023, below the average in the two years prior to the pandemic (7%) and the high level during the pandemic (14% from March 2020 to December 2021). The labour market performed well, with the unemployment rate remaining at very low levels (3.6%, the same as in 2022) while jobs continued to be created (3.1 million non-agricultural jobs). Price growth slowed from 8.0% in 2022 to 4.1% in 2023, still well above the Federal Reserve's target. In any event, the slowdown was notable, from the peak of 9.1% in June 2022 to 3.0% in June 2023. The core rate slowed to a lesser extent: from 6.6% in September 2022 to 3.9% in December 2023.

GDP growth was lower in the **euro area**: 0.5% in 2023 vs. 3.4% in 2022. Although the energy crisis stemming from the war in Ukraine had a less severe impact than expected as the 2022-2023 winter was overcome without the need for gas rationing, the low propensity to consume of European households resulted in weak economic performance, particularly in Germany, where GDP fell by -0.3%. Despite this, the recovery in the labour market continued and the unemployment rate fell to 6.5% from 6.7% in the previous year. Regarding prices, the deceleration in the CPI was insufficient, but it intensified in the final months of the year. On average, the CPI dropped from 8.4% in 2022 to 5.4% in 2023, but with a low of 2.4% in November 2023 against a high of 10.6% in October 2022.

Monetary policy and financial markets

In response to more persistent and intense inflationary pressures than expected, the major **central banks** tightened their policies sharply. In addition to reducing the size of their balance sheets after years of expansion, they increased intervention rates at an unprecedented rhythm, reaching the high point of the cycle of increases that began in 2022. The U.S. Federal Reserve was ahead of the curve in the making rises, going from 0.25% at the start of 2022 to 4.5% in December 2022 and to 5.5% as of July 2023. The European Central Bank's benchmark rate rose from 0% to 2.5% in 2022 and to 4.5% as of September 2023. The deposit facility reached 4.0%, the highest interest rate in the 25-year history of this benchmark. In this context, the 12-month Euribor, which had already risen from -0.5% to 3.0% in 2022, increased to a peak of 4.2% in October 2023.

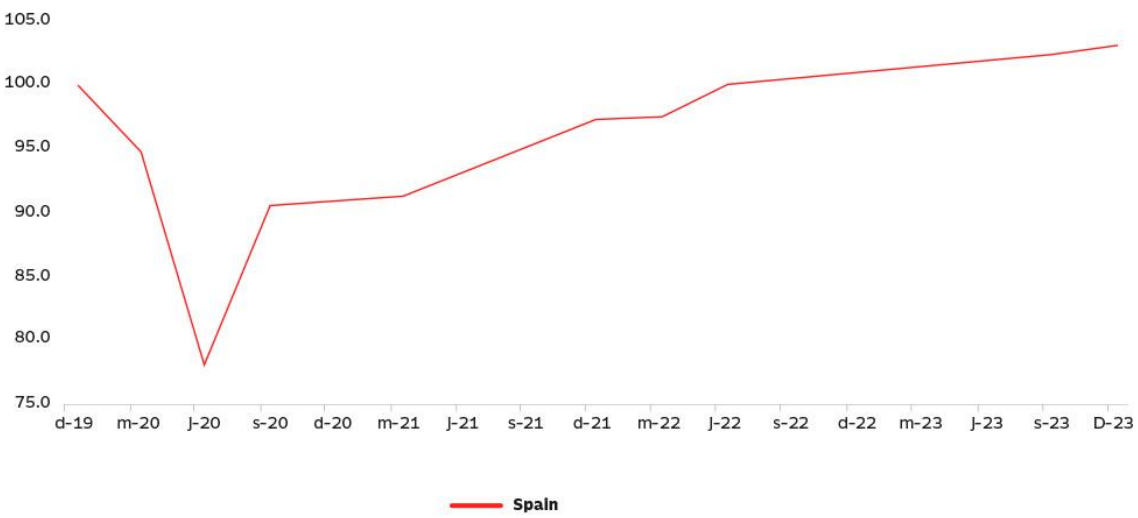
Rising short-term interest rates and lower demand for government bonds by central banks were two of the main reasons that drove **long-term rates** to levels not seen in the last decade. The yield on ten-year sovereign debt in the United States peaked at 5.0% in October and averaged 4.0% in 2023 versus 3.0% on average in 2022. In the case of German ten-year bonds, the maximum reached was 3.0%, with an average of 2.5% in 2023 compared to 1.2% in 2022. Spain's risk premium ranged between 90 and 115 bps, with an average of 100 bps, similar to the previous year. Spain's ten-year rate reached 4.0%, averaging 3.5% in 2023 compared to 2.2% in 2022.

After 2022, a very negative year for most **stock** markets, which suffered from rising interest rates and the uncertainty resulting from the war in Ukraine and inflation, there was a notable recovery in 2023, especially in the first part of the year and in November. In 2023, US S&P 500 rose by 24.2%, European Stoxx 600 by 12.7% and Ibex by 22.8%. Regarding sectors in Europe, only two were down in the year: basic resources (-6.5%) and food (-6.7%), while there were increases of 34.4% in distribution and 31.7% in technology.

The Spanish economy

Unlike the euro area as a whole, the Spanish economy surprised favourably in 2023. In addition, the historical growth trend was revised upwards, so that the situation with respect to pre-pandemic activity levels was more positive than initially estimated. GDP expansion was lower than in the previous two years, which were driven by the reopening of the sectors most affected by the pandemic, but reached 2.5%, comfortably above the 0.5% in the euro area. This figure, which follows growth of 5.8% in 2022, 6.4% in 2021 and the fall of -11.2% in 2020, means that GDP was 2.5% higher than before the pandemic.

Evolution of GDP since Q4 2019



Regarding **inflation**, the best news was the return to normal of energy goods prices, especially electricity and gas, which had soared due to the rise in gas prices in 2022 following the reduction in Russian supplies to Europe. Consumer price levels for gas and electricity in Spain in 2023 returned to levels similar to those prior to the war in Ukraine and the pandemic. In the case of fuels, the moderation was somewhat lower and, in the last months of 2023, they were still 30% more expensive than in 2019. The most inflationary expenditure item throughout 2023 was food, which rose by 11% year-on-year and by 29% compared to 2019. This hurt low-income earners in particular due to its greater weight in their consumption basket. On average for the year, the CPI slowed to 3.5% YoY, from 8.4% in 2022.

The **labour market** started the year by surprising favourably and, based on the data for social security affiliations, cooled down from June onwards. In the first five months, more than 69,100 jobs were created on average per month, compared to just 29,200 in the following five months. LFS data was somewhat more favourable, showing employment growth of 3.0% year-on-year in 2023 and a drop of eight tenths of a percentage point in the unemployment rate compared to the previous year, to 12.1%.

> Spain's economic growth exceeded forecasts in 2023, which, together with the upward revision of the historical trend, means that the pre-pandemic production level is 2.5% higher. Prices slowed down markedly thanks to the return to normal of energy prices, although the central bank's target has not yet been reached.

In the **real estate market** the awaited change of cycle took place in 2023, after reaching levels of sales that seemed unsustainable in view of demographic and social trends. The drop in sales was -14% year-on-year in the first nine months of the year. However, unlike what happened in the real estate bubble, the high level of sales achieved was not accompanied by an excess supply of housing, so the fall in transactions has not led so far to an adjustment in prices (+3.4% year-on-year in the first three quarters) or in the number of new building permits (+3.5% year-on-year in the same period).

4.4 Corporate governance

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

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

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

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

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

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

General meeting of shareholders

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

Board of Directors

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

The composition of the Board of Directors at 31 December 2023 was as follows:

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

9,00	**45,5**	**45,5**	**18**
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings (2023)

This year, the Extraordinary General Shareholders' Meeting has unanimously agreed, with the favourable report of the Appointments Committee and at the proposal of the Board of Directors, to reappoint Mr. Víctor Iglesias Ruiz as a member of the Board of Directors, with the category of executive director, for a period of four years, and he will continue to hold the position of Chief Executive Officer of the Bank.

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

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

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

b. The selection processes for directors are based on an analysis of the Bank's needs. This analysis will be carried out by the Board of Directors with the advice of the Appointments Committee.

c. They encourage the number of independent directors to be at least 40% of the total number of external directors on the Board of Directors, ensuring that there is an appropriate balance between proprietary and independent directors.

d. They strive for diversity in the composition of the Board of Directors, both in terms of gender, age and experience, with the objective that the least represented gender should represent at least 36 per cent of the total number of directors (currently 40 per cent of the total number of directors) and 40 per cent of the total number of external directors (currently 50 per cent of the total number of external directors), and encouraging the Board to be composed of members with different profiles, not only with expertise in finance, but also in other areas, such as law, sustainability, technology, auditing, etc., so that the Board as a whole is enriched in its decision-making by different points of view in line with the reference recently set as an objective by the Council and the European Parliament for listed companies to be met before 2026.

e. They ensure that the process of searching for, selecting, appointing, re-electing or replacing members of the Board of Directors does not affect the normal functioning of the Board of Directors or the management of the Bank.

f. The Nomination Committee proposes the appointment or replacement of independent directors and the Board of Directors proposes the appointment or replacement of proprietary and executive directors. Proprietary directors are proposed in advance, at the request of the shareholder the candidate is to represent.

g. All candidates, in addition to what is set out in the Policy on Suitability and Diversity of the members of the Bank's Board of Directors, must obtain the suitability of the European Central Bank, to which a complete dossier with extensive and complete information on the candidate is sent, such as, for example: education, professional experience and, if applicable, current professional situation, competences, membership of different boards of directors, among other information.

The academic background, experience and professional career of the directors is available on the **Bank's corporate website.**

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

At 31 December 2023, the average term of the position of director was 4 years and 10 months; the number of directors in the 2023 has not changed, remaining at 11 directors.

Executive Committee

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

- Hear and adopt resolutions regarding proposals to grant, modify, novate or cancel risk transactions which, under the Policies and Procedures Manual to manage lending risk approved by the Board of Directors, fall within its competencies. It will also hear and adopt resolutions regarding proposals to acquire assets by the Bank in lieu of receivables that must be submitted to the Committee in accordance with the Asset Management Policies and Manuals.

- Hear and adopt resolutions regarding personnel matters (disciplinary cases, granting of leaves of absences, etc.), except in those cases in which the decision falls to the CEO or to the plenary Board of Directors' Meeting, since it involves employees that report directly to the CEO.

- Hear and adopt resolutions regarding matters relating to the Bank's assets (properties, expenses, purchases, etc.) and investments and divestments in investee companies that must be submitted for its scrutiny in accordance with internal policies and manuals, except for those that must be decided by shareholders at a General Meeting in accordance with the law.

- When appropriate, shall grant the authority that is necessary or advisable to execute the resolutions adopted.

The composition of the Executive Committee at 31 December 2023 was as follows:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Francisco José Serrano Gill de Albornoz	Proprietary
Member	Mr Víctor Manuel Iglesias Ruiz	Executive
Member	Mr Vicente Cóndor López	Independent
Member	Mr Enrique Arrufat Guerra	Proprietary
Member	Mr Jesús Tejel Giménez	Independent

20,00	**40,00**	**40,00**	**22**
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings (2023)

Nominations Committee

The Appointments Committee is responsible for **proposing appointments** to the Board of Directors. It is responsible for: formulate and review the criteria to be followed for the composition of the Governing Board and the selection of candidates, ensuring that the selection procedures are conducive to diversity of gender, experience and knowledge; in particular, it is responsible for assessing the suitability of the Bank's directors and senior officials and the basic conditions of their contracts, establishing a representation target for the less-represented gender on the Board, making proposals for the appointment, re-election or removal of independent directors for the Shareholders' Meeting, reporting on the members who should be on each of the committees, reporting on proposals for the appointment and removal of senior managers and persons with key functions, and examining and organising the succession of the Chairman and the Chief Executive Officer in accordance with the provisions of the policy on the succession of members of the Bank's Board of Directors.

The composition of the Nomination Committee at 31 December 2023 was as follows:

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

% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings (2023)
0,00	**25,00**	**75,00**	**4**

Compensation Committee

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

The composition of the Remuneration Committee at 31 December 2023 was as follows:

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

% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings (2023)
0,00	**25,00**	**75,00**	**2**

Audit and Compliance Committee

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

The composition of the Audit and Compliance Committee, as at 31 December 2023, was as follows:

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

0,00	**40,00**	**60,00**	**8**
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings (2023)

Large Exposures and Capital Adequacy Committee

The Committee has the primary duty of **advising the Board as to the overall current and future risk appetite** of the Bank and its Group, and the strategy in this respect. It also assists the Board with supervising the application of that strategy by the senior management by monitoring the Bank's solvency levels and proposing any action deemed appropriate for improvement. It verifies, and reports to the Board of Directors, the actions of the Bank's Control Department as a second line of defence.

The composition of the Large Exposures and Solvency Committee at 31 December 2023 was as follows:

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

0,00	40,00	60,00	14
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings (2023)

Strategy Committee

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

The composition of the Strategy Committee at 31 December 2023 was as follows:

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

0,00	**80,00**	**20,00**	**8**
% of Executive Directors	% of proprietary Directors	% of independent Directors	Number of meetings (2023)

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

Sustainability management

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

Board of Directors	Approve and promote the Sustainability Policy.
Strategy Committee	Oversee the Sustainability Policy. Report to the Board.
Reputation and Sustainability Committee	Validate and supervise the sustainability strategy and policy Ensure effective integration of the sustainability strategy into management
Brand, Reputation and Sustainability Department	Define, develop, coordinate and propose sustainability policy and strategy to the R&S Committee. Support the Areas in implementing them.

All areas of the Bank

They work to implement the Sustainability Strategy aligned with the UNEF FI Principles of Responsible Banking signed by Ibercaja Banco, which respond to supervisory expectations.

ESG Committee

Monitoring of ESG investment mandate.

Promote socially responsible investment (SRI).

Environment committee

Cross-cutting committee that oversees compliance with Ibercaja's Environmental Policy. For more information, see chapter 6.5 of this report.

Performance assessment - self-assessment of the Board and committees

Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions assigns responsibility to the **Board of Directors** for the **oversight, control and periodic assessment of the effectiveness of the corporate governance system**. The European Banking Authority (EBA) Guidelines on internal governance (EBA/GL/2021/05) and the Bank of Spain's guidelines on the internal capital adequacy assessment process at credit institutions provide for the management body to periodically assess the individual and collective efficiency and effectiveness of its corporate governance activities, practices and procedures, as well as the functioning of the delegated committees. This obligation is stipulated in the Corporate Enterprises Act for listed companies and in the CNMV'S Code of Good Governance. These legal obligations and good practices are included in the Bank's Board of Directors' Regulations, which stipulate that one of the Board's duties is to annually prepare a self-assessment report of its performance and that of its internal committees Every three years this performance evaluation is carried out by an external evaluator, the last external evaluation having been carried out in reference to the 2023 financial year.

Suitability of the members of the Board of Directors

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

Ibercaja Banco's internal regulatory framework for analysis of the suitability of members of the Board of Directors and holders of key functions is set by the following documents: i) Statutes of the Bank; ii) Regulations of the Board of Directors; iii) Policy on evaluating the suitability and diversity of the members of the board of directors of Ibercaja Banco SA; iv) Policy on evaluating the suitability of holders of key functions of Ibercaja Banco S.A.; v) Manual for development of the policies on evaluation of the suitability and diversity of the members of the Board of Directors and iv) Manual for the development of the policy on holders of key functions in Ibercaja Banco. Along with these documents, the Bank has a Succession Policy for members of the board of directors, including its chairman and CEO, which completes the list of documents referring to this matter.

The **policy for assessing the suitability and diversity** of the members of the Bank's Board of Directors is adapted to the EBA/GL/2021/06 Guidelines and the European Central Bank (ECB) Guidelines for assessing suitability, which establish the criteria and systems to be taken into account for assessing the suitability of the members of the Bank's Board of Directors individually and as a whole.

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

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

A. They must be of sufficiently good repute;

B. They must possess sufficient knowledge, skills and experience for the performance of their duties;

C. They must be able to act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the Board of Directors in its management function and other relevant management decisions, when necessary, as well as to effectively supervise and monitor management decision-making;

D. They must be able to devote sufficient time to the performance of their duties in the Bank.

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

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

Management team

At the close of 2023, the structure of the Bank's senior management was as follows:

CEO | D. Victor Iglesias

AREA MANAGEMENT

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

INTERNAL AUDIT DIVISION
Reports to the Audit and Compliance Committee

D. Ángel Carlos Serrano	Deputy General Manager

The meeting of the Board of Directors, held on 10 January 2024, defined a new structure for the Bank's senior management. It comprises thirteen Area Managers reporting directly to the Chief Executive Officer, nine of which will be General Managers, one will be Deputy General Manager and three Deputy Managers; in addition, the Bank's Management Committee is completed by the Internal Audit Area, which reports to the Audit and Compliance Committee, with the rank of Deputy General Manager.

Remuneration of Governing bodies and Senior Management

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

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

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

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

- **Prudent and effective risk management**: the Policy shall promote and be consistent with sound and effective risk management, and shall not provide incentives to take risks beyond the level tolerated by the Bank.
- **Alignment with business strategy**: the Policy is linked to the achievement of the Bank's business strategy, objectives, values and long-term interests.
- **Decision-making**: avoid conflicts of interest by setting performance targets to be achieved to which remuneration can be linked, avoiding the risk of such conflicts of interest.
- **Sustainability over time**, so as not to encourage excessive or undue assumption of risk, and should be aligned with the Bank's solvency and capitalisation needs, maintaining adequate proportionality between the remuneration paid to directors and the responsibilities assumed and the volume of assets and nature of the Bank, also ensuring equality in the remuneration schemes of the directors from the point of view of gender diversity, and in particular, preventing excessive remuneration of independent external directors from circumventing their independence.
- **Alignment with long-term interests**: the valuation of any performance-based component shall focus on long-term results and take into account the current and future risks associated with them.
- **Transparency**: the Policy shall be transparent and known to the persons to whom it applies from time to time, so that they can have a clear idea at the beginning of the financial year of the total amount of remuneration they could achieve at the end of the financial year. Decisions taken by the governing bodies competent for remuneration matters shall be duly recorded in the minutes of the relevant meetings. The approved quantitative aspects in force from time to time shall be set out in an appendix to this Directors' Remuneration Policy.
- **Simplicity**: the rules for the management of remuneration shall be drafted in a clear and concise manner, simplifying as far as possible the description of the rules, the calculation methods and the conditions for their achievement.

- **Adequate ratio between fixed and variable components**: in those cases in which the remuneration system of a director provides for a variable component, the fixed component shall constitute a sufficiently large part of the total remuneration, in order to allow the variable component sufficient flexibility to permit its modulation, to the extent that it is possible not to satisfy it by means of the "malus" and "clawback" clauses that have been established. In order to avoid any excessive risk-taking, a maximum shall be set for the ratio between the fixed and the variable component of the total remuneration.

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

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

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

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

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

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

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

The remuneration of directors in their capacity as such comprises: (a) fixed annual allowances for their membership of the Board of Directors and, where appropriate, its committees and (b) a fixed annual allowance to be determined by the board for those directors who have special dedication and duties and (c) such remuneration in kind and insurance as may be established from time to time, all in accordance with Article 34 of the Articles of Association in force.

Thus, the average annual remuneration of directors, taking into account that the Board's composition throughout the year has always been 11 members, including the Chief Executive Officer and the Chairman (7 male and 4 female directors), amounts to €154.9 thousand. The average annual remuneration of directors in their capacity as such, also taking into account that the Board's composition throughout the year has been 11 members, is €85.7 thousand (the average remuneration of male directors is €85.1 thousand and that of female directors is €86.7 thousand).

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

Conflicts of interest of the administrative, management and supervisory bodies

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

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

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

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

Internal Rules and Control Bodies

3-3, 417-1

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

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

Control Functions

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

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

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

Commitment to privacy

Ibercaja has a Privacy Policy, which is developed by its Internal Privacy Regulations. Our Privacy Policy demonstrates Ibercaja's high degree of commitment, both to compliance with the legislation on the Protection of Personal Data and to best practices.

Aspects such as the capture and use of data in compliance with the principle of purpose, compliance with the duty to provide adequate information, processing of personal data on the appropriate legal basis, proper management of consent, retention periods, international data transfers, the relationship with third parties who process personal data on behalf of Ibercaja, attention to the rights of the data subjects (customers, employees and other third parties), management of personal data breaches, both in terms of communication to the Spanish Data Protection Agency and communication to data subjects in the event that their rights and freedoms may be violated, are included in our Privacy Policy and in the criteria and procedures of the Privacy Regulations that develops it.

Ibercaja has a Data Protection Officer, registered with the Spanish Data Protection Agency and a Data Privacy Office to support the tasks of the DPO. The functions carried out by the DPO, on their own or through the Privacy Office, include advising the Bank on privacy issues, contacting data subjects, both for the exercise of rights and for dealing with data protection queries, through the various channels enabled for this purpose (Ibercaja's public website, branch network, DPO e-mail box, e-banking and postal mail). The DPO, in coordination with the bank's People Department, establishes the Bank's privacy training and awareness programmes and reports directly to the Board of Directors, through the Ibercaja CEO.

There is a continuous review of the Privacy Impact Assessments, with a complete methodology for analysing the processing and carrying out privacy audits of a general nature or aspects or processing that pose a greater risk to the rights and freedoms of the data subjects. In 2024, it is also planned to make improvements to the advice and control of Privacy by Design aspects.

4.5 Business model and Strategic Plan

4.5.1 Business positioning and markets in which it operates

2-1, 2-6, 3-3

The Ibercaja Group, with a balance of **€54,516 million**, is the **tenth largest in terms of asset volume in the Spanish banking system**[3]. The Bank is developing a "universal banking" model to meet all the financial needs of its customers. It has a wide range of banking and financial products and services, with a particular focus on first home mortgages, SME financing, asset management and life-savings and risk insurance products.

The **retail nature of the business** is reflected in the balance sheet structure and the low risk profile. Housing loans account for 60.8% of normal lending (excluding repos) and retail deposits for 81.0% of borrowed funds.

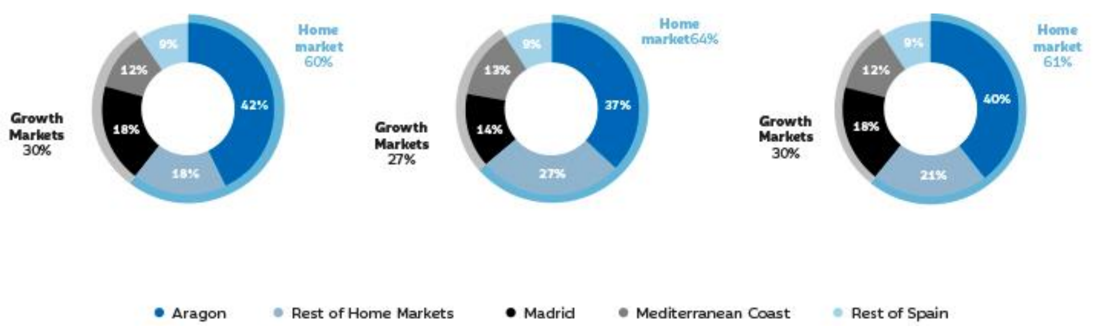
On a national scale, the Group has a market share of **2.5% in household and non-financial enterprise loans**, **3.5% in the segment of residential property purchases by individuals**[4], and **2.4% in household and corporate deposits**.

Ibercaja owns all the companies that make up its Financial Group, which is made up of subsidiaries specialising in the management of investment funds and pension plans, bancassurance, consumer financing services 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 €37,754 million in assets under management and technical provisions, reaching an aggregate market share in this range of products of **5.6%**[5].

[3] Ranking established with data reported by institutions at the end of 3Q23
[4] Bank of Spain December 2023
[5] Own calculation based on data from Inverco and ICEA, December 2023

The Bank operates exclusively in Spain and has a **leading position in its traditional area of operation** (the autonomous regions of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz), where **61% of customers** are concentrated and where **60% of retail business volume is obtained**. The market share[6] in this territory, 29% in private sector deposits and 19% in credit, is 41% and 26%, respectively, in Aragon. It also has a **significant presence in other areas of major economic significance such as Madrid and the Mediterranean Coast** (includes the Autonomous Regions of Catalonia and Valencia), which account for 18% and 12% of the Bank's customers and turnover, respectively.

Retail business volume[1] December 2023 | **Branch network** December 2023 | **Customers** December 2023

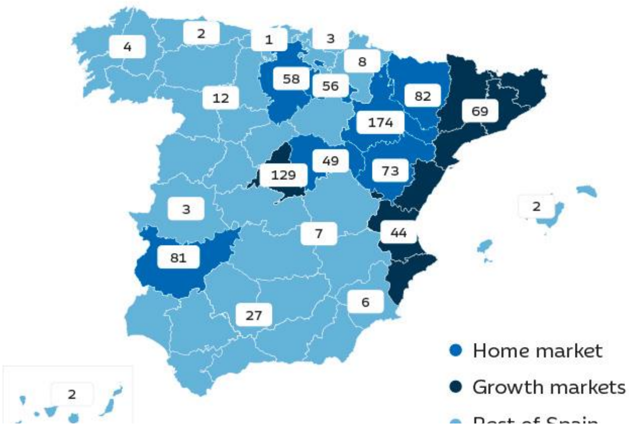


1 Retail business volume in normal course of business: loans and advances to customers ex reverse repos of assets and non-performing assets + retail deposits + asset management and insurances

At December 2023, the **network** totalled **892 branches**, of which 285 were rural.

6 Bank of Spain September 2023

Distribution of Ibercaja Banco's branch network



The **distribution of offices by Autonomous Region** is: 329 points of sale in Aragon, 129 in the Region of Madrid, 84 in Extremadura, 70 in Castilla y León, 69 in Catalonia, 56 in La Rioja, 56 in Castilla-La Mancha, 44 in the Region of Valencia, 27 in Andalusia and 28 in other Autonomous Regions.

The **number of employees** in the Group totals **4,964 (4,627 in the parent)**.

Commercial efficiency is being increased by **specialising more employees** to serve different types of customers and their specific needs. Supporting the branch network, providing a high value-added service, are **215 managers specialised in corporate banking, 482 in personal banking and 85 in private banking**. Additionally, there are **131 digital managers** (67 digital personal banking managers and 64 digital customer managers) advising digital customers who need to engage with financial experts through channels other than the traditional branch.

The trend towards greater digitalisation in the banking sector was accelerated by the Covid-19 pandemic and has been consolidated in recent years. Customers are more demanding about the being able to carry out their transactions in a more practical, simple environment and there has been a reduction in the use of cash for making payments.

Ibercaja is responding to this challenge with a **digitalisation strategy** that focuses on responding to the greater demands of our customers in the face of the demand for online services, but without losing the quality of customer service. The proportion of **digital customers** has reached 63.4%, compared to 48.1% before the start of Covid-19, and the number of transactions carried out by remote banking in the year accounted for 74.0% of total transactions. The number of **digital banking users** who have used any of the different channels in the last month reached **950,941** compared to 765,585 in 2019, with notable advances in mobile banking users (+8.0% year-on-year) and mobile payment (+8.5% year-on-year). **Digital sales** accounted for 41.9% of total sales.

Section **4.5.3** of the **2023 Directors' Report** provides further details of the Ibercaja Group's **progress in digital transformation**.

4.5.2 Goals and Strategies

2-6, 3-3

The **Strategic Plan 2021–2023**, under the motto "**Challenge 2023**", has been the Bank's roadmap for the three-year period. The Plan's action lines have mainly been oriented to improve 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.

The Challenge 2023 Plan has been a key factor in exceeding the **objectives** set for the strategic cycle:

- The main objective of the Strategic Plan has been to **improve profitability**, guaranteeing the long-term sustainability of the Bank. The medium-term objective was to achieve a return of over 9%. Ibercaja has achieved a **ROTE** of **11.6%** at the close of 2023.
- In parallel, the Bank will set itself the objective of reinforcing its financial strength, while maintaining its **Fully Loaded CET 1 Ratio** above 12.5%. At the end of 2023, the indicator stood at **12.7%.**
- These levels of profitability and solvency have enabled "**pay out**" (percentage of profit distribution in the form of dividends) of 60%, making Ibercaja an attractive project for our shareholder foundations.

The plan has been materialised in two Programmes and two blocks of Initiatives that have allowed this ambitious approach to be applied. These are:

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

1. CUSTOMER AND PROFITABLE GROWTH PROGRAMME

The "Challenge" 2023 Plan has been based on the premise that the entire organisation must focus on customers and on fully satisfying their needs, with a personalised value and global service proposition. In this way, an equitable and fair monetisation of the value offered to customers is achieved. Below is an overview of the Plan during these three years.

The foundations of NEW BUSINESS BANKING

The successful execution of the **Business Banking** initiative, together with a cycle of high commercial activity, has led to the achievement of ambitious business objectives and an **increase in the presence in the corporate world**, resulting in a 32 bps increase in market share, while also contributing to improved diversification and generating profitable business.

The main lines of action were:

a. Creation of **NEW CAPABILITIES** to impact the business in a sustainable way, generating profitable growth.

b. From the **CUSTOMER** point of view, the **commercial and management model** has evolved with the development of the new B2B management model as a key element in generating a recognisable experience.

c. In the area of **PEOPLE**, a three-level **care model** has been implemented, advancing in the **optimal dimensioning of commercial, technical and specialist profiles**.

d. In the field of **COMMUNICATION**, the market image, discourse and relevance have been renewed.

e. Regarding **PRODUCTS and SERVICES**, competitive and differential solutions, such as the Open-Term Credit Account and Employment Plans, have continued to be generated and other leading products have been further developed.

f. The **Eureka Plan** has improved and optimised **PROCESSES** to gain agility and simplicity in the relationship with companies.

g. Some very important **TOOLS** have been developed in the field of Business Intelligence, such as the **ICAR 2.0** risk-adjusted business intelligence project

Strengthen the EXPERIENCE and TRUST of PERSONAL BANKING customers

Through the **Personal Banking** initiative:

- The most important interactions with customers have been reinforced by redesigning the **Personal Banking model** and by incorporating **behavioural economics** into management processes.
- The **Personal Non Face-to-Face Model** has been deployed to achieve excellence in omnichannel customer service. Customer experience continues to be a basic pillar of the management process. The Ibercaja app continues to occupy top positions in the rankings of platforms such as Apple Store and Google Play. Ibercaja's digital managers are also highly valued by customers.
- The foundations have been laid to guarantee the **scalability of the Personal Banking business**, based on continuously seeking to **build loyalty** in current customers and leveraging new ways of **attracting business**, such as the inheritance planning service and opportunities associated with retirement savings.

Consolidate RISK INSURANCE as one of the Bank's KEY BUSINESSES

The **Life and Non-Life Risk Insurance** initiative has made it possible to **consolidate risk insurance as one of the bank's key businesses**, both in **generating income** and in **providing solutions to the insurance needs** of customers.

The **main strengths** built up through this initiative have been:

- The creation of a new network of specialists with **36 Territorial Insurance Business Managers (GTNAs)** to support and promote the business areas in the marketing of Life and Non-Life insurance for Individuals and Companies.
- The new **Corporate Business Model** has enabled growth in this segment, improving service thanks to more and better **specialisation in the Commercial Network** (professionalism and a relationship of trust between GTNAs and corporate managers), **loyalty programmes**, and the availability of a **competitive range of products**.
- The launch of the **Vamos Insurance Account** has helped build customer loyalty, increasing their engagement and attracting new customers.

- The implementation of a **personalised pricing system in Home and Life-Risk**, providing customers with a personalised offer based on their risk profile and engagement
- The launch of a **competitive new personal Life-Risk range** with differential coverage, which is enabling annual targets to be achieved while reducing the dependence of this business on loan production

All of the above has made it possible in this period to deliver on the potential of risk insurance in Ibercaja as **a key product in providing advice to customers, with annual growth of 5.6% in the risk insurance portfolio since 2020.**

Generate significant, sustained and growing OMNICHANNEL business, supported by the new BUSINESS INTELLIGENCE

The **Customer Knowledge & Business Intelligence initiative. The omnichannel approach** has involved three main areas of action:

Knowledge of the customer

- A customer-oriented business intelligence has been developed, making it possible to advance in personalisation and efficiency through proprietary propensity models, based on customer data and business rules, enriching this information with the knowledge of the managers, which allowed greater personalisation to be achieved at both the customer and manager level.

Continuous Evolution of Digital Channels

- In response to the reality that our customers are increasingly omnichannel, we have focused on the development, evolution and improvement of digital channels, digital banking and apps to make them competitive in the market, in their design, functionality, security and scalability.
- It is worth mentioning the launch of new products in digital channels and the provision of new simulators.
- Currently, more than 40% of sales at Ibercaja are made through digital channels.

Positioning and Relationship Model

- **Perception of the Ibercaja brand**, a diagnosis has been established to identify the factors that contribute most to generating brand consideration. There is a continuous measurement system, a roadmap and the necessary tools to extend this positioning.
- **Homogeneous interactions with customers**, with a governance model that ensures brand coherence and consistency, guaranteeing a uniform experience aligned with Ibercaja's values.
- **Marketing automation** through the generation of centralised marketing activity, optimising the manager's commercial work while increasing customer satisfaction since the relationship is much more personalised, even though the channels do not have human interaction.
- **Systematic commercial evolution**, highlighting the involvement of the network in proposing improvements and developments and allowing **certification** to be gained.
- **Non-face-to-face personal attention**, development of an ecosystem of tools (new and adaptation of existing ones) to increase the effectiveness and efficiency of the network
- **Digital Manager role**, evolving the relationship model and adapting to business demands by developing new roles: digital mortgage manager & digital plan manager

A more resilient and diversified bank in the charging of fees

The initiative of the **products and services charging model** has meant that the perceived value of services is better aligned with the fees charged.

In order to make the charging for products and services sustainable, continuous **evolution and innovation** is required. In this period, innovative products have been launched on the market, such as the digital process in the area of mortgages, the inheritance planning service, the **Pensumo** consumption pension product (the only successful project in the Spanish Financial Sandbox) and the simplified self-employed plans.

2. PRODUCTIVITY, EFFICIENCY AND VALUE INITIATIVES PROGRAMME

With an “ambidextrous” approach, it is based on **cutting unproductive operating costs “deep”** so that **the “savings” can be invested** in accelerating transformation while, at the same time, improving efficiency and boosting productivity.

As regards efficiency improvements, the Operational Model Evolution initiative has been based on four main lines of work (efficiency, self-service, outsourcing and robotisation), which have freed up a large amount of capacity that can be devoted to the Bank’s transformation and to increasing commercial efficiency.

In this Strategic Plan, we have increased robotisation via Artificial Intelligence by 30% and have managed to free up more than 480,000 work hours.

The Base 0 Budget initiative, aimed at improving the structural cost baseline needed to manage the current business, and reallocating resources efficiently, has developed a **base 0 budget for general administrative expenses** with a view to contributing to strategic objectives.

Prioritisation and monitoring have been evolved through the **Single Investment Agenda**, in which more than 70 projects have participated in 2023, to ensure profitability

The Pricing and Efficient Allocation of Capital initiative has defined the **capital policy**, which consists of an orderly management model with clear roles and responsibilities for integrated capital management. This policy facilitates value-oriented decision-making (efficiency, profitability and solvency). The **capital scorecard** has also been developed by allocating capital on a customer/product basis.

The culture of value creation continues to be developed through the implementation of **pricing by the RAROC methodology**, in which training has been given to **more than 1,000 employees**.

The **new data governance framework** has been developed to continue meeting supervisory, regulatory, management and strategic needs.

It is worth highlighting the **governance of the most significant credit risk data** and the **management of information demand** through a single prioritisation agenda procedure.

3. ENABLING INITIATIVES

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

The key and differential factor in achieving our ambitious goals is undoubtedly **people**. With the People initiative, we promote female leadership, which has reached 34.4% at the end of 2023.

We have a development model that promotes internal talent, an intensive training and skills programme, and the recruitment of external talent in needed and unmet skills

Our way of doing things is certified by the **EFR** (Family-Responsible Company) and **AENOR Healthy Organisation** seals, which position us as a benchmark in the sector.

The Purpose and Sustainability initiative has had special weight in the Challenge 2023 Plan. Ibercaja is a Bank with a social DNA, with a marked commitment to the development of the territories where we operate and with an exemplary corporate governance model.

Ibercaja wants to continue to be a **Bank that is recognised and recognisable for the way we do retail banking**, as well as for our contribution to society and the environment, **fully integrating sustainability into the core of our business model**.

Lines of work to be highlighted: integration of **ESG parameters in the risk appetite statement** and the definition of a **Carbon Footprint Reduction Strategy**.

Work is carried out in the technology initiative to develop constantly the technological model in response to business requirements, improving efficiency and agility, as well as risk management and control.

Outstanding achievements in this Plan:

- Implementation of an **advanced cybersecurity threat detection and response system**, an issue of great relevance due to the increase in the number of customers and transactions executed through digital channels. A Red Team exercise (simulated cyberattack) has also been carried out with good results.

- **Digital Challenge:** By which the entire workforce was given new mobility equipment with the Windows 365 collaborative platform.

Thanks to the success of the Challenge 2023 Plan, Ibercaja has achieved an extraordinary improvement in financial fundamentals in recent years, recognised by all stakeholders. There is the opportunity to create long-term value, as well as the responsibility to preserve what has been created.

Medium-term objectives

Ibercaja has exceeded the main objectives proposed in Challenge Plan 2021-2023.

	DEC- 2023	CHALLENGE PLAN 2021-2023
SOLVENCY		
Ratio CET1 (fully loaded)	12.7%	12.5%
Total capital ratio (fully loaded)	17.3%	17.0%
Pay-out ratio	60%	60%
PROFITABILITY		
ROTE	11.6%	c. 9%
Recurring cost-to-income ratio	48.1%	≈55%
ASSET QUALITY		
Cost of risk	42 bp.	30 bp
NPL ratio	1,6%	c. 2.5%
Distressed asset ratio	2,8%	c. 4%
Coverage rate of distressed assets	82%	>65%

4.5.3 Lines of the Group's Business Model

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

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

Ibercaja is committed to a universal banking model, focused on the retail business and based on advisory services, service quality and innovation. It serves **a stable base of 1.7 million customers (management units)**: comprising households, companies and public and private institutions. It has specific channels, special products adapted to different customer segments, and offers basic banking services, other complements, such as insurance, investment funds and pension plans, all marketed through its highly specialised financial group, whose companies it owns in full.

Ibercaja's commercial strategy is based on:

1. **Specialisation**: aims to meet the customer's financial needs and expectations through specifically qualified managers specialised in personal banking, private banking and corporate banking.

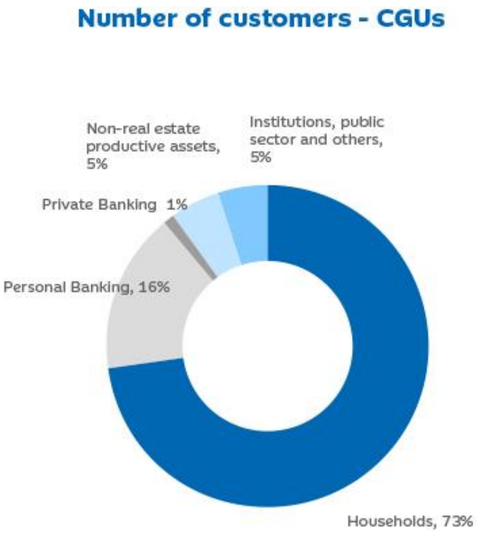
2. **Advice**: advisory services are a differentiating factor that characterises Ibercaja. In 2012, the Bank was the first Spanish bank to obtain AENOR's Personal Wealth Management Advisory Certificate, which it has been renewing on a recurring basis, including in 2023, in addition to the Excellence in Service in the Personal Banking segment certificate, which it has held since 2020, and which has been renewed annually since then. Ibercaja is the only financial institution in the sector with this recognition. Since 2007, it has also held the European Seal of Excellence 500+, awarded by the European Foundation for Quality Management (EFQM), which it renewed for the last time in 2021, under the updated EFQM Model, making it the first financial institution to obtain it.

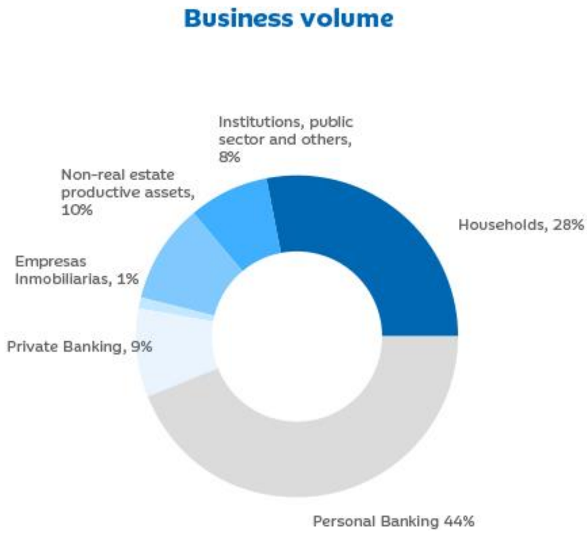
   These recognitions are yet another example of Ibercaja's commitment to achieving excellence in its customer relations, both face-to-face and remote, through a business model characterised by proximity, personalisation and specialisation.

3. **Omni-channel relationship model**: the customer decides the most appropriate way to interact with the Bank according to their preferences, needs, characteristics, context and life cycle. The omni-channel system provides the customer with a unique and recognisable experience so that they can rely on personal interaction for their advisory needs while using digital channels for carrying out their daily transactions. Omnichannel customers generate the highest revenues, with an average number of products and services purchased far higher than those operating only in branches.

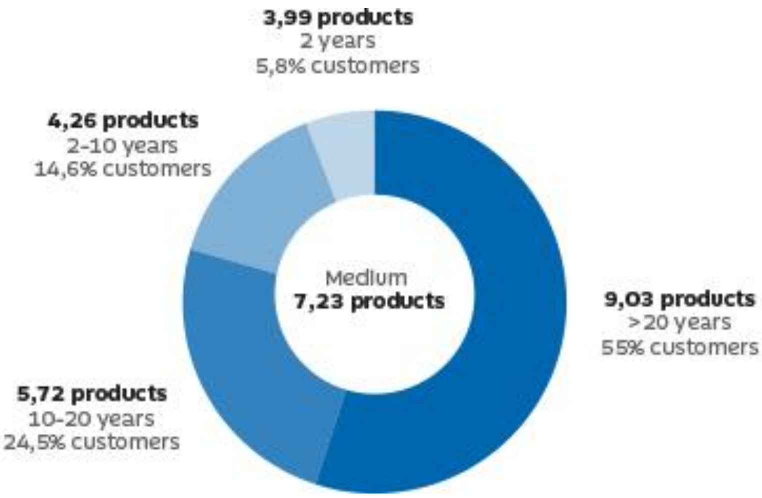
4. **Personalised product offer**: The Financial Group's subsidiaries enjoys a solid reputation and enables a customised offer tailored to each type of customer, their personal and financial circumstances and the level of risk they are willing to take.

The distribution by segment of the number of customers and retail business volume at the end of 2023 is shown in the following charts:





Average number of products and services (Personal)



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

BANKING FOR INDIVIDUALS	BUSINESSES AND INSTITUTIONS	OTHER LINES OF BUSINESS
Households	Companies business	Financial markets
Personal banking	Businesses	Business shareholdings
Private Banking	Institutions	

BANKING FOR INDIVIDUALS

Banking for Individuals manages 1.6 million customers who contribute more than 80% of the retail turnover. It concentrates 67% of credit and 86% of retail funds. Their high level of engagement is shown by the fact that, on average, they have been with the Bank for 20 years, and by the number of products or services contracted: 7.2 on average. **Banking for individuals includes the household, personal and private banking segments.**

Households

Households **provide the largest number of customers, 1.3 million, and account for 18% of customer funds and 49% of financing**. The management of the branch network and digital managers in this segment focuses on capturing new customers and consolidating the loyalty of existing ones. The Bank carries out its mission through proposals adapted to personal needs, depending on the risk profile, savings capacity and available financial assets.

The change in customers' habits and the notable increase in remote operations and digitalisation has continued, the bank has responded by reinforcing remote operations and also by increasing the number of digital managers, which now stands at **64 digital customer managers and serving 54,000 customers**. This year, new digital mortgage brokers have become particularly important, facilitating the entire process of providing information and contracting housing financing remotely, including customer registration through the onboarding process for new customers. Digital mortgage sales account for **28% of the total**.

The Bank has continued to be trusted by customers to manage their financial assets, maintaining good performance in contributions to intermediation, as well as in customers with a more conservative risk profile, as the market has provided the opportunity to offer attractive returns on funds with a target return suitable for this profile.

The Bank has maintained its **commitment to housing financing** for individuals, a sector in which it has historically specialised, adapting its offer to the needs of different types of customers; in the case of the youngest customers, it finances up to 95% of the value of the property to facilitate their emancipation and access to home ownership, offering a special discount on mortgage interest for customers aged up to 35. One of the main campaigns of the year has focused on housing financing to respond to the needs of our customers and also to attract new customers when buying their home. With the same objective, **agreements aimed at promoting access to housing for young people** have been renewed or signed with different autonomous regions: My First Home with the Madrid autonomous region, My First Home with the Castilla y León autonomous region, Youth Housing with the Andalusia autonomous region and Mortgage Agreement the La Rioja autonomous region.

As part of the commitment to offer **products adapted to the demands of younger customers**, the remunerated balance has been increased for the **Contucasa Account**, used to save for the purchase of a home and benefit from an offer if the home is financed in Ibercaja. The account can be contracted both in branches and on the app.

For customers to start saving on a regular basis and get help to achieve their objectives, the **Metas (Goals) Account** has been available since the beginning of the year. This is a remunerated account that can be contracted exclusively on the app.

The Bank is also looking to **attract new customers who wish to carry out their day-to-day deposits and payments** with Ibercaja. In February 2023 it updated the conditions of its **Vamos Account offering one of the best remunerated salary accounts on the market**. The Vamos Account is aimed at new customers who direct deposit their salary with Ibercaja and the customer registration can be done both at branches and on the app, a channel that has been strengthened this year. As a commitment to its youngest customers, Ibercaja also allows existing customers aged up to 34 to open the account when they start to work, so that they can benefit from the same advantages as new customers.

Personal banking

Personal banking has over 298,000 customers, who have a savings balance of more than €100,000, or €75,000 if outside the Bank's Traditional Area of Operations. This segment contributes more than 60% of the investment savings balance of Individuals with an average linkage that is double that of the household segment. **The customer care model for this group is based on a personal manager who proposes the best investment strategy for the**

The **482 specialised managers**, based on their knowledge of the customer, offer him/her investment alternatives, mainly funds, pension plans and savings insurance, adjusted to his/her risk profile, sustainability preferences, objectives and experience in financial products. The new personal banking model (face-to-face and remote) is consolidated with continuous improvements in processes and channels.

With the remote personal banking model, customers interact with their manager and receive the same attention as at a branch. **The current team of 67 digital personal banking managers serves almost 39,000 customers**, and, given how well it has been received, this model will continue to be extended over the coming years.

In 2023, Ibercaja renewed the **Excellence in Service Management certification for the Personal Banking** segment awarded by Aenor, becoming in 2020 the first Spanish financial institution to receive it, and now the only one to maintain it. This seal reinforces the Bank's leadership in professional advisory services in terms of customer savings management, and is accompanied by **the personal asset management advisory services certification**, also granted by Aenor, held by the Bank since 2012 and renewed recurrently.

Personal banking advisers are trained with internal and external means. All of them have the specific EIP (European Investment Practitioner) qualification endorsed by the European Financial Planning Association (EFPA).

Private Banking

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

As part of this continuous accompaniment of our customers, it is especially important to help our them make **the best decisions on the transfer of the assets** they have built up throughout their lives. For this reason, private banking managers have the "**Inheritance planning**" simulator, which is one of the main resources created to achieve this objective.

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

The work team assigned to the private banking services is made up of **85 people**, distributed among the branches of Madrid, Zaragoza, Logroño, Valencia, Guadalajara, Barcelona, Burgos, Seville and Badajoz, as well as the customer service offices of Huesca, Teruel and Pamplona.

In a context of economic and geopolitical uncertainty and great market volatility, emphasis has been placed on improving information to help customers in their decision-making, adapting to the new market situation where central banks and their interest rate policies have been setting the pace for the different markets. In this regard, we have the daily market report, the weekly analysis of the performance of different assets and the investment keys, the monthly funds, plans and markets report and the new services related with tax optimisation and inheritance planning.

BUSINESSES AND INSTITUTIONS

Companies business

This segment, in 2023, consists of more than **72,000 corporate customers** with **turnover** of around **€12.2 billion**.

With the Challenge 2023 Strategic Plan completed, it can be said that Ibercaja has achieved the objective of taking a step forwards in its ability to accompany companies by advancing in 3 lines of action: simplifying and digitising processes, improving operational agility and customer response; a differential value proposition with quality of service and recognisable customer experience; and the use of data as the basis for better knowledge and advice.

These lines of action have resulted in a more omnichannel-oriented form of business banking of greater proximity, more specialised, more agile and with new value-added services.

To achieve this, we have undertaken an intense commercial activity that is increasingly personalised and adapted to the needs of each customer.

At the beginning of the strategic cycle, the **new Business Banking Area** was created at the first level of the Bank, reporting directly to the Chief Executive Officer. This area demonstrated Ibercaja's ambition to strengthen its position in the business segment. With the boost of the Business segment, we have made progress in the diversification of Ibercaja's loans, so that the segment represents over 25% of the total weight of lending and an increase of more than 30 bps in market share. In the aggregate view for the 2021-2023 period, we have achieved positive difference in growth of the loan balance compared to the whole system of 19%.

These figures underline Ibercaja's ambition to become **a leading provider for companies with a good risk profile** and so be a significant player in the market. We have achieved all this by significantly improving risk-adjusted returns, maintaining the level of non-performing loans in the corporate business at around 2%, one of the best ratios in the Spanish financial system, managing to double the rate of attracting portfolio companies in expert figures, and reaching a level of loyal customers very close to 60% of the total number of client companies.

To achieve this goal, we have a specialised sales network made up of more than **375 Business Banking Managers and Commercial Business Managers** who offer professional advice based on proximity, quality of service and individualised attention. These are joined by **48 Technical managers**, who offer administrative support in order to guarantee agility ii the service provided in the daily operations to customers, a pool of **specialists in Comex, Leasing, Insurance and Next Generation Funds** and also a **Corporate and Syndicated Banking Financing unit** made up of 9 experts. All this activity is managed through **24 specialised centres** (8 Corporate Business Centres and 16 Corporate Business Spaces in the main Spanish cities), which are complemented by 53 branches with expert profiles in providing service to companies.

3 years of transformation

The Challenge 2023 Plan has represented a clear turning point in corporate business. The successful execution of an ambitious strategic initiative has allowed us to work on 11 major challenges of transformation and generation of new capabilities, among which the following stand out:

- Evolution of the **commercial and customer management model**: enabling us to generate a new value proposition, optimise the establishment of portfolios, define a new expert care model, create a new management model, evolve the sizing and distribution model, and generate a risk-adjusted business intelligence model that facilitates a growth strategy individualised by company (at the level of product, amount and term for current and potential customers) based on their sector and our risk appetite.

- Evolution of our priority digital channels in our relationship with companies, a highlight being the launch of the **new Digital Business Banking**, with a new a technology core and functionalities adapted to the current needs of companies

- Improvement of operational efficiency, through the **Eureka Plan**: which has led to improved processes and procedures, and the development and improvement of new products, including EasyPay, the new open-term credit account, Multiproduct 2.0, and the mutual guarantee association product Multiproduct SGR, a new Risk Report.
- Deployment and adoption of **RAROC**, which has led to a new culture and way of working for the entire sales force, ensuring efficient capital allocation.
- A new internal and external communication strategy, which we have leveraged in new image campaigns and in the MÁS Ecosystem, where companies can find knowledge, training, networking and tools to evolve, be more competitive and improve decision-making in four thematic areas (finance; technology and innovation; sustainability; strategy and management)
- Evolution of specialisation with the creation of the Syndicated Corporate Finance Unit.
- Creation of **new high-value specialised services**, materialised in: the Suma Programme, to enhance synergies with the field of Private Banking; and in the new Ibercaja Family Business Service that allows us to accompany these companies in their key financial moments, such as generational inheritance, family protocol, purchase and investment transactions, and mergers and restructurings, offering and sharing our knowledge in legal, tax and estate planning matters.

Competitive commercial offer

The new products and services launched in the Challenge 2023 strategic cycle have reinforced our firm intention to provide companies with the best solutions in the fields of financing, savings, insurance and other services.

We have launched the new **Open-Term Credit Account**, a revolving credit account with a personal guarantee, based on a policy with no expiry date, resulting in savings for the customers in brokerage costs in the years after it is contracted, and intended for the financing of working capital in productive activities of companies and businesses.

We have also begun to evolve Factoring, a product with an significant commercial history involving the creation of a structure with specialised people in the Bank.

In terms of savings products, the **range of investment funds** specially designed for companies has been consolidated, focusing on products that enable companies to make the most of their short-term liquidity surpluses. And companies have been offered other solutions to make their resources profitable in as safe way.

In the field of insurance, Ibercaja's business customers can now access the CASER **Platinum Programme**, which has special advantages and benefits adapted for companies that take out 3 or more insurance policies with the institution.

Due to the new legislative changes, our **Employment Pension Plans** are particularly important. Consequently, in 2023, the Business and Future Plan Service has been launched, which promotes and publicises the advantages that employment plans bring to companies and their workers. At the same time, it reinforces our position as a benchmark in the employment plan sector, which is becoming increasingly important as an instrument for channelling retirement savings as a result of the latest regulatory changes, which opens up excellent opportunities for us in these products. Ibercaja Pensión is the 3rd largest national manager of employment plans, and the plans managed by the institution occupy three of the top four positions (including the first two) in profitability at 1 year, and it is one of the 25 largest employment plans in the sector by assets managed.

Committed to sustainability

The Bank's firm commitment to accompanying companies in their transition to sustainability has resulted in a line of sustainable products (Investment + Sustainable Loan, Sustainable Crops Leasing, Photovoltaic Energy Leasing, and Renting for Electric Vehicles).

In collaboration with the Brand and Reputation Department, and with the help of Fundación Ibercaja, the project "Let's go together towards sustainability" has been launched in this strategic cycle, with the aim of accompanying companies in their transition towards more sustainable business models aligned with the SDGs of the 2030 Agenda.

Continuous accompaniment to companies to access Next Generation Funds

At Ibercaja we continue to provide personalised support to companies that have investment projects so that they can obtain aid from European funds. We have a digital assistant that allows us to personalise our customer interests and profile them according to their productive sector and field of action so as to keep them informed in real time of existing calls and their requirements.

In addition, we complement the needs of companies with supplementary financing and facilitate advances of the aid granted on excellent terms. We also maintain our alliance with **the companies Mazars and Silo** to offer specialised consultancy services to companies interested in accessing the Funds. Thanks to this combination of support, we have advised more than 5,000 companies on how to access these funds for their projects. In addition, based on our strategic alliance with Microsoft and the collaboration agreement with several specialist partners, we help micro businesses, SMEs and the self-employed to access and take advantage of Kit Digital aid.

However, we are waiting to see, in 2024, how funds aimed at soft loans are channelled, in which banks are confident of playing a more active role, based on the success of ICO COVID financing during the pandemic.

Businesses, professionals, farmers and the self-employed

Businesses, professionals, the agricultural sector and the self-employed in general, as an essential part of the Spanish productive fabric, are particularly important customers for Ibercaja. We help them with their **financial needs from a global perspective**, professionally and in the personal and family sphere.

Providing strong **financial support** to **customers in the agricultural sector** has become particularly important during 2023. Some factors such as the arrival of the new CAP aid, the continuous rise in costs (fuel, inputs and raw materials) and more adverse weather than usual, have made it necessary for Ibercaja to be more engaged with the sector's needs. Along with the usual financing products for agricultural customers, we are committed to engaging more closely with them and promoting official financing; we are one of the leading institutions, in several autonomous regions, in the contracting of the **ICO SAECA loans** that are subsidised by the Ministry of Agriculture, Fisheries and Food and have a 100% guarantee from SAECA.

Through the different lines of **Agroseguro**, in a record year for claims in the Spanish countryside due to weather phenomena, we have contributed to maintaining the viability of the farms insured, especially in the case of certain crops such as arable, grapes and fruit trees.

Our commitment to the sector is demonstrated by our collaboration in different conferences and events, including leading fairs such as **AGROEXPO** in Extremadura and **FIGAN** in Aragon.

In 2023, the first **ORIGIN AWARDS** event has taken place. This Ibercaja initiative recognises farmers, caterers and merchants whose work demonstrates their commitment to the rural environment, its sustainability and viability by committing to the use of products from 100% native breeds.

As experts in savings management, we have made two new **Simplified Pension Plans for the self-employed** available to the self-employed, with different investor profiles. In collaboration with our management company, Ibercaja Pension, and with different professional associations and bodies, several conferences and dissemination events have been held with the aim of informing about and publicising the legislative developments in this area.

To facilitate engagement with **new customers**, we give them a **welcome offer** during the first 12 months, allowing companies to start their relationship with the Bank **without fees or conditions for 12 months**, providing them with their account, card, digital banking and a free orientation and legal assistance service. In the case of merchants, new customers or customers starting a professional relationship with Ibercaja can enjoy the **POS service free for 6 months** and then for a flat monthly rate adapted to their turnover.

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

In 2023, we have continued to disseminate and facilitate customers access to **Next Generation EU Funds**, promoting the digitalisation and growth of businesses and SMEs through different alliances with partners and suppliers of the highest quality, as well as our free service, the **Next Ibercaja Assistant**, which keeps them informed about aid, tenders, subsidies and financing, according to the needs and specific situation of each company or professional.

PROGRESS IN DIGITAL TRANSFORMATION AND MULTICHANNELLING

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

Ibercaja's **objective** is to lead the rankings of customer satisfaction with our digital assets, and to implement new digital innovations and capabilities aligned with the bank's positioning and business objectives. In this line of work, specifically in 2023, which ends the strategic cycle, the use of the technological capabilities deployed in the first years of the strategic cycle has been consolidated and systematised.

The following have been deployed: (1) **remote personal relationship model**, (2) **digital sales processes** and (3) **new Marketing Automation and Business Intelligence system**. As a symbol of innovation, the Consumption Pension project was accepted in the first call for **Sandbox** applications, and this new product has been taken to the production phase.

Remote personal relationship model

This year, 2023, has focused on the use and evolution of digital capabilities in face-to-face and remote channels, which were developed and deployed as a pilot test in previous years.

The aim has been to promote and systematise the use of remote tools in offices and digital centres, mainly Mi Gestor (My Manager), deferred signature and video calls with customers.

Work has also been done to integrate different commercial tools used by managers to improve efficiency and facilitate their commercial work. The use of collaborative tools integrated into the commercial system is key to achieving these objectives.

The digital customer manager and digital personal banking manager roles have been consolidated; at this time we have more than 130 digital managers. Progress has been made in defining new digital roles for specific business segments.

Digital sales processes

Digital sales processes have continued to be strengthened throughout 2023, following the line initiated at the beginning of the strategic plan. These digital sales processes are carried out in the Bank through digital managers and digital channels: App and Digital Banking. In any event, it is a remote personal attention model.

Following the deployment of the new, much more robust and modern Digital Banking at the end of 2022, this year we have mainly worked on adding new functionality, adapting channels to the business needs defined by the Bank's commercial strategy and making the usability adaptations requested by our customers through the Customer Listening Plan project.

In the App, special interest has been placed on facilitating the contracting of micro savings products, with the deployment of the Metas account (product exclusive to the app). This product has been enriched throughout the year, providing the customer with different ways of saving in an easy and agile way.

To facilitate digital sales for customers and as a point of help and support in the process, several simulators of different products have been developed and deployed.

New marketing automation & business intelligence system

During the strategic plan that ends this year, several fundamental marketing automation tools have been deployed in the Bank. Up to this year, 2023, the use made of these tools was to automate the most traditional commercial actions.

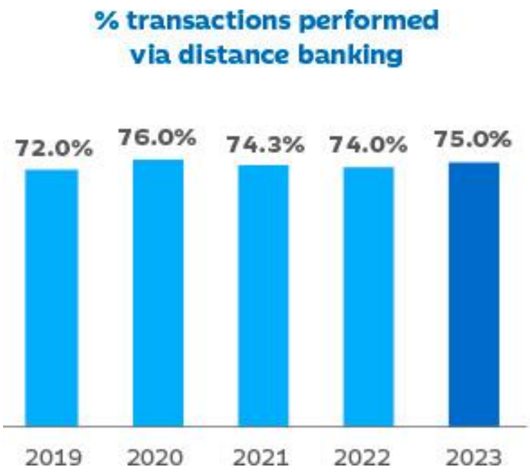
This year, 2023, work has been done on making much more personalised and complex "journeys". Additionally, a digital analytics tool has been incorporated into digital channels, allowing us to know the customer's activity in the channel and be able to focus the commercial activity on their needs at that time. This considerably improves the relationship with the customer and their experience with the Bank, while simplifying the work of managers and increasing the conversion rate.

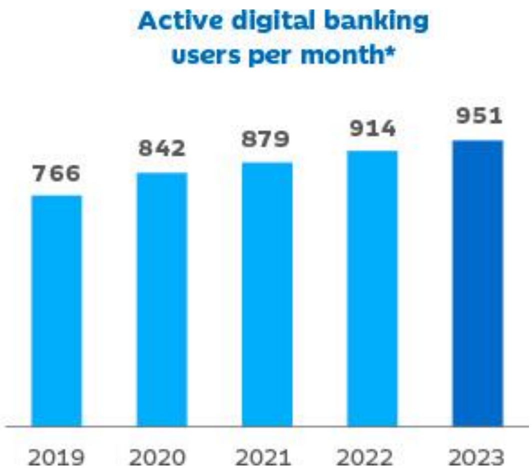
To be able to continue making decisions based on the result of commercial activity, dashboards have been developed to monitor commercial activity and propensity models have been updated with this information, thus promoting data-driven decision-making.

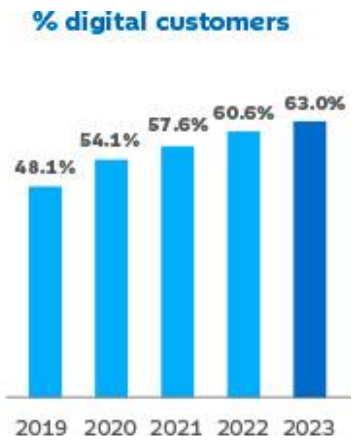
Innovation – Consumption pension

In the first year of the strategic plan, which is now ending, Ibercaja was able to enter the transformative project "Consumption Pension" into the Financial Sandbox. In the second year, the testing phase was completed with Fintech Pensumo and the General Directorate of Insurance and Pension Funds. This last year, the regulatory framework has been defined and the necessary work has been done to be able to launch the project on the market in the first months of 2024.

In this way, the Pensumo project promoted by Ibercaja Banco becomes the first project in the Spanish Financial Sandbox to manage to adapt financial regulations to provide a pioneering and innovative service to society.







*Data in thousands

BUSINESS MODEL AND SUSTAINABILITY

Since it was formed, 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, channelling funds to companies, 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. This Policy is aimed at framing the Bank's activity in accordance with ESG factors, with the commitment to incorporate sustainable criteria in decision-making in order to respond to the expectations of all its stakeholders.

The Bank conducts its activity in line with the **Sustainable Development Goals** of the 2030 Agenda, is a signatory to the UN **Global Compact** and the UN **Principles for Responsible Banking**, follows the recommendations of the **Task Force for Climate Related Financial Disclosures** (TCFD), is a founding member of the **Net Zero Banking Alliance (NZBA)** and is a member of the **New Deal for Europe "CEO´s call to action**" initiative.

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

1. Offering of financial products that contribute to achieving sustainable development by reducing the carbon footprint and by mitigating the effects of economic activity on the climate. Ibercaja has a wide range of financing and investment products. In the **business segment** these products focus on supporting accessibility and improving energy efficiency in homes and sustainable mobility, through their evaluation and the provision of a full range of products such as Investment + Sustainable Loan, Sustainable Crops Leasing, Photovoltaic Energy Leasing and Renting for Electric Vehicles. It also includes the management of public subsidies and the execution of construction projects, in collaboration with Acierta Asistencia (CASER Group), and access to Next Generation EU grants, offering a digital assistant to keep customers informed of existing calls and their requirements, according to their interests and productive sector.

Ibercaja also focuses its efforts **on young people,** supporting them in their first expenses through its adhesion to the Madrid region's My First Home programme and the offer of financing products for educational purposes.

For **older customers**, the Bank has an independent financing strategy. Its services include a decalogue of measures defined for their personalised attention through different channels[7], in line with the corporate purpose of "helping people contribute their life history". Due to its importance and Ibercaja's commitment to this sector, there is a specific section on the corporate website, "Enjoy, it's your Ibercaja moment", where all the services and products aimed at the elderly in our society are included. According to the BMKS Fin report (Benchmarking of Customer Satisfaction in the Financial Sector) by the independent consulting firm Stiga, Ibercaja ranks between first and second place with respect to its peers in the indicator for people over 65 years of age.

2. As part of **Ibercaja's commitment to its employees**, different models to assess performance and potential have been developed with the aim of assessing the level of alignment of professional skills with Ibercaja's corporate values, in order to be able to design an internal development model personalised according to the capabilities of employees. In this regard, an internal communication and management tool was launched, SOMOS Ibercaja, with the purpose of evolving People management, improving the employee experience of their job and generating an Environment of Well-being.

As part of Ibercaja's commitment to its employees, the Family-Responsible Company Seal has been defined, and training has been promoted in Sustainable Finance and corporate volunteering[8].

3. The Bank's **commitment to caring for the environment in its management of energy and buildings** is reflected in the continuous investment in refurbishment, works and maintenance actions in its offices (replacement of existing lighting with LED systems, optimisation of resource consumption, etc.), to continue promoting awareness-raising initiatives on protection of the environment, focusing on the continuous improvement of energy saving and efficiency policies. Thanks to all its efforts in this area, the headquarters is recognised as a green building under the ISO 14001 standard[9].

[7] For more information on financial products linked to ESG factors, see chapter 6.3 of this report.
[8] For more information on the commitment to our people, see chapter 6.4 of this report.
[9] For more information on internal environmental management, see chapter 6.5 of this report.

4. The Bank's **commitment to society** is seen in its daily actions and in obtaining resources that are returned to society through the generation of wealth and well-being and through the social action of the Bank's shareholder foundations[10]. Ibercaja promotes social projects, integration in the labour market, diversity and volunteering plans, renewing the RSA+ Seal of social responsibility awarded by the Aragon regional government, in order to reaffirm the social commitment it has had since its foundation, preserving natural resources and promoting a fair and inclusive society.

[10] For more information on the Bank's commitment to society, see chapter 6.8 of this report.

4.5.4 Financial Group

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

The Financial Group provides innovative investment solutions tailored to the risk profile of our customers, thus strengthening their relationship with Ibercaja. Its activity enables diversification of the business and generation of recurring income.

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

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

The companies that form part of the Financial Group are 100% owned by Ibercaja.[11]

IBERCAJA BANCO

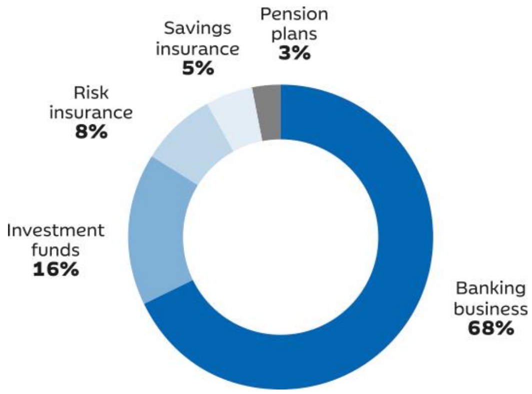
IBERCAJA GESTIÓN	CIU Manager	Equity	22,749	#5
IBERCAJA PENSIÓN	Pension plan management company	Equity	7,542	#4
IBERCAJA VIDA	Life insurance broker	Technical provisions	7,703	#7
IBERCAJA MEDIACIÓN	Insurance brokerage	Premiums	321	
IBERCAJA SERVICIOS DE FINANCIACIÓN	Consumption & Renting	Outstanding investment	136	
IBERCAJA RENTING	Renting	Portfolio	37	

(Figures expressed in millions of euros)

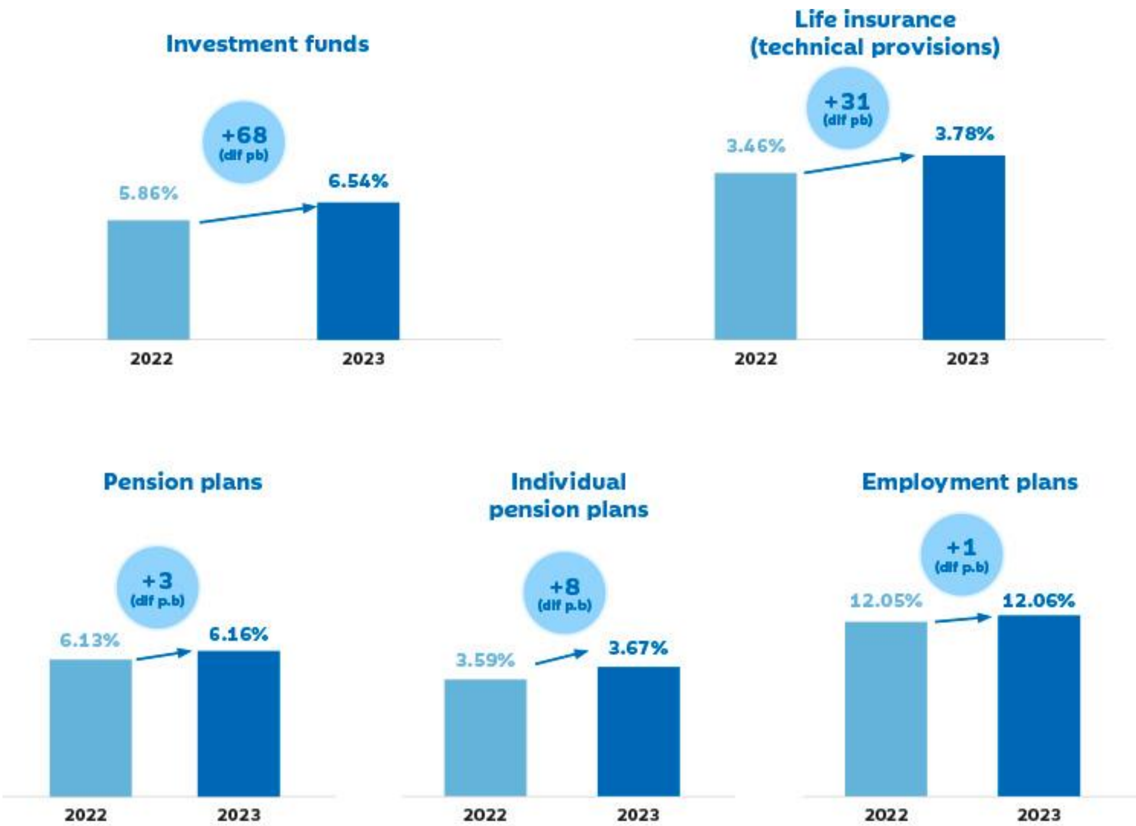
[11] Source: Inverco and ICEA at December 2023. Ibercaja Gestión includes the Ibercaja management company and other companies.

Contribution to recurrent revenues:

Assets under management and insurance account for **32% of the Group's recurrent revenues** and **53% of the retail customer funds** managed by the Bank, giving rise to one of the most diversified mix of savings and income generation in the Spanish banking system.



Ibercaja has a **market share** in these products that is **much higher** than in traditional banking products. In 2023, there has been a notable gain in market share in investment funds and individual insurance[12]:



[12] Inverco and ICEA at December 2023, restatement of 2022 data

SUSTAINABILITY:

The Financial Group is part of Ibercaja's **"Purpose and Sustainability" strategic initiative**, led by the Brand, Reputation and Sustainability Division. Within 2021-2023 Strategic Plan, the risks and opportunities associated with sustainability have been analysed in response to the regulatory and management challenges of companies in the Financial Group. In this way, the Financial Group promotes different actions related to governance, regulatory adaptation, risk management and the development of the sustainable products business, and has achieved the following on matters of sustainability in 2023:

Governance:

- Review and development of new policies and procedures with ESG criteria.
    - Preparation of due diligence policies regarding the principal adverse impacts on sustainability factors of Ibercaja Vida and Ibercaja Pension, in addition to the Ibercaja Banco and Ibercaja Gestión polices already in force.
    - Development of procedures to measure and manage the principal adverse events (PAIs) in a cross-cutting way.
    - Adhesion to Ibercaja Banco's ESG Risk Governance Policy.
    - Periodic review of the rest of the ESG Policies in force (integration of ESG risks, exclusions, engagement, etc.).
    - Ibercaja Gestión developed procedures to avoid greenwashing practices and to calculate sustainable characteristics and percentage of investment in accordance with article 2.17 SFDR.
- Engagement, involvement and active dialogue with companies.
    - Ibercaja Gestión and Ibercaja Pensión have continued to collaborate with engagement platforms such as Climate Action 100+, Access to Medicine Foundation, Carbon Disclosure Project and UNPRI.

- Dialogue and voting activities carried out in line with our Engagement Policy. Dialogue is an integral part of the circular process of integrating ESG risks into investment analysis and management with a focus on medium to long-term engagement. Participation in 51 shareholder meetings of both domestic and international companies, with the support of a proxy advisor with ESG criteria.

Measurement and management of ESG risks:

- Integration of ESG data provision tools into management, facilitating investment decision-making, as well as regulatory reporting (see section on Regulatory Adaptation).
- Incorporation of new sustainability-related KPIs into the risk appetite frameworks of Financial Group Companies.
- Technical and functional analysis for the development and implementation of a corporate sustainability database and design of a dashboard, which enables the Financial Group to:
  - Industrialise the gathering of information from external ESG data providers.
  - Store ESG information in the Bank's systems so that it is available for access from the operating tools.
  - Build ESG dashboards for investment funds, pension plans, savings insurance, and discretionary portfolio management services.

Business development:

- Design and develop new sustainable products in accordance with the strategy. Ibercaja is thus already providing sustainable investment solutions to the tune of 3.440 billion at the end of 2023.

Investment performance:

Millions of euros and number	CLASSIFICATION	EQUITY	EQUITY INCR.	UNIT HOLDERS
PENSION PLANS		746	29	68.549
Sustainable Confidence	Mixed fixed income	266	9	24.666
Sustainable and Solidarity	Mixed equities	306	22	19.105
Sustainable Europe	Equities	40	1	2.459
Megatrends	Equities	29	0	2.782
Savings Fixed income	Fixed income	106	-3	19.537
INVESTMENT FUNDS		2.689	(527)	120.495
Savings Fixed income	Fixed income	611	(318)	27.579
Sustainable fixed income	Fixed income	39	2	645
Sustainable Confidence	Mixed fixed income	116	(19)	5.533
Sustainable and Solidarity	Mixed equities	603	(70)	29.621
Global dividend	Equities	329	43	10.102
Infrastructure	Equities	13	(4)	1.215
Megatrends	Equities	445	(32)	25.311
New Energy	Equities	46	(1)	2.369
Health	Equities	483	(132)	17.990
Perfilado 30 ASG	Mixed fixed income	4	4	130
SICAV		4	0	145
Asguard		4	0	145
TOTAL		3440		

Regulatory adaptation:

During the period, the following was carried out:

- Adaptation to Level 2 RTS (SFDR): Disclosure to customers of pre-contractual, periodic and web information on investment funds, pension plans, savings insurance and discretionary portfolio management services.
- Consideration of major adverse events (MAIs) at product level eligible for MiFID.
- Regulatory reporting.

- Preparation of the Statement of Main Adverse Impacts of Investment Decisions on Sustainability Factors at Bank Level, by Ibercaja Banco and Ibercaja Gestión.
- Annual Engagement Report (voting and engagement) of Ibercaja Gestión and Ibercaja Pension.
- Contribution of the Financial Group to the consolidated reporting on Taxonomy/GAR. Assessment of alignment with climate objectives (mitigation and adaptation).
- Analysis of climate stress scenarios in the ORSA report by Ibercaja Vida.
- Preparation in progress of the report on the financial impact of Ibercaja Vida's climate risks, which will be published in the second quarter of 2024.

Solidarity activity:

The Financial Group's solidarity activity known as "Your Money with Heart", implemented through the products "Ibercaja Sustainable Solidarity FIM" and "Ibercaja Sustainable Solidarity Pension Plan", has been intensively developed in 2023.

- This is governed by a Steering Committee and a Technical Committee which direct and oversee the distribution of funds and the internal and external communication of the initiative.
- It has a space on the Ibercaja website called "Your Money with Heart", which has with the aims of keeping unit holders informed of the initiatives supported and informing potential customers and society about the project and the products that currently constitute a truly differential investment alternative in the market.
- In 2023, the 2nd Ibercaja Solidarity Dinner was held. It was organised to raise funds for the Ape Foundation, which fights eating disorders. The APE Foundation received €12,000, which will be used to carry out training activities and workshops for children, adolescents and families, to help prevent, educate and learn about the eating disorders that increasingly affect our society. Around 600 people participated.

The Ibercaja Solidarity Dinner was the occasion for delivering the aid from the "Your money with heart" and "Solidarity Drive" initiatives.

- "Your money with heart" supports social and environmental projects through the "Ibercaja Sustainable Solidarity" investment fund and pension plan. The unit holders collaborate actively, with their votes, in making this project possible.
- "Solidarity drive" is an initiative aimed at Ibercaja staff with the aim of enhancing the Bank's social commitment through the direct collaboration and participation of its employees. Through this programme, employees present the social and environmental projects to which they are committed and everyone decides, through their votes, which projects will receive support for their development.

At the dinner, **€885,000 of aid was awarded** to seventeen projects of non-profit associations and organisations:

"Your Money with Heart" projects:

- "Programme of comprehensive assessment and stratification of non-pharmacological physical-cognitive stimulation strategies in the approach to Alzheimer's disease" of the Neurópolis Foundation and AFEDAZ.
- The "ATEMTIA space for therapies and motor rehabilitation" of ATADES.
- "Celia and Pepe's school", an educational project for children with special needs due to neurological diseases and language disorders" of the Querer Foundation.
- "Education makes people" of the Dádoris Foundation.
- "Plan for the prevention of addictions" of the Zaragoza Solidarity Centre Foundation's Hombre Project.
- "Strengthening of individualised educational therapy services for children and young people with autism spectrum disorder" of Autismo España.
- "Housing for the recovery of health", Fundación Red de Apoyo a la integración sociolaboral Fundación RAIS-Hogar sí.
- "Free Paediatric Surgeries in Senegal", by Naves de Esperanza.

- "Child Cancer, Cerebral Gliomatosis", by the San Joan de Déu Private Foundation for Research and Teaching.

Solidarity Drive projects:

- "Support for children and adults with autism. Therapies for the promotion of personal autonomy in children and young people with autism spectrum disorder", by Autismo Aragón.
- "No child with autism without therapy." Navarre Association of Autism.
- "A place to live when your daughter or son is hospitalised far from home for heart disease," by the Menudos Corazones Foundation.
- "Creation of a therapeutic classroom and adapted headquarters with an activity room for children with cancer", by the FARO-Association of Relatives and Friends of Children with Cancer.
- "Psychological and legal helpline for minors with problems", by the ANAR Foundation.
- "Musical education for children as a means of social integration", by the Atrio Cáceres Foundation.
- "Fewer emissions, more future", by ASDE Scouts Aragón.
- "Reuse and treatment of rainwater in Griébal", by the Griébal Scout Foundation.

5 projects within the area of action of the Cai, CB and Circulo Foundations that received a total of €225,000:

- "Social Inclusion of Vulnerable Young People" by the Adunare Foundation.
- "Incorporation of Special Groups in the Labour Market", by the El Tranvía Foundation.
- "Incorporation in the labour market of young people who have been taken out of care", a circular economy project of the Lesmes Foundation.
- "Proximity services to empower people with disabilities", by the Aspania Foundation.
- "Comprehensive Care in the Old Town of Badajoz", by the YMCA Association.

Acnur and the Red Cross received aid to deal with emergencies arising from the humanitarian crisis caused by: the earthquakes in Turkey and Syria (Acnur); and the earthquake in Morocco and floods in Libya (Red Cross).

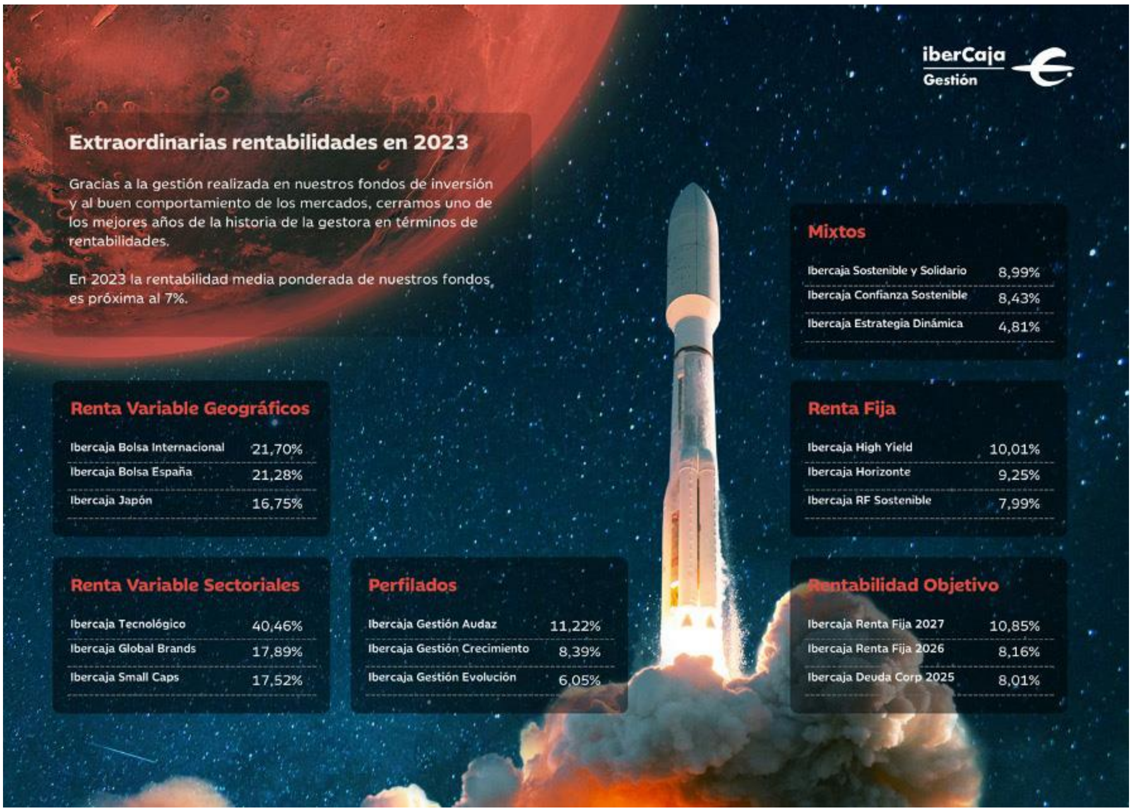
Your Money with Heart has supported Ibercaja Banco's project with its employees called "Ibercaja leaves no footprint" which, within the framework of Planet Week, seeks to disseminate healthy lifestyles.

Your Money with Heart has signed a collaboration agreement with the Oxigeno Foundation that will allow trees to be planted in 8 provinces in the 5 Territorial Divisions, depending on the achievement of challenges undertaken by employees.

A line of collaboration has also been developed with the Persán Foundation.

INVESTMENT FUNDS

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



Major milestones in 2023

- After a difficult 2022, this year has brought relief to the markets, recovering much of the lost ground. The year, however, has not been without extraordinary events, with geopolitical tensions – the war between Ukraine and Russia and Israel and Hamas – bank failures in the United States, stubbornly high inflation, tough messages from central banks regarding monetary policy and macroeconomic data showing signs of slowing down.
- Despite the above events, equity markets are showing positive results for the year in almost all cases. In fixed income, returns have also been positive due to the accrual of portfolio positions.
- Thanks to the trust of our customers and the excellent work of our distribution network, **accumulated contributions** to investment funds amounted to **€3,485 million**.
- **19 out of every 100 euros of new investment fund inflows** in Spain have been made by our customers in Ibercaja Group investment funds.

- **2023 places us in a leading position in terms of returns obtained by our portfolios**. Our cautious positioning, prioritising short durations in fixed income and defensive, quality sectors in equities, allows us to deliver positive returns across the range, with a weighted average return across our range of fund of close to 7%.
- Thanks to the **extraordinary inflows to funds** and the good performance of returns in all our portfolios, the volumes managed are increasing very sharply. The volume in investment funds stands at 22,749 million. €
- **Market share of 6.54%**[13], representing a growth in the year of 68 bps and 98 bps in the whole 3-year strategic plan ending in 2023. With this, Ibercaja further strengthens its position as the fifth Spanish group in terms of volume managed in investment funds.
- The **Ibercaja Group's asset management** has once again **been recognised at the Expansión-AllFunds Bank Awards**, where it won the award for the institution with the best investment fund in 2022, namely the Ibercaja Global Dividend.

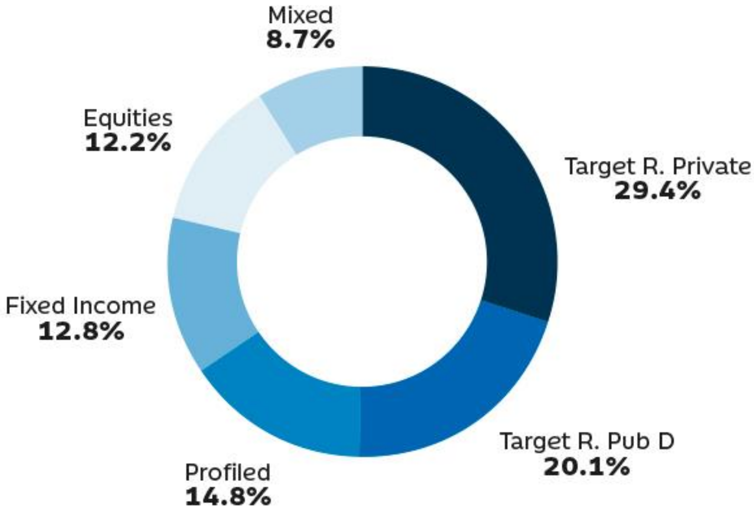
Fund range and commercial strategy

Ibercaja Gestión has 72 investment funds adapted to any market situation and to different investor profiles. In addition, it manages 2 SICAVs in Spain with an aggregate volume of more than €9 million and has a management agreement with a Luxembourg-based SICAV, Ibercaja Global International, which has assets of more than €50 million.

In the evolution of the weight of the different families in the total number of assets managed by Ibercaja Gestión, 2023 has been dominated by target return funds, which now represent 49% of the total assets managed. Although the year has been accompanied by strong growth in target returns, the profiled, mixed and equity funds continue to be a fundamental pillar.

[13] Inverco at December 2023. 6.55% if Ibercaja Gestión includes the Ibercaja management company and other companies

Mix of investment funds of the management company



One of the keys to the extraordinary volume of contributions has been anticipating the needs of our customers. In **2023, Ibercaja has been one of the institutions most active in launching new investment funds (8):**

New funds		
Ibercaja RF Horizonte 2026, FI	04/09/2023	Euro corporate bond fund maturing in late 2026
Ibercaja RF Horizonte 2025, FI	19/05/2023	Euro corporate bond fund maturing in late 2025
Ibercaja España - Italia Junio 2024, FI	30/03/2023	Spanish and Italian government bond fund with maturity in June 2024
Ibercaja España - Italia Octubre 2024, FI	04/09/2023	Spanish and Italian government bond fund with maturity in October 2024
Ibercaja Deuda Pública 2025, FI	04/09/2023	Spanish and Italian government bond fund with 2-year maturity
Ibercaja Deuda Alto Rendimiento 2024, FI	30/03/2023	Corporate bond fund maturing in late 2024
Ibercaja Corto Plazo Empresas 2, FI	17/02/2023	European corporate bond fund
Ibercaja Blackrock China, FI	08/09/2023	Chinese equity fund

In an environment full of uncertainties, we have prioritised products capable of providing security and certainty to our customers, taking advantage of the good opportunities that have arisen in fixed income throughout the year.

Funds managed under non-financial criteria (ESG) exceeded €2,689 million at the close of the year.

Within the range of sustainable solutions, **Ibercaja Sostenible y Solidario stands out** as **one of the manager's largest funds**. There are more than **29,621 unit holders** who trust in our mixed fund, Ibercaja Sustainable Solidarity, a way of saving and investing that helps build a better world. Its **€604 million in assets** will enable us to donate some €750,000 in 2023 to social and environmental projects.

Proximity to customers and employees

The success of the Management Company has been based on **proximity to our Network**, and always having a **quality product to offer our customers**.

In 2023, the Management Company has held more than **150 meetings with our Network and Business Banking**. We have tried to facilitate growth by conveying the latest news about financial markets, our interpretation of it, what decisions we are making in the fund portfolios and where to focus new customer contributions.

We would also like to highlight our **participation in more than 60 meetings with customers, companies and institutions** where we have helped in explaining our vision of the financial markets and the evolution of our products.

Conference on investment with International Management Companies

After the 2022 conference, which out of prudence took place digitally, this year it was held for the fifth time in-person, led by the BlackRock, DWS, M&G management companies.

For the Financial Group, both Ibercaja Gestión and the Private Banking Investment Management team took part.

This conference seeks to provide added value to our customers, giving them the opportunity to access exclusive content and interact with expert speakers in the field, to whom they can ask the most specific questions they have regarding their investments and concerns about the markets.

There were 6 live face-to-face sessions with customers and an additional 17 in a "hybrid" format (sales managers and customers followed the sessions via streaming). Live, the number of views exceeded 650, and almost 400 customers followed the conference via streaming.

Acknowledgements and awards

In the 2023 edition of the Expansión-AllFunds Bank awards, Ibercaja Gestión has obtained recognition for the management company with the best investment fund, the Ibercaja Global Dividend.

The solid track record of the Ibercaja Group's management companies is demonstrated by their presence in each and every one of the 34 editions of the Expansión awards. These awards take place in an environment of uncertainty and volatility in the markets, in which Ibercaja is once again highlighting its ability to adapt, both in management and in the advice it provides to its customers.

PENSION FUNDS

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

The favourable performance during the year in both the fixed income and equity financial markets has driven significant growth in the assets managed by Ibercaja Pensión in 2023.

In addition, Ibercaja Pensión's performance has improved compared to its competitors, allowing it to reach the highest market shares in its history, both globally and within the individual and employment plans sector.

The assets managed by Ibercaja Pensión at the close of 2023 totalled €7,542 million, a figure that represents an increase of €549 million compared to the close of 2022 (+7.85%). The company continues to be in fourth place among management companies nationwide. The market share[14] stands at an all-time high of 6.16%, surpassing the 2022 level by 3 basis points (6.13%). The number of unit holders stands at 315,930.

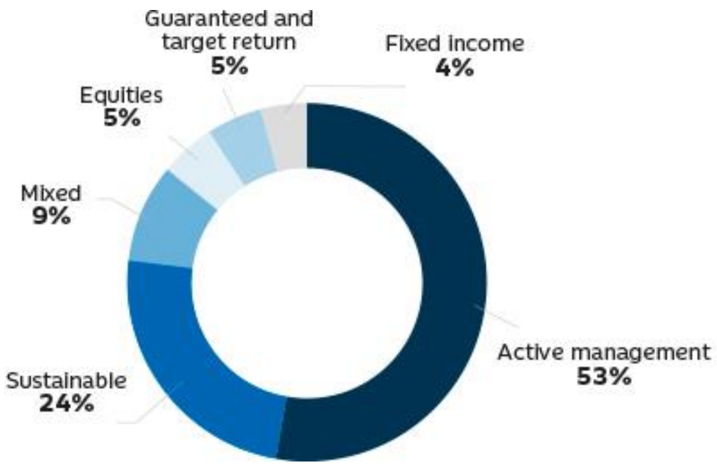
The volume managed in individual pension plans has increased by €299 million (+10.6%) reaching a figure of €3,119 million. The market share has advanced significantly to 3.67% (3.59% in 2022).

In employment plans, assets amounted to €4,422 million, a figure 250 million higher than in 2022 (+5.98%). The market share in this segment stands at 12.06%, consolidating Ibercaja Pensión's position of third place among Spanish management companies. A total of 17 plans are administered, with 70,865 unit holders and beneficiaries.

[14] Inverco at December 2023, restatement of 2022 data https://www.inverco.es/documentos/pension_trimestral/2312_Diciembre%202023/2312Tfp_0101-PatrimEuros.pdf.

At sector level in individual pension plans, the highest growth during 2023 by product category has been led by Guaranteed and Target Return Plans, which now represent 5% of assets managed, compared to 3% in 2022. At the close of the year, Global Active Management Plans accounted for 53% of Ibercaja's assets in individual plans. Also noteworthy is the performance in Sustainable Plans, which represent 24% of the assets managed in Individual Plans.

Equity PIP 2023
€3,119 million



Range of plans and commercial strategy

In 2023, the company has been very active in taking advantage of the business opportunities arising from Royal Decree 668/2023, of 18 July 2023 on the promotion of occupational pension plans, amending the Regulations on Pension Plans and Funds. Ibercaja Pensión has already created the 3 new classes provided for by the regulations:

A. **Creation of Publicly Promoted Occupational Pension Funds:** Ibercaja Pensión has been **one of only five institutions selected**, through a public tender, to manage the **new Publicly Promoted Employment Pension Funds (FPEPP),** a model promoted by the public sector and to be managed by private institutions.

This is a concession that endorses the management company's outstanding position in the Employment System, where it stands third in the national ranking by volume managed. Each of the selected institutions will offer a total of three FPEPPs with different risk profiles, one for fixed income, one for mixed income and one for equities. In Ibercaja's case, these are:

- Ibercaja RF Trece, Open-ended Public Promotion Employment Pension Fund
- Ibercaja RFM Catorce, Open-ended Public Promotion Employment Pension Fund
- Ibercaja RV Quince, Open-ended Public Promotion Employment Pension Fund

The system of Public Promotion Occupational Pension Funds will have a Common Digital Platform that will house all the necessary information for unit holders, management companies and the Monitoring Committee itself. Ibercaja is collaborating very actively in the working group involved in developing this platform.

According to the conditions of the tender, in 3 years each institution will manage at least €500 million through these Funds.

These Funds will begin their commercial operation in 2024.

The Funds will be supervised by a Special Control Committee composed of four trade union representatives, four business organisation representatives and five persons appointed at the proposal of the Ministry of Social Security.

B. Creation of Simplified Pension Plans for the Self-Employed: The company has launched **two Simplified Pension Plans for the Self-Employed**:

- The Ibercaja Simplified Balanced Pension Plan for the Self-Employed (integrated into the Ibercaja Balanced Employment Pension Fund), promoted by the Association of Economists of La Rioja, has a conservative investment profile and offers an active management model, investing mostly in fixed income and limiting investment in equities to a maximum of 30%.
- The Ibercaja Simplified Growth Pension Plan for the Self-Employed (integrated into the Ibercaja Balanced Employment Pension Fund), promoted by the Association of Young Entrepreneurs of Zaragoza, has a moderate investment profile and offers an active management model, investing a maximum of 60% in equities.

In this new category, within Employment Plans, Ibercaja's performance has been very remarkable, reaching a market share by assets managed of 7.95% at the close of 2023, thus providing savings and tax optimisation solutions to the self-employed for their retirement

These new Plans represent a great opportunity for this group since they will enable them to contribute and deduct from personal income tax up to a maximum of €5,750, thus considerably increasing their capacity to save in Pension Plans, until now limited to €1,500.

Simplified self-employed plans

		EQUITY (€Mn)	UNIT HOLDERS
Growth	Mixed equities	3.48	906
Balanced	Mixed fixed income	3.04	808
Total		**6.52**	**1,714**

C. Creation of Individual Pension Plans based on commercial programmes or sponsorship campaigns: Ibercaja has promoted the Individual Pension Plan "**Pensumo Pension Plan**", of which Ibercaja Pensión is the management company, which responds to one of the alternatives incorporated by Royal Decree 668/2023 "Consumption Pension", a disruptive project in which unit holders receive contributions in their favour made by companies through commercial programmes or sponsorship campaigns.

At Ibercaja, these commercial programmes will be developed by a new company created in 2023, "Pensumo, Pensión por Consumo, S.L.", 90% owned by Ibercaja Banco and 10% by Plataforma de Decisión por Consumo S.L.

This company will be in charge of designing the commercial programmes and getting customers to join them, with the resulting contributions going to the above-mentioned "Pensumo Pension Plan" of Ibercaja Pensión. This project will have significant commercial activity in 2024.

The “Pensumo Pension Plan” will be integrated into “Ibercaja Pensiones Confianza, F.P.”, a mixed fixed income fund following socially responsible investment strategies.

“Consumption Pension” is an innovative proposal by Ibercaja to the Sandbox, a space where the financial sector, the Fintech sector and the public administration collaborate to enable new innovative services in society. Ibercaja’s proposal has been the only one capable of contributing to modifying the current legislation, jointly with the public administration, to address the very significant social challenge of building household savings for the future through innovative formulas adapted to consumer habits.

Acknowledgements and awards

Ibercaja Pensión was a finalist in the **nominations for Best Pension Fund Manager of 2022**, the eighth consecutive time it has been nominated in this category, having won the award on four of these occasions (2020, 2018, 2017 and 2016). This is a very significant milestone given the importance of these awards given by the industry itself and shows the positive assessment that our competitors have of Ibercaja’s pension business.

XXXIV Premios Fondos 2023 Expansión allfunds

Ibercaja Pensión

34TH FUND AWARDS 2023 EXPANSION-ALLFUNDS BANK

Finalist Best National Pension Fund Manager 2022

Finalist for the eighth consecutive time, winning the award on four of these occasions

Initiatives

The company promoted the holding in Madrid of the "**9th Conference on Pension Plans in Spain**" with the title "The evolution of savings and pensions, public funds, taxation and artificial intelligence in asset management".

The company once again organised a sustainable finance event in Zaragoza, as part of Socially Responsible Investment week, entitled "**Financing the Energy Transition. Sustainable Mobility**", which took place in Mobility City.

In addition, Ibercaja participated for the second consecutive year in **the Inverco programme "Heading for your dreams",** which works to improve financial education in vocational training centres throughout the country.

It also participated in the Ibercaja Foundation's activities during **Financial Education Week**.

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 e Ibercaja Mediación de Seguros**.

Undoubtedly, 2023 has been a year of challenges for the insurance company, where its **reliability, solvency and impeccable reputation have been reinforced**. All this has been possible thanks to: placing the customer at the centre of its strategy; constantly monitoring risks, the market situation and competition; complying with increasingly demanding regulatory requirements; and trying to adapt to new technologies.

Ibercaja Vida Compañía de Seguros y Reaseguros S.A.U

Ibercaja Vida Compañía de Seguros y Reaseguros S.A.U. specialises in life insurance, with a proven track record in the bancassurance business since 1996. The Bank produces **life savings and life risk insurance that it brokers through Ibercaja Mediación** and distributes through Ibercaja Banco's commercial network and digital channels. The solvency ratio is well above the legal limit of 100%, reaching 195% in December 2023.

Regarding technical provisions, 2023 has been the **best year in the company's history**, reaching a volume of €7,703 million at the end of the year, which represents an increase of 14.9% on 2022. Within the sector, Ibercaja's year-on-year growth has been the most significant, placing the company seventh nationally in the insurance ranking, a market share[15] of 3.78% at December 2023.

The company closed the year with **a record figure for attracted premiums** of €1,776 million, which has represented excellent growth of 59.9% on the 2022 figure, placing the company fifth in the national ranking according to this variable.

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

	2023	2022	2021
No. Policies	439,969	414,791	446,418
Savings insurance premiums (€ million)	1,698	1,035	826

[15] ICEA December 2023

Insurance range and commercial strategy

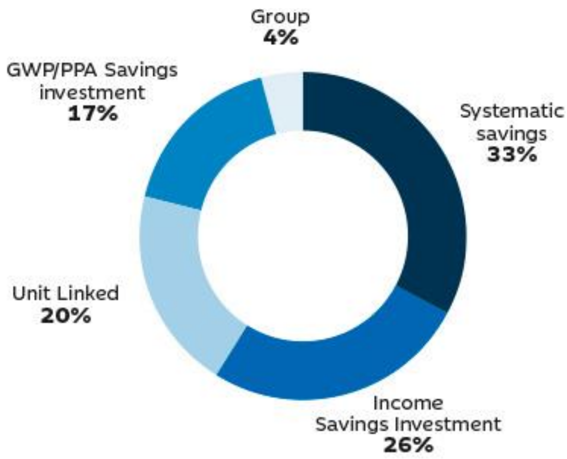
Currently, Ibercaja Vida is a leading company in the finalist savings market, focused on products that offer customers **high liquidity linked to great flexibility**, both from the point of view of contributions and benefits, which allows customers to perceive them as safe and versatile products when it comes to managing their savings.

Within this area of savings insurance, the Company continues to focus on its active investment strategy, updating rates, etc., constantly seeking the **most profitable alternatives for its customers**. The offer includes several investment periods to adapt to the savings objectives of each customer, from short-term to lifelong products.

Mathematical provisions for life savings insurance stood at €7,565 million at the end of 2023, registering strong growth (15%) compared to last year, with the following distribution:

	2023		2022	
	€Mn	%	€Mn	%
Systematic savings insurance	2,527	33,4	2,139	32,5
Savings and investment insurance	3,223	42,6	2,543	38,7
Unit Linked	1,489	19,7	1,553	23,6
Group insurance	326	4,3	337	5,2
Total	**7,565**	**100,0**	**6,573**	**100,0**

Composition of savings managed at 2023 year-end



Another of the fundamental pillars supporting Ibercaja Vida's commercial offer continues to be its range of **Individual Life-Risk Insurance**. Currently, the insurance business has a wide range of risk products, with different coverages to adapt to the different insurance needs of customers

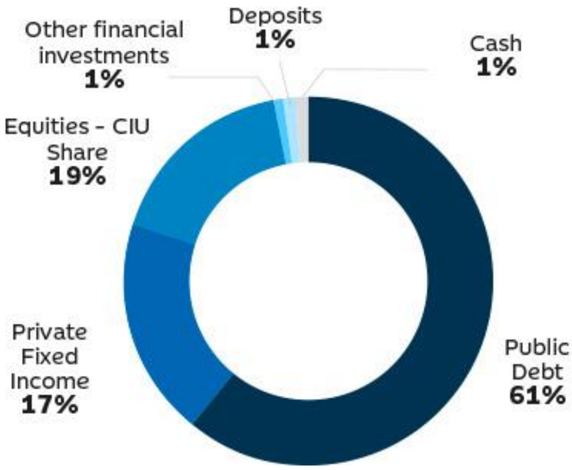
Investment portfolio

Regarding investments, the average rating of the insurance business's investment portfolio is A- and there has been a positive trend in the evolution of the credit quality of its investments in recent years.

Ibercaja Vida's assets, which underpin the guarantee of the obligations assumed by the insurance company to its policyholders, basically comprise a portfolio of financial assets with a conservative profile, where the greater part of the resources are allocated to investment in European Public Debt, in a diversified manner, by country and term.

In conclusion, at the end of the year, Ibercaja Vida managed an amount of €7,942 million, broken down as follows:

Financial assets managed at the close of 2023



Innovation

In the company's spirit of continuous improvement, this range of products has also been **strengthened** in 2023 year with the launch of new products such as:

- **Ibervida Digital Consumption** insurance, a product combined with loans, with a sales channel through Ibercaja Directo and the App, and a successful number of uptakes since its launch. This is a milestone for the product itself and in the company's use of the omnichannel approach, facilitating arrangement of the product with customers.
- **New Life-Risk products,** with coverage for personal protection, gender-related cancer, serious illnesses of the insured party and their children, cancer in general, etc., which complete the company's catalogue with a mark of difference and added value within the sector.

With this type of product Ibercaja Vida seeks to continue to provide great value to customers, responding even more closely to their needs, while also ensuring the company's financial condition since these products provide a margin and stability to the income statement.

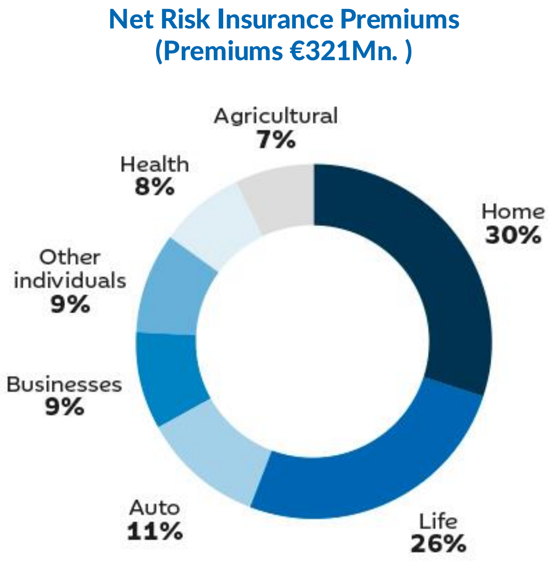
Constantly innovating and seeking continuous improvement, this year the company has undertaken **numerous strategic projects** linked to **innovation**:

- A **new automated underwriting system**, which has led to more accurate risk assessment and greater agility and privacy in taking out insurance. This has resulted in a successful number of directly arranged products and reduced administrative tasks, always to the benefit of the customer;
- The building of an **optimised advanced pricing model** that enables better adjustment of prices to each customer based on a more accurate assessment of risk from a technical point of view;
- A first analysis of possible changes in the company's **core technology** to allow an increasingly customer-oriented strategy, with faster response and greater digitalisation of the business.

Ibercaja Insurance Brokerage

Ibercaja Mediación de Seguros S.A.U. is engaged in the distribution of **risk insurance (life and non-life) and retirement savings for** individuals and companies through the Bank's network of branches and digital channels. 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 Company has a strategic alliance with Caser in the non-life insurance area.

The risk insurance premiums brokered by Ibercaja Insurance Brokerage (€321 million) grew by 6.1% compared to the previous year, with a total of 941,886 policies.



Life insurance premiums increased by 0.6% to €82 million. Ibercaja Vida, with €78 million of premiums brokered in individual life insurance, it is the leading insurer in the life insurance business. The rest of the premium volume of life insurance policies comes mainly from Caser.

(€ million)	2023	2022	2021
Life insurance premiums	82	82	78
Of which: Ibercaja Vida	78	77	73

Non-life insurance premiums, €239 million, increased 8.1%. The boost to the activity is the outcome of the commercial effort and the alliance with Caser for is distribution through the network of offices. The most notable advances were in the death (12.1%), auto (11.8%), health (7.9%) and multi-risk (5.7%) lines.

(€ million)	2023	2022	2021
Non-life insurance premiums	239	221	206
Of which: Agreement with Caser	209	195	183

Commercial strategy

During 2023, Ibercaja Brokerage has promoted the following actions in the field of non-life insurance:

- Home Bancassurance. A new contribution system in which a price adjusted to the profile of each customer and each risk situation is offered on all types of Home Insurance.
- Improvements in customer loyalty programmes (Caser Platinum, Gold and Silver).
- New Caser WeCAN RC and WeCAN Live pet insurance, which are added to the existing Caser WeCAN Check Insurance, depending on insurance needs.
- New Civil Liability insurance, including improvements and additions to the existing ones.
- Improvements in advice and arrangement tools, such as the Health Recommender and Telesubscription.
- Developments in the app regarding life-risk insurance transactions.

REORGANISATION OF THE ACTIVITY OF IBERCAJA LEASING Y FINANCIACIÓN S.A.U., E.F.C.

At the beginning of July 2023, the reorganization of the activity of Ibercaja Leasing y Financiación S.A.U., E.F.C. was completed, consisting of:

- **Integration of the leasing activity in Ibercaja Banco**, seeking management and regulation synergies in the circuits of loan acceptance, monitoring and recovery, commercial distribution, reporting obligations and cost efficiency, in line with the best practices in the sector.
- **Expansion of the consumer financing activity** in the credit financial institution, leveraged on the capabilities (material, human, commercial and operational alliances) of the vehicle renting activity.
- **The new renting activity is implemented by Ibercaja Renting S.A.U.,** a company recently created to achieve greater agility and flexibility in the business.

CONSUMER LOANS

Ibercaja Servicios de Financiación, E.F.C., S.A.U. (formerly Ibercaja Leasing y Financiación, S.A.U., E.F.C.) specialises in **financing individuals through consumer loans for the purchase of vehicles**, following the change in its corporate purpose that has taken place this year.

In April, the granting of consumer loan operations began and, in July, the leasing activity it had been carrying out to date was spun off to Ibercaja Banco. Since that time, new leasing operations have been arranged through a new company incorporated for the purpose, with the leasing operations already arranged in Ibercaja Servicios de Financiación being maintained until their maturity.

In this context, Ibercaja Servicios de Financiación, E.F.C., S.A.U. closes 2023 with **outstanding risk of €136 million** and a **volume of arrangements of €90 million**, of which €15 million corresponds to new consumer loan operations.

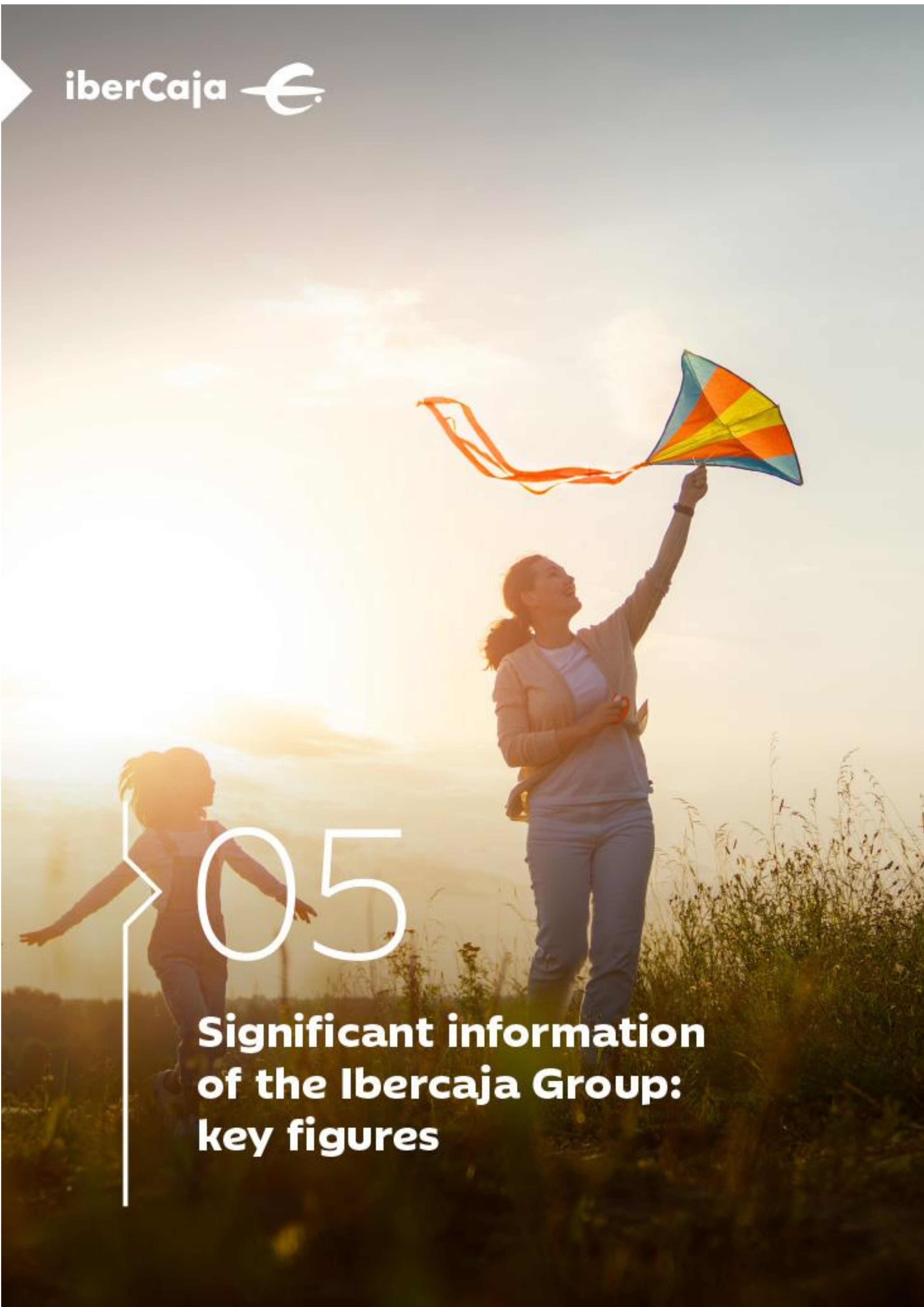
The NPL ratio of the Company is 0.92%, significantly lower than the average for credit financial institutions (6.97% at November 2023). The coverage ratio represents 78% of the doubtful balances

RENTING

Ibercaja Renting, S.A.U. is a newly incorporated company, specialising in the **granting of renting operations to individuals, companies and the self-employed**.

The volume of renting operations arranged in the Ibercaja Group in 2023 has continued on the upward path seen in previous years. Following the start of its activity in July 2023, Ibercaja Renting has a **portfolio of €37 million at year-end**.

The company, in its commitment to caring for the **environment**, has launched commercial campaigns during the year to promote renting arrangements that use vehicles with ZERO and ECO labels.



05 Significant information of the Ibercaja Group: key figures

5.1 Highlights for the period in the Ibercaja Group[16]

2-6, 3-3

Ibercaja closes this last year of its "Challenge 2023" Strategic Plan with a highly dynamic commercial activity, a historic profitability figure and a solid balance sheet.

Ibercaja's dynamic commercial activity in asset management, risk insurance and the granting of loans exceeds that of the sector as a whole

- The **retail funds**, **€71,506 million**, have grown by **3.6%** thanks to Ibercaja's commercial focus on **diversifying customer resources** towards products that offer greater added value to the customer base. Thus, the Bank has achieved historic figures in contributions to **asset management and life insurance** products that reached **€4,704Mn**. As a result of this strategy, the balance of asset management and life insurance grew by **19.3%** and now accounts for **52.8%** of total retail funds.
- The main product in this strategy is **investment funds**, with **contributions** of **€3,485 million** in the year, making Ibercaja the institution with the second highest net contributions, **19.0% of the total in the system**. The **balance of investment funds** has increased by **24.1%** in the year and the **market share** has continued on its upward trend, advancing to **6.5%** (vs. 5.9% in 2022).
- In an environment of a clear slowdown in the demand for **mortgages**, which has fallen by 18.6%[17] YoY in the sector, Ibercaja has achieved a better relative performance with a fall of 5.1% YoY, thus allowing it to improve its **market share** in this segment.

[16] Throughout Section 5, 2022 data is restated under IFRS17 for comparability.
[17] Source: Bank of Spain, latest available information at December 2023.

- The balance of **lending to corporates** amounted to **€8,533 million**, an increase of **2.1%** over 2022. This growth translated into an increase in the **market share** of lending to non-financial corporations of **13 b.p.** in the year.

- **New life and non-life premium income has risen** by **7.6%** YoY to stand at **€56 million**. Of particular note is the **new non-life production**, which has increased by 8.3% year-on-year thanks to notable growth in both individuals and companies.

- **Digital customers** stand at **63.4%**. The number of **digital banking** users who have used any of the different channels in the last month reached **951,000,** which included a rise in users of mobile banking and mobile payment to **730,000 and 422,000**, respectively.

> **Ibercaja achieved a net profit of €304 million**, a historic figure for the Bank, thanks to the good performance of **recurrent revenues** in an environment of rising interest rates, market volatility and inflationary pressures.

- **Recurring revenues as a whole increased by 30.6% YoY to €1,257Mn**, mainly driven by the good performance of net interest income thanks to the notable increase in financial income, much higher than the increase in retail financing costs.

- **Operating expenses** have gone **up by 9.4%** in the year to **€622** million. Excluding the extraordinary bonus, **recurring expenses** have increased by **6.2% YoY. The recurring efficiency ratio** stands at **48.1%**.

- **Write-downs on loans and foreclosed properties** stood at **€130 million**, representing a growth of **35.9% YoY**, the Bank having made a strong effort to improve coverage levels. The Group's cost of risk stands at **42 basis points**.

- The **Bank's net profit** is **€304 million**, the highest figure in recent history, representing an annual increase of **67.4%**. **ROTE** stands at **11.6%, comfortably exceeding the target of 9.0% set in the "Challenge 2023" Plan**.

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

- **Non-performing assets** decreased by 2.5% in YoY terms. **The NPL ratio stays at 1.6%** and Ibercaja closes with a positive gap compared to all credit institutions of 195 basis points[18]. The **coverage ratio** of non-performing loans was **93.6%**, an increase of 3.7 percentage points compared to 2022.

- **Non-performing assets** have fallen by 9.0% compared to the previous year and totalled **€830 million at the end of 2023**. The **problem asset ratio, at 2.8%**, has improved by 12 basis points during the year. The **coverage ratio** of all non-performing assets stands at **81.5%**, 5.2 percentage points higher than at the end of 2022.

- Ibercaja maintains a solid liquidity position, with the **LCR ratio** at **247.2%**, and a strong funding profile, with an **NSFR ratio** of **141.3%**. The **loan to deposit ratio (LTD)** stands at **84.9%**.

- In **fully loaded** terms, **CET1** was **12.7%** and **total capital** amounted to **17.3%**, both ratios being in line with the Bank's strategic objective (12.5% and 17.0%, respectively). Ibercaja has an **MDA** distance of **476** basis points, one of the highest in the Spanish financial system. Following the issuance of **senior preferred debt** of **€500 million** in May 2023, **Ibercaja has fulfilled its MREL requirements in advance, at January 2024**.

[18] Source: Bank of Spain, latest available information at November 2023.

Key indicators

BALANCE SHEET	31/12/2023	31/12/2022	Change (%)
Total assets	54,516	54,636	(0.2)
Gross loans and advances to customers	29,797	31,346	(4.9)
Performing loan portfolio exc. reverse repurchase agreements	28,612	29,237	(2.1)
Total retail funds	71,506	69,016	3.6
Equity	3,317	3,206	3.5
Retail business volume	100,118	98,253	1.9

PROFITS (thousands of euros)	31/12/2023	31/12/2022	Change (%)
Interest margin	660,718	462,429	42.9
Gross Income	1,186,464	943,648	25.7
Profit/(loss) before write-downs	564,313	374,756	50.6
Profit/(loss) attributed to the parent	304,396	181,871	67.4

EFFICIENCY AND PROFITABILITY	31/12/2023	31/12/2022	Change (%)
Recurring efficiency ratio (ordinary expenses/recurrent revenues)	48.1%	59.1%	(18.7)
ROA (profit attributable to the parent company/total average assets)	0.6%	0.3%	80.7
RORWA (profit attributable to the parent company/APRs)	1.6%	1.0%	62.5
ROE (profit attributable to the parent company/average own funds)	10.3%	6.3%	63.4
ROTE (profit attributable to the parent company/average tangible own funds)	11.6%	7.0%	66.1

RISK MANAGEMENT	31/12/2023	31/12/2022	Change (%)
Non-performing balances (loans and advances to customers)	483	496	(2.5)
Non-performance rate of loans and advances to customers (%)	1.6%	1.6%	2.6
Ratio of problem assets (%)	2.8%	2.9%	(4.1)
Coverage of non-performing exposures	452	446	1.5
Coverage of non-performing exposures (%)	93.6%	90.0%	4.1
Coverage of exposure to distressed assets (%)	81.5%	76.3%	6.8

LIQUIDITY	31/12/2023	31/12/2022	Change (%)
Liquid assets / Total assets (%)	22.3%	24.4%	(8.9)
Loan-to-deposit ratio (LtD)	84.9%	78.4%	8.3
LCR ratio (%)	247.2%	306%	(19.3)
NSFR ratio (%)	141.3%	152.7%	(7.4)

SOLVENCY	31/12/2023	31/12/2022	Change (%)
CET1, phase-in (%)	12.9%	13.0%	(0.9)
Solvency ratio, phase-in (%)	17.5%	17.7%	(1.4)
Leverage ratio, phase-in (%)	5.8%	5.6%	3.7
CET1, fully loaded (%)	12.7%	12.4%	2.6
Capital total fully loaded (%)	17.3%	17.1%	1.0
Leverage ratio, fully loaded (%)	5.7%	5.4%	6.5

ADDITIONAL INFORMATION	31/12/2023	31/12/2022	Change (%)
No. Group employees	4,964	4,794	3.5
No. of branches	892	894	(0.2)

Figures rounded to million euros and%

5.2 Analysis of the main balance sheet figures

2-6

One of the strongest balance sheets in the Spanish financial system, with asset quality metrics continuing to improve despite tighter financial conditions

Key figures on the consolidated balance sheet:

	31/12/2023	31/12/2022	Change	Change (%)
Cash and credit institutions	2,789,757	2,242,423	547,334	24.4
Loans and advances to customers	29,344,665	30,900,520	(1,555,855)	(5.0)
Securities portfolio	19,297,378	18,361,519	935,859	5.1
Tangible assets	977,792	978,150	(358)	0.0
Intangible assets	366,407	302,950	63,457	20.9
Other assets	1,740,481	1,850,531	(110,050)	(5.9)
Total assets	**54,516,480**	**54,636,093**	**(119,613)**	**(0.2)**
Deposits from credit institutions and central banks	4,402,017	2,013,412	2,388,605	118.6
Customer deposits	35,217,277	38,841,785	(3,624,508)	(9.3)
Debt securities issued	1,684,814	1,715,207	(30,393)	(1.8)
Liabilities under insurance contracts	7,576,470	6,438,199	1,138,271	17.7
Provisions	197,245	219,055	(21,810)	(10.0)
Other liabilities	2,121,198	2,202,440	(81,242)	(3.7)
Total liabilities	**51,199,021**	**51,430,098**	**(231,077)**	**(0.4)**
Equity	**3,317,459**	**3,205,995**	**111,464**	**3.5**
Total equity and liabilities	**54,516,480**	**54,636,093**	**(119,613)**	**(0.2)**

Assets

Total assets on the consolidated balance sheet amounted to **€54,516 million**, compared to €54,636 million in December 2022.

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 **€29,345 million**, 5.0% lower at year-end 2022. In gross terms, i.e. without value adjustments for asset impairment, the loan portfolio amounted to €29,797 million. "Sound" credit, which excludes non-performing assets and reverse repos, stands at €28,612 million, a decrease of **€626 million or -2.1% YoY**. The Bank has recorded growth higher than the market. However, despite the good performance of **arranged loans and credits**, totalling **€6,383 million**, 6.6% higher than the previous year, the evolution of the credit balance has been affected by the increase in early repayments and cancellations.

In terms of **geographic markets**, Madrid and the Mediterranean Coast accounted for 55% of the total amount granted in the year, while 38% corresponded to the Traditional Area. The Bank maintains a low risk profile, **specialising in home purchase loans**, which account for 61% of total "healthy" credit. Without losing this specialisation, **Ibercaja is progressively increasing its focus on lending to non-real estate productive assets,** which now represents 26% of the normal credit balance.

Distribution of loans and advances to customers by purpose:

	31/12/2023	31/12/2022	Change	Change (%)
Loans to households	19,067,118	19,535,074	(467,956)	(2.4)
Housing	17,406,676	17,874,737	(468.061)	(2.6)
Consumer loans and other	1,660,442	1,660,337	105	0.0
Corporate loans	8,532,952	8,357,698	175,254	2.1
Non-real estate productive activities	7,531,464	7,399,348	132.116	1.8
Real estate development	1,001,488	958,350	43.138	4.5
Public sector and other	1,011,708	1,344,669	(332,961)	(24.8)
Gross loans, ex impairment and reverse repos	**28,611,777**	**29,237,441**	**(625,664)**	**(2.1)**
Reverse repurchase agreements	702,327	1,613,345	(911,018)	(56.5)
Impaired assets	483,010	495,623	(12,613)	(2.5)
Gross loans and advances to customers	**29,797,114**	**31,346,410**	**(1,549,296)**	**(4.9)**
Impairment losses and others	(452,449)	(445,891)	(6,558)	1.5
Loans and advances to customers	**29,344,665**	**30,900,519**	**(1,555,854)**	**(5.0)**

Figures in thousands of euros

Lending to households declined 2.4% year-on-year. Its main component, **home loans**, dipped by 2.6%. New formalisations in this segment are performing better than the market. Thus, Ibercaja recorded a 5.1% drop YoY to €1,919 million vs. 18.6% in the system as a whole. Thanks to this more favourable performance, the Bank has managed to increase its market share slightly to 3.53% (December 2023). Meanwhile **consumer credit and other household financing**, which accounted for 5.8% of the total, fell by 0.7%.

Lending to corporates amounted to **€8,533 million**, an increase of **2.1%** over 2022. This growth translated into an increase in the market share of lending to non-financial corporations of 13 b.p. in the year. The focus of growth is **financing to non-real estate productive activities,** which increased by 1.8%. This was due to the high dynamism in arranged loans and credits, which rose 19.6%, as well as the excellent performance of working capital lending, which increased by 5.9%. Exposure to **real estate developments**, which represents only 3.5% of healthy loans, has increased by 4.5% in the year.

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

	31/12/2023	31/12/2022
Non-performing loans and advances to customers	483,298	495,623
Gross loans and advances to customers	29,797,114	31,346,410
Non-performance rate of loans and advances to customers (%)	**1.62%**	**1.58%**
Distressed assets (non-performing loans and advances to customers + repossessions)	830,240	912,547
Exposure (loans and advances to customers + foreclosed assets)	30,144,056	31,763,334
Distressed asset ratio	**2.75%**	**2.87%**

Non-performing loans and advances to customers	483,298	495,623
Coverage of non-performing exposures	452,449	445,891
Coverage of non-performing exposures (%)	**93.62%**	**89.97%**
Foreclosed assets (gross carrying amount)	346,942	416,924
Coverage of foreclosed assets	224,441	250,804
Coverage of foreclosed assets (%)	**64.69%**	**60.16%**
Distressed assets (non-performing loans and advances to customers + repossessions)	830,240	912,547
Coverage of Problem assets (%)	676,890	696,695
Coverage rate of Problem assets (%)	**81.53%**	**76.35%**

Asset quality indicators have improved in the year despite the tightening of financial conditions following strong interest rate hikes and higher inflationary pressures resulting in a deterioration of household purchasing power. **Non-performing assets (loans and advances to customers), €483 million at the end of 2023**, have declined **2.5%** YoY. The contraction of impaired assets in Ibercaja has been slightly higher than that of the sector (-1.8% according to the latest statistical information from the Bank of Spain at the end of November 2023).

The NPL ratio, 1.6%, is one of the lowest in the Spanish banking system. This ratio remains broadly stable over the period, +4 basis points, standing 195 basis points below that of credit institutions as a whole[19]. The coverage ratio of non-performing loans stands at 93.6%, an increase of 3.7 p.p. compared to 2022.

[19] Source: Bank of Spain, latest available information at November 2023.

The **portfolio of repossessed properties**, recorded under the balance sheet headings "investment property", "inventories" and "non-current assets held for sale", totals **€347 million gross**, **16.8%** less than at December 2022. The coverage of all real estate assets is 64.7%, with coverage for undeveloped land totalling 72.9%. The net value of foreclosed assets, €122 million, decreased by 26.3% and represented only 0.2% of total assets.

In 2023, largely because of the high degree of uncertainty that persists in the current macroeconomic context, together with expert analysis of economic sectors affected by it, the Bank has made a provision of €50.1 million to cover the exposures of customers whose credit risk is expected to increase significantly in the short to medium term, as a consequence of the macroeconomic outlook discussed and its potential social and economic effects on the Banks's customer portfolio.

Problem assets, the sum of non-performing loans and advances to customers and foreclosed real estate, fell by €82 million, or 9.0% year-on-year, to **€830 million at the end of 2023**. The problem asset ratio, at 2.8%, has improved by 12 basis points during the year. The coverage ratio for all problem assets stood at 81.5%, 5.2 percentage points higher than at the end of 2022. As a result of the reduction in the balance of gross problem assets and the increase in coverage, net problem assets, net of hedging, stood at €153 million, down 29.0% year-on-year and representing 0.3% of the Bank's total assets, one of the lowest in the Spanish financial system.

The main aim of the Group's refinancing and debt restructuring policy is to help borrowers experiencing temporary financial difficulties meet their obligations and also, where possible, to improve risk quality by securing additional collateral. Refinanced loans stand at **€412 million**, up **2.6% on year-end 2022**. They represent only 1.4% of gross loans and advances to customers. 46.0% of refinanced loans are classified as non-performing and their coverage is 46.6%.

As regards the **distribution of the loan portfolio by stages**, Ibercaja has 4.9% of gross lending, at stable levels, classified as Stage 2 vs. 4.7% in 2022, despite tightening financial conditions. The level of coverage for Stage 2 has increased slightly to 7.3%, compared to 6.8% in the previous year.

The **Group's portfolio of fixed-income securities, shares and equity interests in companies** amounts to **€19,297 million**, of which €7,688 million corresponds to the insurance business.

The **portfolio affected by banking activity, €11,609** million, is down by €172 million in the year.

- The **ALCO portfolio** is composed of low-risk bonds, mainly Spanish government bonds (67.6%) and Sareb bonds (12.8%), with an average duration, including hedges, of 2.8 years and an average portfolio yield of 0.85% in the year (vs. 0.44% in 2022). 95.5% of these financial assets are classified at amortised cost. The objective here is to soundly manage balance sheet interest rate risk, generate recurring earnings to strengthen the interest margin and help maintain comfortable levels of liquidity.

- **Equity**, at €300 million, 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 €66 million.

The portfolio assigned to insurance business activity, €7,688 million, has increased by €1,108 million.

- **Fixed income**, €6,185 million, has gone up by €1,173 million in the year due to the increase in insurance activity. These assets are mainly classified as "Financial assets at fair value through other comprehensive income".
- **Equities**, €1,503 million, have decreased by €65 million.

Breakdown of the securities portfolio

	31/12/2023	31/12/2022	Change	Change (%)
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**1,484,702**	**1,546,214**	**(61,512)**	**(4.0)**
Debt securities	1,484,702	1,546,214	(61,512)	(4.0)
Equity instruments	0	0	0	
Financial assets at fair value through profit or loss	**444,475**	**433,048**	**11,427**	**2.6**
Debt securities	444,475	433,048	11,427	2.6
Financial assets at fair value through other comprehensive income	**4,729,521**	**4,010,230**	**719,291**	**17.9**
Debt securities	4,491,133	3,711,323	779,810	21.0
Equity instruments	238,388	298,907	(60,519)	(20.2)
Financial assets at amortised cost	**12,558,457**	**12,282,217**	**276,240**	**2.2**
Debt securities	12,558,457	12,282,217	276,240	2.2
Investments in joint ventures and associates	**80,223**	**89,810**	**(9,587)**	**(10.7)**
Total securities portfolio	**19,297,378**	**18,361,519**	**935,859**	**5.1**

Figures in thousands of euros

BY ACTIVITY AREA	31/12/2023	31/12/2022	Change	Change (%)
Banking business	**11,609,331**	**11,781,432**	**(172,101)**	**(1.5)**
Of which: fixed income - ALCO portfolio	11,262,779	11,384,236	(121,457)	(1.1)
Of which: fixed income - subsidiary portfolio	46,666	30,880	15,786	51.1
Of which: equities	299,886	366,316	(66,430)	(18.1)
Insurance business	**7,688,045**	**6,580,086**	**1,107,959**	**16.8**
Of which: fixed income	6,184,618	5,011,472	1,173,146	23.4
Of which: equity (Unit Linked)	1,503,427	1,568,614	(65,187)	(4.2)
Total securities portfolio	**19,297,378**	**18,361,519**	**935,859**	**5.1**

The **active balance in central banks, credit institutions and cash** stands at **€2,789 million**, representing an increase of €547 million in the year, explained by net cash inflows from financing activities.

Liabilities in central banks and credit institutions stand at **€4,402 million**, compared to €2,013 million in the previous year. The increase is entirely explained by the heading “deposits with credit institutions”, the increase resulting from arranged repurchase agreements amounting to €2,400 million, carried out as part of the Group’s ordinary risk management.

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

	31/12/2023	31/12/2022	Change	Change (%)
Cash and cash balances at central banks and other demand deposits	1,999,017	1,582,223	416,794	26.3
Credit institutions (financial assets at amortised cost)	790,740	660,200	130,540	19.8
Cash and credit institutions	**2,789,757**	**2,242,423**	**547,334**	**24.4**
Central bank deposits	—	—	—	—
Deposits from credit entities	4,402,017	2,013,412	2,388,605	118.6
Deposits from central banks and credit institutions	**4,402,017**	**2,013,412**	**2,388,605**	**118.6**

Figures in thousands of euros

Tangible assets total **€978 million**, remaining practically stable in the year. **Intangible assets**, at **€366 million**, comprise goodwill, other items generated from the acquisition of Caja3 and computer software. The development of strategic and regulatory projects explains the increase of 65 million in this heading.

Tax assets, **€1,276 million have decreased by 3.5%, or €46 million**, entirely due to a the decrease in deferred tax assets, because of their offset in the corporate income tax for 2023.

Equity and liabilities

Retail deposits, which include demand and term deposits excl. mortgage-backed bonds and repurchase agreements, ended the year with a balance of **€35,751 million**, representing a **decrease of 9.7%** compared to the close of 2022. The change is explained by the Bank's strategic focus on the transfer of deposits to **intermediation products**, specifically investment funds, pension plans and savings insurance. These products with higher expected returns for customers grew, as a whole, by **19.3%** to **€37,754 million**. As a result, the managed retail funds on and off the balance sheet, **€71,506 million**, increased by 3.6% thanks to the excellent performance of asset management and life insurance.

Details of total retail customer funds

	31/12/2023	31/12/2022	Change	Change (%)
Retail deposits	33,751,789	37,374,772	(3,622,983)	(9.7)
Demand deposits	32,331,054	35,575,488	(3.244.434)	(9.1)
Term deposits (exc, mortgage-backed bonds)	1,420,735	1,799,284	(378.549)	(21.0)
Asset management and insurance	37,754,178	31,641,130	6,113,048	19.3
Total retail funds	**71,505,967**	**69,015,902**	**2,490,066**	**3.6**

Figures in thousands of euros

The **debt securities issued**, **€1,685 million**, decreased by €30 million due to maturities of mortgage bond and securitisation liabilities. It should be noted that, in May, the Bank issued €500 million of senior preferred debt, deemed eligible for MREL.

Liabilities under insurance or reinsurance contracts, **€7,576 million**, grew by 17.7% as a result of the above-mentioned contribution of the insurance business products.

Provisions on the liability side of the balance sheet, **€197 million**, comprise funds for pensions and similar commitments, outstanding labour costs and other provisions, which have decreased by 22 million in the year.

Equity totalled **€3,317 million**, €111 million more than at year-end 2022. This is explained by the growth of €78 million in shareholders' equity and the increase of €33 million under the "Accumulated other comprehensive income" heading.

5.3 Income statement

3-3

Ibercaja's net profit is €304 million (+67.4% YoY), driven by strong generation of recurring revenues and its ROTE of 11.6%.

Main headings of the income statement:

	31/12/2023	31/12/2022	Change	Change (%)
Interest margin	660,718	462,429	198,289	42,9%
Net fees and commissions and exchange differences	449,888	438,065	11,823	2,7%
Profit/(loss) of insurance contracts (net)	146,310	61,902	84,408	136,4%
Recurrent revenues	**1,256,916**	**962,396**	**294,520**	**30,6%**
Gains/(losses) on financial assets and liabilities	(7,963)	14,593	(22,556)	(154.6)%
Other operating profit/(loss)	(62,489)	(33,341)	(29,148)	87.4%
Other operating income and expense	(69,495)	(43,190)	(26,305)	60.9%
Dividends	12,679	10,365	2,314	22.3%
Earnings at equity-accounted entities	(5,673)	(516)	(5,157)	999.4%
Gross income	**1,186,464**	**943,648**	**242,816**	**25.7%**
Operating expenses	(622,151)	(568,892)	(53,259)	9.4%
Profit/(loss) before write-downs	**564,313**	**374,756**	**189,557**	**50.6%**
Provisions, impairment and other write-downs	(176,527)	(128,333)	(48,194)	37.6%
Other gains/(losses)	3,599	7,872	(4,273)	(54.3)%
Pre-tax income	**391,379**	**254,294**	**137,085**	**53.9%**
Taxes	(87,003)	(72,422)	(14,581)	20.1%
Consolidated profit/(loss) for the year	**304,376**	**181,871**	**122,505**	**67.4%**
Profit/(loss) attributable to the Parent	**304,396**	**181,871**	**122,525**	**67.4%**

The **interest margin** amounted to **€661 million**, noting a **year-on-year increase of 42.9%**, thanks to the notable increase in the customer margin due to higher financial income from lending, which has been much higher than the increase in the cost of retail financing, and a higher contribution from the Group's insurance business. Some of these positive impacts have been offset by the increase in the cost of wholesale and, to a lesser extent, retail financing as a result of the upturn in interest rates, as well as a negative contribution from the Group's insurance business.

Accumulated **lending revenues** have increased 124% year-on-year due to the improved profitability of the portfolio. The average rate for the year, 3.16%, is up 177 basis points on the 2022 average.

The **cost of retail savings** has remained very contained throughout the year thanks to Ibercaja's strategy of diversifying customer funds towards asset management and life insurance. The average rate is 0.28%, placing Ibercaja as one of the financial institutions with the lowest cost of liabilities in the entire Spanish financial system.

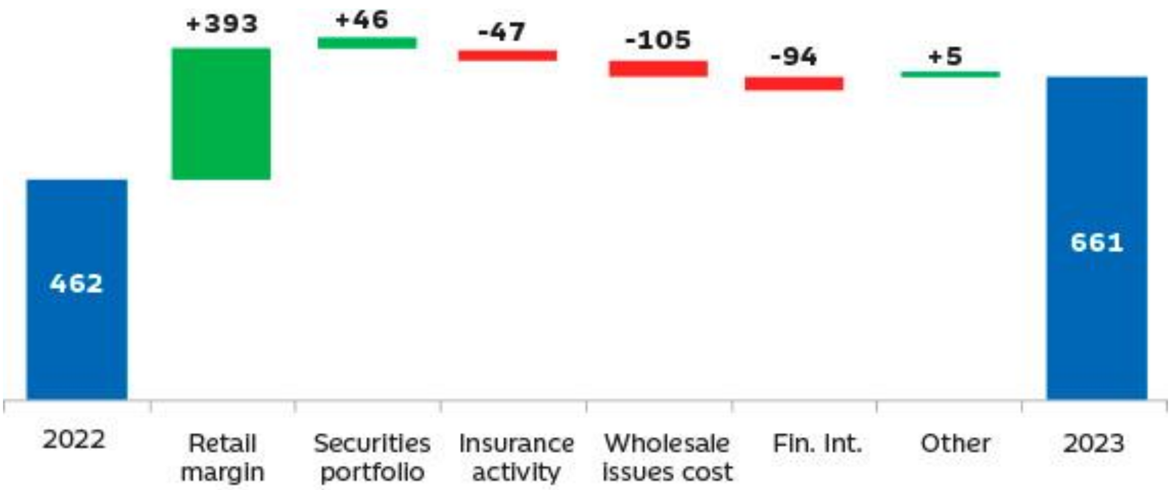
The **average customer spread recorded in the period**, measured as the difference between loans and advances to customers and retail deposits, stands at 2.88%, 148 basis points higher than the average of recorded in 2022.

The **yield on the fixed income portfolio** is €97 million and represents 8.2% of interest income. The year-on-year increase of 46 million was mainly due to an improvement in the average return on the portfolio (0.85% vs 0.44% in 2022) despite the reduction in volumes.

The **cost of wholesale issuances** is €163 million, €105 million higher than in 2022, mostly explained by the progressive repricing at higher interest rates and the issuance of senior preferred debt of €500 million in May at a rate of 5.65%.

The **Group's balance sheet spread** was 1.22% at the end of 2023, 43 basis points higher than in the previous year.

Year-on-year change in the interest margin
€Mn



Breakdown of interest margin:

	2023			2022			Change 23/22		
	Average balance	Cost Perfor	Cost Perfor (%)	Average balance	Cost Perfor	Cost Perfor (%)	Volume effect	Effect rate	Net change
(figures rounded to millions of euros)									
Financial intermediaries	3,540	55	1.55	7,831	66	0.84	(36)	25	(11)
Loans and advances to customers (a)	28,247	893	3.16	28,756	399	1.39	(7)	501	494
Fixed income portfolio	11,346	97	0.85	11,517	51	0.44	(1)	46	46
Income from insurance activity	7,389	130	1.76	6,963	91	1.31	6	34	39
Other assets	3,504	6	0.17	21,903	—	—	—	6	5
ASSETS (c)	**54,026**	**1,180**	**2.18**	**58,490**	**608**	**1.04**	**(46)**	**619**	**573**
Financial intermediaries	3,913	100	2.56	6,456	17	0.26	(7)	89	83
Retail deposits (b)	34,283	97	0.28	37,374	(3)	(0.01)	—	100	100
Wholesale issues	2,911	163	5.60	2,648	58	2.19	6	100	105
Costs of insurance activity	7,053	153	2.17	6,612	67	1.01	4	82	86
Other liabilities	5,866	7	0.12	12,011	7	0.06	(4)	4	—
LIABILITIES (d)	**54,026**	**520**	**0.96**	**58,490**	**145**	**0.25**	**(11)**	**385**	**374**
Customer spread (a-b)			2.88			1.40			
Balance sheet spread (c-d)			1.22			0.79			

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

Net fees and exchange differences totalled **€450 million in the year as a whole, an increase of 2.7% year-on-year**. Income from marketing and management of assets improved by **4.4%**, explained by the increase in contributions to bank management assets and the good performance of the financial markets during the year. Fees associated with banking activity decreased by -0.3%, mainly due to the adjustment in the maintenance fee policies for loyal customers.

Net fees and commissions:

	31/12/2023	31/12/2022	Change	Change (%)
Fees for contingent liabilities and commitments	11,843	11,405	438	3.8
Collection and payment services fees	138,447	137,171	1,276	0.9
Securities services fees	37,909	34,244	3,665	10.7
. Administration, custody and trading of securities	8,324	7,829	495	6.3
. Asset management	29,585	26,415	3,170	12.0
Non-bank financial product marketing fees	265,993	257,785	8,208	3.2
Other fees	16,094	16,971	(877)	(5.2)
Fees received	**470,285**	**457,575**	**12,710**	**2.8**
Fees paid	**(19,502)**	**(19,236)**	**(266)**	**1.4**
Exchange differences	**(895)**	**(274)**	**(621)**	**226.4**
Net fees and commissions and exchange differences	**449,889**	**438,066**	**11,823**	**2.7**
Fees for marketing and asset management	290,356	278,103	12,252	4.4
Banking fees and commissions	159,533	159,962	(429)	(0.3)

Net income from the insurance business amounted to **€146 million**, compared to €62 million at the end of the previous year.

Recurring revenues, aggregated interest margin and net fees, and net income from insurance contracts, increased by **30.6% YoY to €1,257Mn**. The good performance of the interest margin, driven by progressive repricing of the loan portfolio, a strong improvement in net income from insurance contracts, together with moderate growth in fees, offset the negative impact of the increase in the cost of wholesale financing.

Net income from financial transactions stands at **€-8 million** compared to a positive result of €15 million in 2022. The unfavourable performance is explained by the valuation adjustment of derivative instruments and the absence of capital gains on portfolio sales.

The **net of other operating income and expense** in the income statement includes, among others, income and expenses from non-financial activities, contributions to the Deposit Guarantee Fund and the temporary levy on banks. In 2023, this heading shows an **expense of €69 million, compared to €43 million in the previous year**. The increase is explained by the temporary levy on banks.

Dividend income amounted to **€13 million**, an improvement of 22% on 2022.

The **profit/(loss) of equity-accounted entities** **decreased by €-5 million** due less dynamic activity in each of the investee companies.

Gross income stands at **€1,186 million, 25.7% higher than at the close of 2022**. The improved performance is the result of good recurrent revenues, which offset the lower result from financial transactions and a more negative trend in the net amount of other operating income and expense, mainly explained by the temporary levy on banks, which was recorded in the first quarter of the year for an amount of €29 million.

Operating expenses, of **€622 million**, have increased by 9.4% YoY. Excluding the extraordinary bonus linked to the achievement of the objectives of the Challenge 2023 Plan, recorded in December, the increase in **recurring expenses** would have been 6.2% YoY.

Staff costs amounted to €372 million, +12.8% in the year. The increase in **other administrative expenses** has been much more moderate, 2.3% YoY, while **depreciation and amortisation** has risen by 9.5% due to the investment effort made by the Bank.

Breakdown of operating expenses:

	31/12/2023	31/12/2022	Change	Change (%)
Wages and salaries	(279,425)	(249,320)	(30,105)	12.1
Social security contributions	(72,320)	(62,439)	(9,881)	15.8
Contribution to pension funds and insurance policies	(16,516)	(15,677)	(839)	5.4
Severance payments	(876)	(669)	(207)	30.9
Other staff costs	(2,854)	(1,605)	(1,249)	77.8
Staff costs	**(371,992)**	**(329,711)**	**(42,281)**	**12.8**
Buildings, installations and office equipment	(28,221)	(29,989)	1,768	(5.9)
Systems maintenance, licences, IT development and software	(27,403)	(22,661)	(4,742)	20.9
Communications	(12,279)	(12,080)	(200)	1.7
Advertising and publicity	(6,112)	(5,656)	(457)	8.1
Charges and taxes	(18,758)	(18,083)	(675)	3.7
Other management and administration expenses	(75,715)	(76,159)	444	(0.6)
Other general administrative expenses	**(168,488)**	**(164,628)**	**(3,860)**	**2.3**
Depreciation and amortisation	**(81,671)**	**(74,552)**	**(7,119)**	**9.5**
Operating expenses	**(622,150)**	**(568,892)**	**(53,258)**	**9.4**
Recurring operating expenses	**(604,336)**	**(568,892)**	**(35,444)**	**6.2**
Staff costs without extraordinary bonus	(354,177)	(329,712)	(24,465)	7.4
Other general administrative expenses + amortisation	(250,159)	(239,180)	(10,979)	4.6

Figures in thousands of euros

The **recurrent efficiency ratio**, measured as ordinary expenses over recurrent revenues, has risen to **48.1%**, nine percentage points higher than at the close of 2022. **The total efficiency ratio**, measured as total operating expenses divided by gross margin, stands at **52.4%**.

Recurring profit before write-downs, which excludes the impact of the temporary levy on banks and the extraordinary bonus, amount to **€653 million**, 65.8% higher than in the same period of the previous year, as a result of the strong increase in recurrent revenues

Provisions and write-downs recorded as losses on impairment of financial assets, non-financial assets, non-current assets held for sale and allowances for provisions amount to **€177 million**, representing an upturn of 37.6% YoY.

Write-downs on loans and foreclosed properties stand at **€130 million**, representing a growth of **35.9% YoY**, the Bank having made a strong effort to improve coverage levels in the last quarter of the year. The cost of the Group's risk, calculated as the percentage of impairments on loans and real estate in relation to average exposure, is **42 basis points**.

The heading **Provisions** includes provisions for pensions, lawsuits, pending tax litigation, commitments and guarantees given and other provisions. At December 2023, a net provision is recorded of **€29 million**, explained by contingencies related to interest rate floor clauses and other legal contingencies.

"Other **gains and losses"** include the results of the sale of property, plant and equipment and business interests, as well as the payment of fees for the marketing of foreclosed properties. This heading records **income of €3.6 million**, compared to €7.9 million in 2022.

The Group's **pre-tax profit** amounted to **€391 million**. After deducting the amount paid in corporate income tax, the **net profit attributable to the parent company** is **€304 million**, 123 million more than in 2022, which represents an annual increase of 67.4%. The Bank has achieved the largest profit in its recent history.

The **ROTE** (return on tangible equity) stands at 11.6%, comfortably surpassing the target of 9% set in the Challenge 2023 Plan.

5.4 Funding and liquidity structure

> The Bank has a strong liquidity position and a highly granular deposit structure.

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

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

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

The **liquidity risk measurement** considers:

- The estimated **cash flows** from assets and liabilities, as well as any additional collateral or instruments that may be needed so as to ensure alternative sources of liquidity.

- The **forecasts made through the business plan**, so that the financing plan takes into account the expected growth of the various balance sheet items depending on the macroeconomic environment and the ambition of the Bank.

Note 3.8. to the **annual accounts for 2023** provides a more detailed explanation of the **Bank's strategy and policies for managing liquidity risk**, as well as the associated measurement and control procedures.

Retail customer deposits amounted to **€33,752 million** and are the **main source of borrowed funds, accounting for 81.0% of the total**. The **loan to deposit ratio (LTD) stands at 84.9%**. Of the total deposits, 84.7% are considered stable and 87% of deposits are covered by the FGD. The 20 largest depositors account for around 3.8% of Ibercaja's total deposits.

Customer deposits, which in addition to retail deposits include multi-issuer covered bonds, repos and others, account for **84.5%** of total funding (90.5% in December 2022).

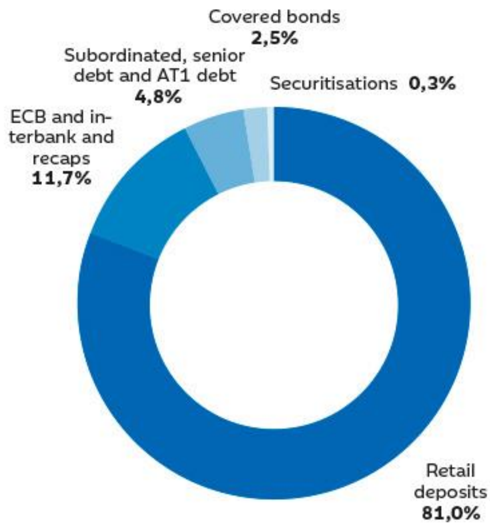
Wholesale funding supplements funding obtained from individuals and companies. It is focused on the medium and long term and includes positions taken in interbank markets and ECB auctions, covered bonds, securitisations, subordinated liabilities and other issues. This funding represents **19.0% of external funding**.

Central bank deposits remain at **€0 million**.

Deposits from credit institutions, at **€4,402 million**, accounted for **10.6%** of borrowed funds, compared with 4.7% at the end of 2022. The increase, €2,389 million, is the result of the higher volumes taken by the Bank in the interbank market. This figure, together with repos, amounts to €4,857 million, representing 11.7% of external funding.

Debt securities issued, which include single covered bonds, senior debt, Tier 2 subordinated debt and securitisations, stand at **€1,685 million**, down €30 million, due to maturities of covered bonds and securitisations, representing 4.0% of external funding, the same percentage as in 2022. AT1 represents 0.8% of external financing. It should be noted that, in May, the Bank issued €500 million of senior preferred debt, deemed eligible for MREL.

Breakdown of funding structure

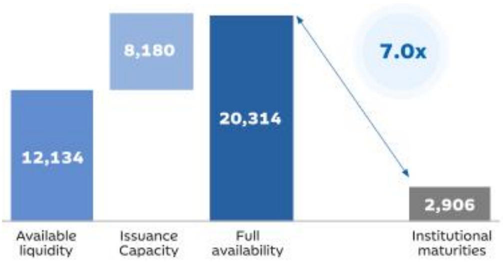


Composition of external funding:

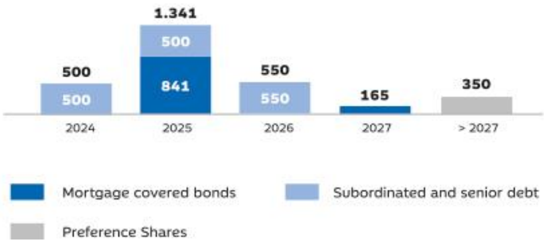
	31/12/2023		31/12/2022		Change	
	Balance	%	Balance	%	Balance	%
Central bank deposits	–	–	–	–	–	0.0
Deposits from credit entities	4,402,017	10.6	2,013,412	4.7	2,388,605	118.6
Customer deposits	35,217,277	84.5	38,841,785	90.5	(3,624,508)	-9.3
. Of which: retail deposits	33,751,789	81.0	37,374,772	87.1	(3,622,983)	-9.7
Debt securities issued	1,684,814	4.0	1,715,207	4.0	(30,393)	-1.8
AT1 issue	350,000	0.8	350,000	0.8	–	0.0
EXTERNAL FUNDING	**41,654,108**	**100.0**	**42,920,404**	**100.0**	**(1,266,296)**	**-3.0**
Retail financing	33,751,789	81.0	37,374,772	87.1	(3,622,983)	-9.7
Wholesale financing	7,902,319	19.0	5,545,632	12.9	2,356,687	42.5

Ibercaja maintains a **solid liquidity position**. At December 2023, **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 247.2%, well above the 100% regulatory requirement. The **available liquidity**, **€12,134 million**, represents 22.3% of total assets. Counting the issuance capacity for mortgage-covered bonds and regional covered bonds, of €8,180 million, **total liquidity available** came to **€20,314 million**. The **maturities of wholesale market issuances** present a staggered redemption schedule through to 2027. The total liquidity available covers debt maturities 7.0 times.

Liquid assets and funding capacity
€Mn - December 2023



Institutional maturities
€Mn - December 2023



The collateral policy with the ECB includes pledged assets with a discountable value of €6,495 million, all available to satisfy the Bank's liquidity needs since, at 31 December 2023, no amount has been drawn down.

Regarding the funding profile, the **NSFR** ratio stands at **141.3%.** This indicator shows the proportion of funding for one year covered by stable liabilities, the aim being to ensure an even balance sheet structure that limits excessive reliance on short-term wholesale funding.

Liquidity Indicators:

	31/12/2023	31/12/2022	Change	Change (%)
Cash and central banks	1,792,730	1,351,694	441,036	32.6
Available in policy	6,494,859	5,798,903	695,956	12.0
Eligible assets not included in the policy	3,498,954	5,838,121	(2,339,167)	(40.1)
Other assets not eligible for ECB	347,533	356,274	(8,741)	(2.5)
AVAILABLE LIQUIDITY	**12,134,076**	**13,344,992**	**(1,210,916)**	**(9.1)**
Issuance capacity for mortgage covered and public sector covered bonds	8,179,659	6,880,460	1,299,199	18.9
TOTAL AVAILABLE LIQUIDITY	**20,313,735**	**20,225,452**	**88,283**	**0.4**

Available liquidity/total assets (%)	22.3%	24.4%		
Loan-to-deposit ratio (%)	84.9%	78.4%		
LCR (%)	247.2%	306.5%		
NSFR (%)	141.3%	152.7%		

Expected liquidity trends and fluctuations:

Business development projections suggest that the Group will have adequate levels of liquidity in the short and medium term, in line with both internal management and regulatory limits. The Bank has a high weight of retail funding, which is highly stable, and wholesale issues are of little relevance and staggered maturity.

However, in the event of a hypothetical increase in liquidity tensions in the economy or a contraction in the credit market affecting liquidity and the deposit base, the Group, in addition to its current comfortable liquidity position, has various sources of funding (issuance of senior debt and covered bonds, as well as recourse to ECB funding through pledging of fixed-income securities, own issues and securitisation of assets), as well as recourse to ECB financing through the pledging of fixed income, own issues and asset securitisation) and, if necessary, would implement the specific Contingency Plan it has established for crisis situations.

5.5 Capital management

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

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

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

Key solvency ratios

The **phased-in CET1 ratio**, which measures the relationship between Tier 1 capital and risk-weighted assets, was **12.9%.** Ibercaja maintains an efficient capital structure, thanks to having fully completed the hybrid capital buffers with the AT1 and T2 issues, Ibercaja maintains an efficient capital structure and the total capital at 31 December 2023 amounted to €3,248 million, representing a **total capital ratio** of **17.5%**.

In **fully loaded** terms, **CET1** was **12.7%** and **total capital** amounted to **17.3%**, both ratios being in line with the Bank's strategic objective (12.5% and 17.0%, respectively). The improvement in CET1 of 33 basis points in the year is mainly explained by the positive generation of capital resulting from the accumulation of earnings in the year.

The **Ibercaja Group's leverage ratio**, which shows the relationship between the capital and assets of a credit institution regardless of the degree of risk of those assets, stood at 5.8% at the end of 2023. In fully loaded terms, the **Ibercaja Group's leverage ratio** is 5.7%.

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

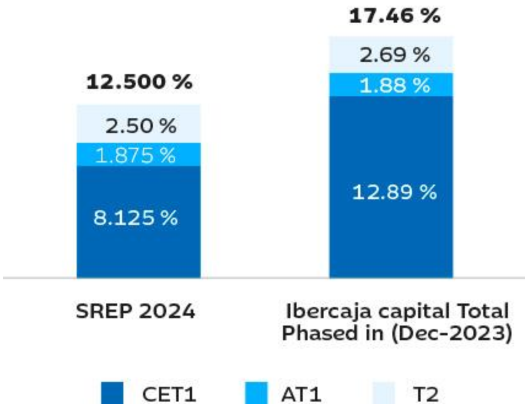
According to the definition of Distributable Items in the CRR, the balance of Distributable Items, at the individual level of Ibercaja Banco at 31 December 2023, amounted to **€558 million**.

Developments in the main solvency ratios

	Phased in		Fully loaded	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Tier 1 capital	2,748	2,701	2,712	2,579
Common Equity Tier 1	2,398	2,351	2,362	2,229
Additional Tier 1 capital	350	350	350	350
Tier 2 capital	500	500	500	500
Total Capital	3,248	3,201	3,212	3,079
Risk-weighted assets	18,609	18,073	18,598	18,012
RWA density (RWAs/total assets)	34.1%	33.1%		
Tier I (%)	14.8%	14.9%	14.6%	14.3%
CET1 (%)	12.9%	13.0%	12.7%	12.4%
AT1 (%)	1.9%	1.9%	1.9%	1.9%
Tier 2 (%)	2.7%	2.8%	2.7%	2.8%
Total capital ratio (%)	17.5%	17.7%	17.3%	17.1%
Leverage ratio (%)	5.8%	5.6%	5.7%	5.4%
MREL ratio based on RWA (%)	20.6%	18.4%		
MREL ratio based on LRE (%)	7.7%	7.2%		

PRES and MREL requirements

In December 2023 the European Central Bank communicated to Ibercaja the decision regarding the new minimum prudential capital requirements for 2024, once the results of the Supervisory Review and Evaluation Process (SREP) were known.



This decision means that Ibercaja Banco must maintain, **from 1 January 2024, a Common Equity Tier 1 phased-in (CET1) ratio of 8.125% and a Total Capital phased-in ratio of 12.50%**. This total capital requirement includes the minimum Pillar 1 requirement (8%, of which CET1 4.5%), the Pillar 2 requirement (2.0%, of which at least 1.125% must be met with CET1) and the capital conservation buffer (2.5%). This requirement has been reduced by 15 basis points compared to that required for 2023.

Ibercaja has an **MDA distance** (excess capital over current SREP requirements taking into account potential shortfalls or excesses in AT1 and T2 buffers) of **476** basis points, one of the highest in the Spanish financial system.

Furthermore, and in accordance with the Bank Recovery and Resolution Directive (BRRD2), Ibercaja must comply with the **MREL requirements** on 1 January 2024. According to the Bank of Spain's notification of the latest decision of the Single Resolution Board, **at 1 January 2024** the Group must have a ratio of own funds and eligible liabilities of **19.1%** of risk-weighted assets (21.6% including the combined requirement of capital buffers). The leverage ratio requirement is **5.2%**.

The MREL requirements set for 1 January 2024 are aligned with the Bank's funding and capital plan. In May 2023, Ibercaja issued senior preferred debt for an amount of €500 million, which made it possible to comply with MREL requirements in advance of their entry into force on 1 January 2024, generating a positive gap in favour of the Bank. Thus, Grupo Ibercaja's MREL ratio at December 2023 amounts **to 23.1% of risk-weighted assets, which means its maintains a positive gap compared to the requirement required as of 1 January 2024**. In terms of leverage ratio, at 9.1%, **Ibercaja amply exceeds the requirements**.

Dividend policy

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

The distribution of dividends is determined at the General Meeting of Shareholders on the basis of the proposal made by the Board of Directors. Taking into account current capital adequacy levels, projected earnings for the coming years and the capacity for organic generation of capital, the **pay-out ratio in 2023**, once the last dividend of the year has been approved, will be **60%**, in line with the **objective set in the Challenge 2023 Plan**.

At its meeting of 25 May 2023, the Board of Directors of Ibercaja Banco resolved, in accordance with Article 277 of the Spanish Companies Act, to distribute an interim dividend of **€32,591 thousand** from the results of the first quarter in favour of the partners, in proportion to their respective shareholdings. Subsequently, the Board of Directors approved the payment of an interim dividend of **€82,507 thousand** and **€53,149 thousand** against second and third quarter results, respectively. Thus, in 2023 the Bank distributed a total interim dividend of **€168,247 thousand** to shareholders.

The Board of Directors will propose to the General Meeting of Shareholders to approve the distribution of a dividend against 2023 results in the amount of **€182,626 thousand**; taking into account that an interim dividend of €168,247 thousand has already been paid to shareholders in 2023, €14,379 thousand remains to be approved and distributed in 2023.

On 24 June 2022, **Fundación Bancaria Ibercaja**, the main shareholder of Ibercaja Banco, S.A., received approval from the Bank of Spain for its 2022 Financial Plan, which included the provision of a Reserve Fund equivalent to 1.75% of the Bank's RWAs, which must be met, at the latest, by the end of 2025. At 31 December 2023, the **Reserve Fund amounts to €260 million**.

Information regarding treasury shares

There were no transactions involving Treasury shares in 2023

5.6. Credit ratings

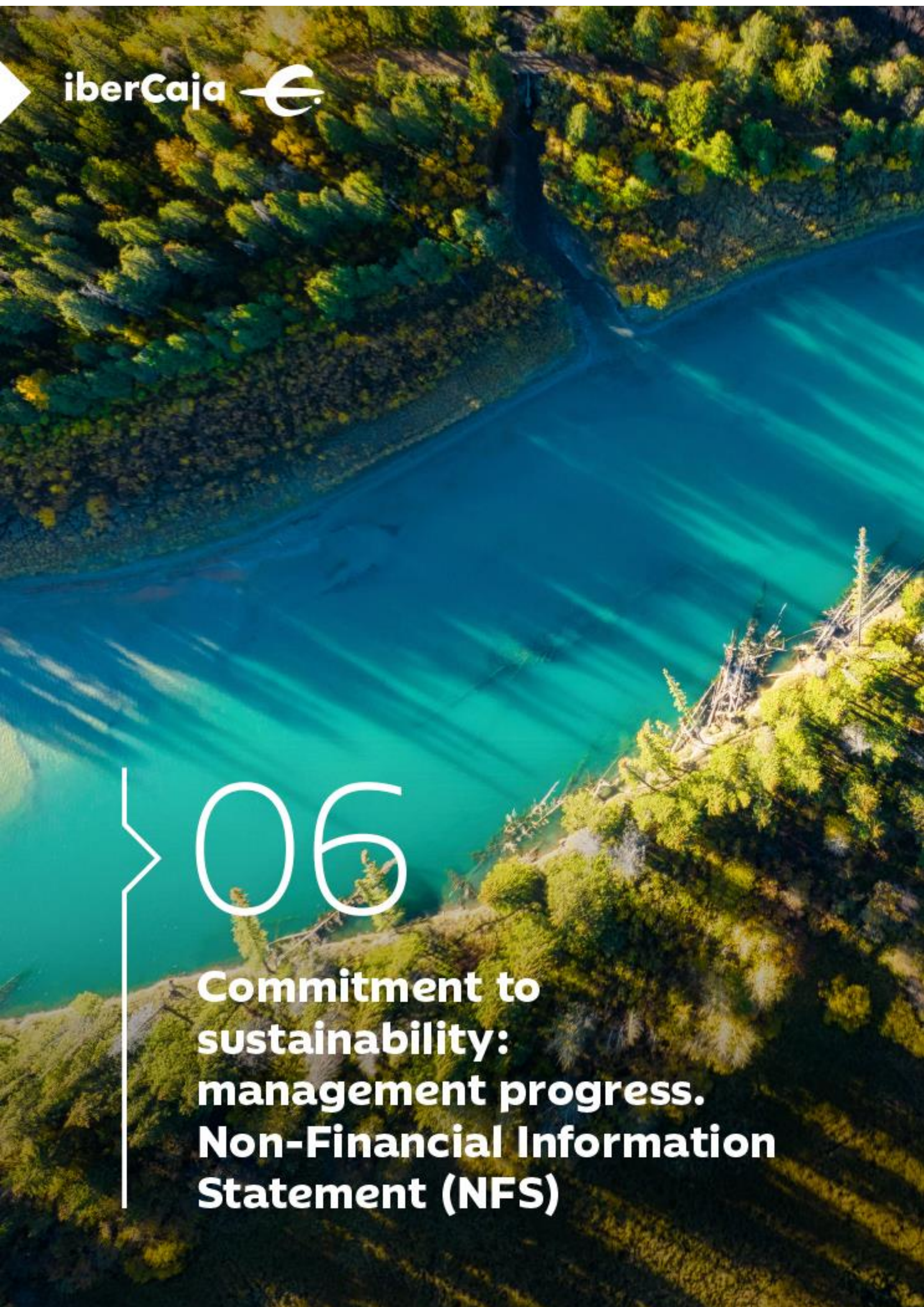
In 2023, Ibercaja has improved its credit rating assigned by the Moody's rating agency:

- On 5 December 2023, Moody's upgraded the Bank's rating to "Baa2" and set the outlook at "stable". Moody's attributes the rating change to the gradual strengthening of the Bank's asset quality and profitability. Moody's highlights an improvement in solvency thanks to the provisioning of the Reserve Fund by the Ibercaja Banking Foundation, the main shareholder of the Bank.

Ibercaja maintains the investment grade rating assigned by the Standard & Poor's and Fitch Ratings agencies following the improvement obtained in both cases during the previous year.

Credit ratings:

	LONG TERM	SHORT TERM	OUTLOOK
Standard & Poor´s	BBB-	A-3	Stable
Moody's (rating for deposits)	Baa2	NP	Stable
Fitch Ratings	BBB-	F3	Stable



06

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

6.1 Sustainability strategy

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

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

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

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

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

Aware that its actions must promote the balance of economic growth, social cohesion and preservation of the environment[20], Ibercaja is firmly committed to the **Sustainable Development Goals** of the 2030 Agenda and is a signatory of the 10 principles of **the Global Compact**[21] and the **United Nations** Principles for Responsible Banking[22] to advance in the setting up of a sustainable banking system. Ibercaja also participates in numerous initiatives and working groups, such as the **Partnership for Carbon Accounting Financials (PCAF), Net Zero Banking Alliance (NZBA)** and **Net Zero Asset Managers (NZAM)**, demonstrating its ambition to decarbonise its portfolio, and discloses its progress in accordance with the recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)**.

[20] For more information, see chapter 6.2 of this report.
[21] For more information, see Appendix B of this report.
[22] For more information, see Appendix E of this report.

Corporate purpose

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

In the development of its financial activity, sustainability plays an important role in its corporate purpose. The Group's commitment to economic and social growth and care for the environment was endorsed by the Board of Directors' approval, in December 2020, of the **Sustainability Policy,** which sets out the long-term vision:

- The global framework for action in the field of sustainability, formalising the Group's commitment to sustainable development and value creation through its activity.

- The commitments voluntarily assumed by Ibercaja with its stakeholders to promote sustainable, inclusive and environmentally-friendly growth.

With its signing of the Principles of Responsible Banking and with its Sustainability Policy, the Bank maintains its commitment to align its commercial strategy with long-term objectives that enable economic growth and help to respond to social and environmental challenges, identifying its greatest potential contribution.

Ibercaja maintains available to all its stakeholders a range of channels of communication, participation and dialogue that favour two-way, continuous communication, undertaking to give them maximum dissemination. In addition, it promotes transparency in the information provided on non-financial performance, in accordance with international reference standards.

The Ibercaja Group's Sustainability Policy, as a declaration of its firm desire to contribute to the development of a more sustainable economy and financial activity, is based on five pillars:

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

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

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

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

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

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

- Maximum respect and promotion of **ethics and good governance.**
- Prudent global management of all **financial and non-financial risks.**
- Promotion of the **Sustainable Development Goals of the 2030 Agenda**, promoting the goals they pursue through its business activity.
- Defence of **transparency**, promoting clear, complete and truthful communication.
- **Defence of human rights** in line with the UN Global Compact.
- Contribution to **social integration.**
- Promotion of the **personal and professional development** of employees.
- **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.

6.1.1 Governance structure[23]

Ibercaja has a corporate governance structure diversified into different bodies to achieve efficient sustainability management, involving all the Group's business areas. Sustainability governance is based on the work of the functional areas, led by the Brand, Reputation and Sustainability Department.

In this role, the sustainability governance system is structured into **governing bodies, divisions and committees** to integrate climate risks in a cross-cutting way, including all business areas and achieving efficient climate risk management.

[23] For more information, see chapter 6.3 and Appendix E of this report.

Board of Directors	Approve and promote the Sustainability Policy.
Strategy Committee	Oversee the Sustainability Policy. Report to the Board.
Reputation and Sustainability Committee	Validate and supervise the sustainability strategy and policy Ensure effective integration of the sustainability strategy into management
Brand, Reputation and Sustainability Department	Define, develop, coordinate and propose sustainability policy and strategy to the R&S Committee. Support the Areas in implementing them.

All areas of the Bank

They work to implement the Sustainability Strategy aligned with the UNEF FI Principles of Responsible Banking signed by Ibercaja Banco, which respond to supervisory expectations.

ESG Committee

Monitoring of ESG investment mandate.

Promote socially responsible investment (SRI).

Environment committee

Cross-cutting committee that oversees compliance with Ibercaja's Environmental Policy. For more information, see chapter 6.5 of this report.

The **Board of Directors**, promoting the sustainable development of the Bank, has approved the Code of Ethics and Corporate Purpose, as well as the Sustainability Policy, in December 2020, which establishes commitments and frameworks for action. This body oversees implementation of the policy, addressing aspects such as analysis of the impact of climate change, management of environmental risks and transparent communication of progress in sustainability.

The **Strategy Committee**, with a special focus on sustainability, participates in the definition and approval of the Strategic Plan. The Sustainability Policy is deployed through six strategic challenges, including the management of climate and environmental risks, with operational plans and annual milestones. Ibercaja seeks to differentiate itself as a sustainable bank in financial, social and environmental terms, with the Committee ensuring the correct organisation for practical implementation of sustainability.

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

- **The Editorial Committee**, cross-cutting in nature, defines messages and plans contents and channels to achieve greater reach and effectiveness in communication, including everything related to sustainability.
- **EFR Committee**, responsible for implementing the EFR plan to ensure a healthy balance between the personal, family and working lives of employees. Ibercaja has the EFR (Family-Responsible Company) seal, which certifies the Bank's proactive commitment to ensuring a suitable work-life balance.
- **Environment Team**, comprising volunteer employees from various areas and departments, who are asked to come up with actions for raising awareness and driving best environmental practices across the Group.

In relation to the management and control of ESG risks, the Governing Bodies and Senior Management, within the scope of their respective roles, are responsible for establishing, approving and supervising implementation of the general business and risk strategy, together with an appropriate internal control and governance framework. In this way, climate risks are managed as risk factors integrated into the Bank's prudential risks.

6.1.2 "Challenge 2023" Strategic Plan

Given the importance of sustainability for the Bank, within the Strategic Plan defined for 2021-2023, it has established the **Purpose and Sustainability Initiative**, as a cross-cutting enabling line of work.

desafío 2023

This initiative[24] is sponsored by the Management Committee to integrate the Corporate Purpose into corporate culture and sustainability into the organisation's strategy. The sustainability project is deployed with transversal and multidisciplinary teams in the following lines of action:

1. **ESG Risk Management**:

   At Ibercaja, a comprehensive approach has been implemented to identify, integrate, manage and control Environmental, Social and Governance (ESG) risks, in line with supervisory expectations and assumed commitments. In 2021, an **Action Plan for the management of climate and environmental risks**, positively evaluated by the supervisor, was developed, in which work has been done to make progress on meeting the established milestones.

   In 2022, climate risk-related aspects were incorporated into risk management policies and manuals for the first time, and a climate stress testing exercise was conducted.

   In 2023, Ibercaja has continued to adapt its **ESG policies and manuals**, incorporating new risk identification, assessment, monitoring and control exercises, especially in credit risk management. This includes identifying unethical, controversial or unsustainable activities in the **ESG Exclusions Policy**, completing **ESG Questionnaires at customer and operational levels**, and including customer ESG information in the risk report. Transition climate risk (TCR) has been included in the credit risk monitoring of individually significant borrowers with a high TCR, and the energy efficiency certificate in new mortgage portfolio arrangements.

[24] For more information on enabling initiatives, see chapter 4.5.2 of this report.

For the 2024 financial year, the Bank is committed to continuing its work on transitioning the most carbon-intensive sectors, defining new targets and action plans for decarbonisation.

2. **Sustainable Business Strategy**:

The sustainable business strategy was developed to align the commercial strategy with the **Principles of Responsible Banking** and in this way be able to continue working on the implementation, responding to the needs of our customers and the objectives of society and accompanying them in the transition towards a sustainable future and a low-carbon economy.

In 2022, Ibercaja calculated its financed carbon footprint and set its first intermediate decarbonisation targets for 2030 in the Electricity Generation, Iron and Steel Production and Residential Real Estate sectors. This year, Ibercaja has improved its methodology for calculating the **funded carbon footprint** and has revised its **decarbonisation targets.**

In 2023, the **sustainability impact analysis,** prepared to identify the main risks and opportunities related to ESG factors, has been updated. To this end, the loan portfolios analysed have been expanded and the needs of the most relevant customer segments for the Bank[25] have been assessed.

Ibercaja continues to work on the implementation of the ESG business strategy, designed to respond to our customers' main expectations and needs in terms of sustainability. Progress has also been made in the communication and awareness of our customers in sustainability, with the aim of accompanying them in the transition to a decarbonised economy.

[25] For more information, see chapter 6.3 and Appendix E of this report

In 2023, the Bank continued to offer **ESG products**, both of an investment and financing nature, that contribute to achieving sustainable development, reducing the carbon footprint and mitigating the effects of economic activity on the climate. In the business segment, these products focus on supporting accessibility and improving energy efficiency in homes, through evaluation and the provision of improvement solutions, and sustainable mobility and access to Next Generation EU aid. A full range of products is offered, such as the Renewable Energy Financing Loan, Mortgage +Sustainable, Photovoltaic Energies Leasing, Sustainable Crops Leasing, Vamos Coche, Home +Sustainable, Building +Sustainable, Investment +Sustainable, and ECO and Zero Emissions vehicles. The management of public subsidies and execution of work projects are also undertaken in collaboration with Acierta Asistencia (CASER Group).

Ibercaja also focuses its efforts on young people, supporting them in their first expenses through its adhesion to the Madrid region's My First Home programme and the offer of financing products for educational purposes.

For older customers, the Bank has a specific senior citizen financing strategy and, among other services, it has defined a decalogue of measures for their personalised attention through different channels, in line with the corporate purpose of "helping people contribute their life history". Due to its importance and Ibercaja's commitment to this sector, there is a specific section on the corporate website, "Enjoy, it's your Ibercaja moment", where all the services and products aimed at the elderly in our society are included.

3. **Communication and Sustainable Impact**: In order to create and strengthen a permanent and ongoing communication framework with our stakeholders that reinforces the Ibercaja Group's commitment to sustainability and transparency, in 2023 the **3rd Planet Week** was organised, with the slogan "the week in which the planet and you are the winners". This initiative was carried out from 23 to 29 October, a week coinciding with the celebration of the **International Day for Combating Climate Change** (24 October). The aim was to accompany customers, employees and society on the road to sustainability. **In this third edition, focusing on decarbonisation and the energy transition**, different activities were carried out, including the holding of business conferences organised in collaboration with leading associations, organisations and experts with the aim of conveying to companies the relevance and urgency of advancing in decarbonisation and the future challenges posed by renewable energies, as well as the importance of climate change and its impacts. The Bank's commitment to being a benchmark in sustainability was reflected in the 71 press releases, as well as collaborations with the media, articles, events, etc. during the year, with 1,064 impacts in the media and 214,000 impressions in the dissemination of information on social media through the Bank's channels.

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

   The "Your money with heart" project stands out: in 2023, **more than one million euros were donated** thanks to the **Sustainable and Solidarity Investment Fund and Pension Plan**. These donations were given to 15 projects run by associations and non-profit organizations, in collaboration with the shareholder foundations.

   Part of these donations was delivered at the **2nd Ibercaja Solidarity Dinner**, held in support of the **A.P.E. Foundation** for the prevention and eradication of Eating Disorders. More than 600 people attended this event to give visibility to the social and environmental projects undertaken by the beneficiary entities. This initiative has already donated close to €3 million to social and environmental projects since 2021

The sustainability project is completed with a **Professional Development Plan** that includes a specific line of **training in sustainability**, to accompany and train our professionals in the new skills necessary for them to help our customers along this path, which was further developed in 2023 with specific training[26] for certain areas.

6.1.3. Supervisory expectations of the European Central Bank

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

The four blocks identified are:

BUSINESS MODEL AND STRATEGY	GOVERNANCE AND RISK APPETITE	RISK MANAGEMENT	DISCLOSURE
Business environment Business strategy	Governing bodies Risk appetite framework Organisational structure Information	Risk management framework Credit risk Operational risk Market risk Scenario analysis and stress testing Liquidity risk	Disclosure policies and procedures

[26] For more information, see chapter 6.5 of this report.

In 2022, Ibercaja informed the ECB of the steps taken to integrate climate risks, as well as the new action plan defined to respond to supervisory expectations regarding the management and communication of climate and environmental risks. This plan was approved by Ibercaja's Board of Directors, Management Committee and Reputation and Sustainability Committee. During these years, the Bank has held regular meetings with the supervisor to communicate the degree of progress and level of compliance with the ECB's expectations according to the plans identified in the 2022 Thematic Review. In defining these plans, Ibercaja took into account the reports on results and best practices published by the ECB[27], focusing the 2023 financial year on the implementation of the defined and approved processes, within the deadlines defined by the supervisor.

The availability of ESG data is relevant for the integration of climate factors in the business and in decision making, so the Bank is working with external data providers to collect non-financial information from its customers and incorporate it into its systems, as well as assessing its availability, transparency, quality and the external verifications it undergoes[28].

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

In the current context, **ESG data is part of the strategy** of banks, generating a growing **new demand from stakeholders for information** (regulation, supervisors, investors, customers, workers, society in general, etc.). The required ESG data must **be integrated into the information systems** of the institutions, as part of the **relevant data of the organisation**. Ibercaja is firmly committed to advancing in the capture of ESG data and so continues with the progressive **integration of this data into its business** model, highlighting the progress being made in its different areas. In this context, as part of its **2021-2023 Strategic Plan**, Ibercaja has **defined the strategy to be followed with regard to ESG data**, for its correct identification, prioritisation and integration into the Bank's data architecture. To this end, it was established as a **strategic milestone.**

[27] Results of the 2022 thematic review on climate-related and environmental risk (BCE, November 2022) and Good practices for climate-related and environmental risk management (BCE, November 2022).
[28] For more information, see Appendix F of this report.

6.1.4. Ibercaja's commitments to sustainability

Task Force on Climate-Related Financial Disclosures (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.[29]

Net Zero Banking Alliance (NZBA)

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

In order to achieve zero emissions on its portfolio in 2050, Ibercaja is aware that the calculation of the carbon footprint, specifically, of the scope 3 category 15 emissions (according to the PCAF methodology) and the respective intensity metrics, are an essential input for setting its decarbonisation targets, which are based on the selected decarbonisation pathways[30] (Net Zero 2050 scenario of the IEA at global level and "Net Zero 2050" scenarios of the IEA at global level and "Global Decarbonisation Pathway 1.5°C" of CRREM for Spain). Therefore, in the 2023 financial year, the Bank has improved its method of calculating its **funded carbon footprint** and revised its **decarbonisation targets**, initially defined in 2022, in three carbon-intensive sectors. In addition, it has developed a Transition Plan in these three sectors to achieve the established objectives

[29] For more information, see Appendix F of this report.
[30] For more information, see Principle 2.2 of the Principles for Responsible Banking detailed in Appendix C of this report.

Also during 2021, Ibercaja Gestión and Ibercaja Pensión subscribed to the initiative **Net Zero Asset Managers (NZAM)**, with a commitment to achieve CO_2 neutrality of their own and their portfolios by 2050 at the latest.

In an important milestone for 2023, Ibercaja has recorded in the carbon footprint register of the Ministry of Ecological Transition and the Demographic Challenge (MITERD) the partial offsetting of its 2022 carbon footprint by acquiring, for the first time, absorption rights equivalent to 236 tonnes of CO_2 for the “Ribera del Duero CO_2 Management Forest” project.

Since 2016, the year in which Ibercaja began calculating its carbon footprint, it has reduced its emissions by 89%, including scopes 1, 2 and, partially, 3. This year, through this project and the Santa Maria project in the Brazilian Amazon, Ibercaja has offset 1,002 tons of CO_2, representing over 100% of the 984 tonnes of direct CO_2 emissions that the Bank produced and could not avoid last year. In this way, Ibercaja has managed to be carbon neutral in its own emissions (scope 1 and 2) since 2020[31].

[31] For more information, see Principle 2.2 of the Principles for Responsible Banking detailed in Appendix E of this report.

PCAF

In 2022, the Bank joined the **Partnership for Carbon Accounting in the Financial Industry** (PCAF) to work towards its commitment to achieve emission neutrality of its loan books and investment portfolios by 2050 or earlier.

PCAF is the international benchmark to facilitate the financial industry's alignment with the Paris Agreement and to convey transparency in the calculation of greenhouse gas (GHG) emissions. This methodology has been consistently applied in the measurement of financed emissions and other indicators related to emissions intensity.

UNEP-FI

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

Principles of Responsible Banking (PBR)

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. For this reason, the implementation of the PRBs is part of the sustainability project and is one of its main lines of action.

The Principles to which Ibercaja adheres are:

Principle 1: Alignment

Alignment of our business strategy with the SDGs, the Paris Agreement and other national and regional frameworks.

Principle 2: Impact

Increase in our positive impacts and reduced negative impacts; management of the ESG risks resulting from our activities, products and services.

Principle 3: Customers

Responsible action and promotion of sustainable practices and activities for current and future generations

Principle 4: Stakeholders

Active listening, participation and collaboration with stakeholders to achieve society's goals.

Principle 5: Governance and culture

Implementation of effective corporate governance and a responsible banking culture; ambitious targets for our impacts.

Principle 6: Transparency & Responsibility

Review our implementation of the Principles and commitment to transparency in reporting on our positive and negative impacts and our contribution to society.

Source: In-house adaptation of the Guiding Document of the Principles for Responsible Banking (UNEP fi).

UNPRI

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

CDP

Ibercaja Gestión and Ibercaja Pensión join the engagement platform **Carbon Disclosure Project**, an engagement platform and non-profit organisation that administers a system for companies to disclose environmental information so that investors can better manage their environmental impacts. The fund managers have continued to collaborate during 2023 with other platforms such as Climate Action 100+ or Access to Medicine Foundation.

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

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

- Ibercaja holds the **RSA and RSA+ seals** awarded by the Government of Aragon since its creation in 2017, revalidated each year, which recognise those entities in the Autonomous Region committed to corporate social responsibility and sustainability.

- Since 2017, Ibercaja has held the **Solidar Certificate**, awarded by the Solidarity Business Association of Aragon, for its management to promote the integration of people with disabilities into the labour market. This commitment was renewed in 2022 until 2027.

- In 2022 the Entity obtained, for the fourth consecutive year, the **FRC (Family Responsible Company) certificate**, 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. In 2023, the Bank successfully passed the system's own audit.

- In line with its commitment to care for and protect the environment, in 2022 Ibercaja obtained the **Aragón Circular Seal**, "Companies" category, awarded by the Government of Aragon, which recognises the work carried out in favour of the circular economy, with the development of good practices and actions to improve circularity, within the framework of excellent, innovative and sustainable management. It is currently working on its renewal in 2024.

- Dialogue and voting activities are carried out in line with our Ibercaja Gestión Engagement Policy. Dialogue is an integral part of the circular process of integrating ESG risks into investment analysis and management with a focus on medium to long-term engagement. In 2023, 51 shareholder meetings of both domestic and international companies were attended with the support of a proxy advisor with ESG criteria.

6.2 Our contribution to Sustainable Development Goals

2-28

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

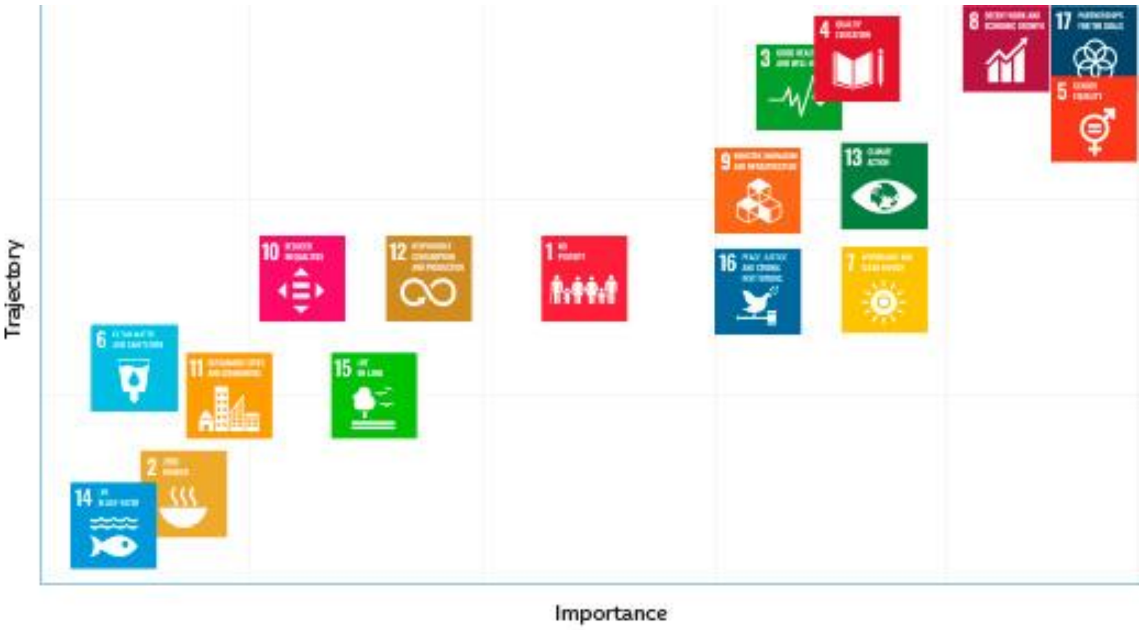
In 2015, all United Nations Member States adopted the Agenda 2030 for Sustainable Development. It represents the international commitment to address the social, economic and environmental challenges we face, putting people, planet, prosperity and peace at the centre, under the motto of "leaving no one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

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

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

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

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



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

Ibercaja prioritises the following goals

Following this materiality analysis, Ibercaja has continued to work on developing and incorporating the SDGs in all its actions. Its commitment is that the business activity must drive their achievement in the time established by the United Nations. In addition, since 2006, Ibercaja has been a member of the United Nations Global Compact, meaning that its activity is carried out in accordance with the principles established in this initiative and in line with the sustainable development goals.

In 2023, given the turning point at which the 2030 Agenda finds itself, the Bank has worked on and actively promoted the importance of achieving these goals, participating in conferences and campaigns organised by the Global Compact, and on the internal and external dissemination of the SDGs and their relationship with the activities undertaken.

Among the main projects carried out in Ibercaja throughout 2023 that have contributed the most to achieving these SDGs are the following:

- **Obtaining the SIGOS certificate**, accrediting Ibercaja as a healthy organisation, concerned about occupational safety, an promoting health, sustainability and social responsibility with the community in which it operates.
- Promotion and awareness of **healthy living habits**, both internally and externally.
- Continued activity in sports sponsorships and organisation and sponsorship of popular and specialised sporting trials, which encourage the widest **participation** possible, thus promoting healthy habits.
- Work has also been done to increase the participation of employees in races and sports activities. As a milestone in 2023, the first Ibercaja sports challenge was organised under the slogan "Move without a footprint". The aim of these activities is to reinforce the values of team effort and teamwork, as well as providing **health** benefits.
- Continuous encouragement and promotion of healthy habits, and related information, on the **SOMOS portal**.
- **Your Money with Heart** initiative, which promotes sustainable and supportive investment through donations to social and environmental projects, dedicating part of the management fee for these products.
- The **6th Solidarity Drive**, an initiative that gives employees the opportunity to support projects that help people affected by diseases and their families, and improve the quality of life.

"Move without a footprint"[32]

[32] For more information, see Chapter 6.4 Commitment to our people

4 QUALITY EDUCATION

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

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

8 DECENT WORK AND ECONOMIC GROWTH

- **All projects have been aligned with Ibercaja's Sustainability Policy**.
- Promoting the inspiring **leadership model**, which encourages communication and participation, creating an appealing environment to attract and retain talent.
- Development of **an internal relationship model** that provides guidelines to employees on corporate behaviours, with regard to how to do things and how to relate to each other.
- Partnership agreements with Special Employment Centres and entities that promote **the inclusion on the labour market** of people with disabilities or at risk of exclusion.
- Boosting growth in their territories of action, participating in the main projects and developing programmes to promote **entrepreneurs**.
- **The Ibercaja Companies MÁS Ecosystem**: provides companies with tools, knowledge and training, and acts as a generator of strategic relationships through its activities and content.
- **Quality training** for companies on essential aspects for managing and integrating sustainability into business.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- **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.
- Inauguration of **Mobility City**, a museum that reflects the new mobility in cities and promotes the transformation of companies and services in the sector.

13 CLIMATE ACTION

- **Offsetting scope 1 emissions**, i.e., those that could not be avoided in certified absorption projects.
- Gaining the **calculate, reduce and compensate** seal. This is the first time that Ibercaja has been awarded the full seal by **MITERD** for partial offsetting of unavoidable emissions in projects certified by the OECC.
- Ibercaja continues to be **neutral in scope 2 emissions** as all the energy consumed comes from 100% renewable energy sources.
- **Internal and external environmental awareness-raising** campaigns.
- **3rd Planet Week**, Ibercaja's awareness-raising and positioning initiative to accompany its employees, customers and society on the path towards a more sustainable economy.
- Development and promotion 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.
- Publishing of the **transition plan** for the achievement of decarbonisation objectives.

17 PARTNERSHIPS FOR THE GOALS

- 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:

6.3 Commitment to customers

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

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

6.3.1 Sustainability Policy

Given the importance of sustainability in the Bank's strategic framework, the **IN02 Purpose and Sustainability** initiative was launched, within the "Challenge 2023" Strategic Plan, as an enabling cross-cutting line of work with the goal of activating the Corporate Purpose and integrating ESG aspects into business decisions.

This commitment was endorsed in the **Sustainability Policy**, approved by the Board of Directors in 2020, identifying the analysis of customer needs and identifying potential sustainable business opportunities as one of the pillars on which the Policy[33] is based.

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

- Work on **getting to know each customer in depth**, to always offer them the **products, services** and information they need, **adapted to their expectations and requirements**.
- Align business strategy with the United Nations **United Nations Principles of Responsible Banking.**:
  - Identifying **impacts and needs** derived from sustainable development.
  - **Adapting the offer** to respond to these new needs, which promote sustainable business models and practices.
  - **Sensitising** our customers in the necessary transition towards a decarbonised economy, also **identifying** their **sustainability preferences**.

[33] More details of the 2021-2023 Strategic Plan: IN02 Purpose and Sustainability in chapter 6.1 of this report.

- Helping our customers to optimise the management of their finances, in a simple way, with the best **advice, tools and information**, thereby promoting their financial education.
- Paying special attention to **transparency in the communication and marketing of products**, providing the necessary information for the customer to be able to make informed advised decisions, avoiding information manipulation and protecting their integrity and honour.
- Always protecting the **confidentiality** of customer data, maintaining the highest security standards.
- Establishing efficient **dialogue channels** that allow us to listen to our customers, as a basis for long-term mutual commitment, offering the **highest quality of service**.
- Applying maximum diligence to **prevent and avoid the financing of illegal practices**, complying with the Regulations for the Prevention of Money Laundering and Terrorist Financing.

As stated in its Sustainability Policy, Ibercaja follows a **policy of prudent global management of both financial and non-financial risk**. Non-financial risks include sustainability risks, which Ibercaja undertakes to identify and manage so that they may be gradually integrated into the Bank's overall risk management.

Ibercaja has adopted the primary national and international commitments to move forward with regard to sustainability, to protect the environment and fight against climate change. The bank is a signatory of the UNEP-FI Responsible Banking Principles, is aligned with the Sustainable Development Goals of the 2030 Agenda, and, in 2019, it subscribed to the recommendations of the TCFD Task Force on Climate-Related Financial Disclosures).

Asset management is important to achieve a more sustainable economy. The **Ibercaja Group takes into account sustainability risks and their integration into the investment decision-making process**, applying standards, principles and best practices in investment management to generate long-term value for its customers.

To integrate ESG factors into decision-making processes, Ibercaja is advancing in identifying and studying the risks and opportunities of the transition to a carbon-free economy, in order to respond with business solutions that support sustainability. The bank analyses the impact of climate and environmental risks on customers and their financial activity in order to adapt the range of products and services to new needs, transparently communicating solutions that promote environmental responsibility.

Ibercaja takes into account the main adverse impacts of investment decisions and advisory proposals in discretionary portfolio management on sustainability factors.

6.3.2. Impact analysis

Responding to the commitment to align business strategy with the Principles of Responsible Banking and to meet the ECB's climate and environmental risk management expectations, in 2023, the Bank has updated and enriched the **analysis of the impacts of ESG factors**.

Aware of and sensitive to the relationship between environmental factors and financial activity, Ibercaja analyses their impacts to identify the risks that could impact its business model, to segment the loan portfolio and evaluate the climate and environmental risks to which Ibercaja has most exposure, and to examine in depth the potential business opportunities

Along these lines, physical and transition climate risks have been analysed, assessing the predisposition of the prioritised segments in Ibercaja's portfolio to be affected by **weather events** and the impact of **environmental risks** has been assessed, identifying those sectors most vulnerable to changes in nature according to the NCFA.

This impact analysis has been carried out on the segments of the loan portfolio where the Bank concentrates its banking business and on the economic sectors with the greatest presence. To date, the impact analysis has focused on the **mortgage portfolio** (retail segment) and **productive activities** (corporate portfolio), representing 59% and 19%, respectively, of the Bank's loan portfolio. To enrich this exercise, in 2023 the transition risks on the developer segment, which represents around 4% of Ibercaja's loan portfolio, were analysed.

1. Climate-related risks

The 2023 climate impact analysis has been carried out based on different exercises carried out during the year to measure the potential impact of climate risks:

1.1. Mortgage portfolio:

The update of the analysis of climate, **physical and transition** risk in the real estate collateral portfolio has been carried out based on information provided by ST Analytics: the assessment of the portfolio's predisposition to physical risk impacts includes river and coastal flooding, fires, desertification and seismic and volcanic activity, and the transition risk analysis is based on the energy performance certificate of the buildings under guarantee.

As a result of the analysis of the impact of climatic factors on Ibercaja's retail segment, business opportunities related to physical risk continue to be identified for the Bank, including the following: the offer of ranges of insurance that cover the risk of damage to buildings resulting from natural disasters and the possibility of financing infrastructures against natural disasters and their adaptation to possible consequences. Among the opportunities arising from transition risk, the financing of housing renovations to improve their efficiency is consolidated as strategy to be followed, together with the potential public aid already announced by the Spanish government for this purpose.

1.2. Developer segment:

In order to assess the predisposition of this segment to transition risk, the Energy Performance Certificate has been obtained for the properties in the portfolio, provided directly by the development companies.

The financing of comprehensive renovations of residential buildings to improve energy efficiency, and the provision of loans to developers for the construction of homes with "sustainable" energy certificates are presented as business opportunities.

1.3. Corporate portfolio:

The Bank has assessed its concentration in activities with high intensity CO2 emissions (measured as tCO2eq./€M turnover) to measure its exposure to **transition risk.**

Ibercaja has also assessed its exposure to physical risks in the short, medium and long term, and its predisposition to the impact of adverse weather events on different productive activities according to a heat map by sector. Exposure to adverse weather events has also been analysed according to the geographical location of the companies in the portfolio (deduced from the location of the counterparty headquarters), referencing the *ThinkHazard* tool's assessment.

The results of the climate risk assessment have been used to identify business opportunities linked to the financing of the CapEx investments needed to improve the energy efficiency of machinery and installations in the most carbon-intensive industries. Examples that stand out are the financing of renewable energy sources or alternative sources, with loans to establish photovoltaic or wind installations or to develop new clean energy technologies, and sustainable mobility, as well as the offer of insurance to minimise farm and production plant risk.

2. Environmental risks:

In order to **analyse the contribution of environmental risks** beyond those related to climate, in carrying out the Bank's productive activities, Ibercaja has taken as a reference the materiality assessment of the environmental impact on the economic sectors developed by the Natural Capital Finance Alliance (NCFA).

According to the NCFA, the sectors attributed with the greatest impact are those where productive development is directly related to or depends to a greater extent on natural resources: agriculture, oil & gas, mining, hydroelectric production, and water distribution & treatment.

Altering the capacity to provide the resources on which these sectors depend could reduce the income of banks, because of the impact on the transactions and profitability of portfolio companies.

3. Social risks:

Ibercaja has analysed in depth the main areas of social impact that are most relevant in its customer portfolio, focusing on the segments that it considers may be most vulnerable: young and old. At Ibercaja, these groups make up 47.23% of the Bank's customer base, 23.23% of its customers being under the age of 35 and 24.00% over the age of 65

Ibercaja is aware of the difficulties that both groups face to achieve financial stability and autonomy in the management of their savings, which is why it focuses a large part of its efforts on analysing potential sources of vulnerability and promoting the financial skills of all its customers. In this environment, with significant changes resulting from depopulation in many of the Bank's areas of operation, digital progress and the possible gaps it may cause, Ibercaja continues to work on adapting its way of interacting with customers, as explained in point 6.3.5. Universal accessibility.

Ibercaja is committed to continuing to develop its own strategies for collaboration with other financial institutions and governments on matters of financial awareness and education to achieve financial inclusion for society as a whole. For this reason, it strives to expand its range of products to meet the needs of all its customers, particularly the youngest and oldest, as they are considered two of the most vulnerable groups in achieving financial capacity and stability.

The business opportunities that Ibercaja identifies include financing for young people to meet their first important expenses, encouraging savings with different goals and deadlines, offering personalised care services and providing aid for care of the elderly.

6.3.3. Commercial offer

Taking into account the risk analysis of ESG factors described in the previous section, in 2023, the offer of products and services designed to provide customers with solutions to the needs detected, and to advance towards sustainable development, has been completed.

The new range of **Vamos +Sustainable Mortgages** offers more advantageous conditions to customers who purchase a home with an A or B energy rating, i.e., the most sustainable.

This product completes the range of products for improving the energy efficiency of homes that have been offered to our customers since 2021: **Home +Sustainable**, aimed at private customers, **Building +Sustainable**, aimed at associations of property owners and **Investment +Sustainable** for productive activities.

These financing products for improving the energy efficiency of homes and businesses complete the service, which offered to all customers since 2022, consisting of assessing the energy rating of their homes, proposing solutions to improve efficiency, managing public subsidies and carrying out the construction project, in collaboration with Acierta Asistencia, a CASER Group company.

At the close of this year, the volume of financing allocated to improving the energy efficiency of housing exceeded €50M.

In 2023, Ibercaja has also added the **Renewable Energy Financing Loan** to its range of sustainable products, aimed at facilitating production or self-consumption of electricity through companies' renewable energy sources.

Maintaining the **commitment to promoting sustainability among our customers**, throughout the strategic plan, now coming to an end, the communication plan has continued to be implemented through newsletters focused on housing energy efficiency, on sustainable mobility and also on solutions in support of the most vulnerable customers, such as elderly and dependent people.

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

These products complement the offer of others with a social purpose aimed at supporting young people for their first major expenses and in particular to support their investment in education, such as the **Youth Loan** and the **Ibercaja Postgraduate Masters Loan**.

To encourage savings among customers, specific products have been designed to set savings objectives and targets to cover the needs that arise at different times in life. Due to the digital profile with which these products come into being, they can have a great impact on the younger profile segment

- Short term: **Metas account.**
- Medium term: **Contucasa account.**
- Long term: **Pensumo.**

An example of a short-term savings product would be the **Metas account**, a savings account with no commitments that has a 1% return for the first €6,000. It is a product designed to be easily arranged on the Bank's Mobile Banking (app), the channel most used by this customer profile. This product makes it easy to set different savings goals that can be achieved thanks to small regular contributions.

Probably the greatest difficulty that young people in Spain face when it comes to emancipating themselves is the difficulty of access to purchasing their first home, since they do not usually have sufficient prior savings for the purpose.

For this reason, Ibercaja has created a differential product in the sector to help young people to start **saving in the medium term** with the aim of buying a house, i.e., the **Contucasa account.** This product, which can be arranged both at the branch and on the app, is an account with a remuneration of 1% for the first €50,000. In addition, when customers finance the purchase of their home at Ibercaja, they can get a **discount of up to €500.**

To support young people who want to take the step towards their first home, Ibercaja is a partner institution in programmes promoted by different autonomous regions to encourage and facilitate young people's access to their first home, as in the case **of the My First Home programme of the Madrid and Castilla y León regions, and the Youth Housing Guarantee programme of the Andalusia region**.

To accompany the launch of the Youth Mortgage, a communication plan has been designed to help young people understand all about access to housing. It mainly explains basic concepts that should be taken into account when buying a home: What Euribor is, the difference between fixed, mixed and variable mortgages, what expenses are associated with a mortgage,

what the recommended levels of indebtedness are, the need to have prior savings, etc.

Go to Ibercaja tv (**YouTube channel**)

To adapt to the most digital profiles, in the last two years Ibercaja has developed a platform, in collaboration with several real estate portals, to offer financing for the purchase of a home through 100% online management, without the need for the customer to visit a branch.

Finally, to encourage **very long-term saving** the **PENSUMO** project has been developed. This is a pioneering project in Europe that aims to encourage savings for retirement linked to people's daily consumption in participating businesses, which will provide incentives to save in a pension plan or savings product through their loyalty programmes.

It is a project that has been developed within the framework of the first financial Sandbox in Spain, together with the Bank of Spain and the Directorate-General for Insurance and Pension Funds, and is of great importance for its innovative nature in getting consumption to be identified as the fourth pillar of social welfare.

A range of services has also been developed to meet the most important needs of older customers.

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

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

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

In this line, Ibercaja signed the Pensium collaboration agreement in 2022 to provide our customers with access to a new solution that allows them to pay the expenses of care for the elderly in residences or in relatives' homes.

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

In 2023, the offer to older customers has been extended through collaboration agreements with leading companies that allow us to offer them quality services. These include an alliance with Depencare, a company specialising in home care services for the elderly or dependent people, and the Dasit Telecare services whereby elderly people are constantly monitored and can quickly manage any incident they may have.

For the last two years we have had a collaboration agreement with Taxdown, a company specialising in managing people's income through a fully automated digital process. With this alliance, we help our customers to manage and process their income correctly and benefit from all the tax advantages available to them without needing to be tax experts.

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

For the Bank, meeting the needs of customers is its priority, which is why it always seeks the best solutions to help them in difficult situations, such having difficulty in making their mortgage payments due to increased interest rates.

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

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

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

In this line of collaboration with public administrations and other private institutions, the agreement has been maintained with the Extremadura region to promote energy efficiency in buildings and collaborate with IDAE to disseminate its programmes among customers and offer special financing operations in the efficiency programmes promoted by this institute. New collaboration agreements have also been signed with the Housing Agency of the regional government of Catalonia and the Public Works department of the regional government of Castilla-La Mancha.

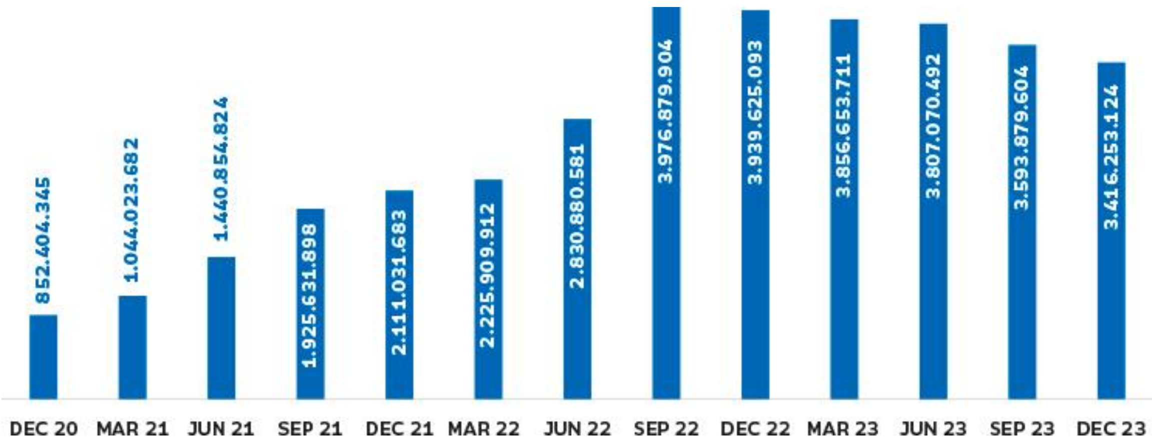
6.3.4 Regulatory framework for sustainable finance

During the implementation of the Challenge 2023 Plan, various regulations related to sustainable finance have come into force, most importantly, due to their direct impact on the customer, the amendments introduced in the MiFID Regulation on the integration of sustainability factors, risks and preferences in advice and delegated management of portfolios, the so-called green MiFID that came into force in August 2022.

In order to achieve the ideal investment proposal for each customer, regardless of their investment profile, new ESG investment funds, new sustainable pension plans, and a full range of fund portfolio management agreements following sustainable criteria to select their investment, were incorporated into the strategic plan.

At the end of this plan, we can consider the Bank to have a complete offer of sustainable investment products, increasing the volume of ESG investment each year to more than €3,400M.

Total ESG Investment:



The range of ESG investment products includes products that are not only sustainable but also have an element of solidarity. We use this term because the managers of these products donate part of the management fee they receive annually to social and environmental projects, within a programme called **Your Money with Heart** in which customers investing in these products chooses from among different projects presented by the Ibercaja Foundation.

In **2023**, this programme donat**ed more than one million euros to social and environmental projects** thanks to the Sustainable and Solidarity Investment Fund and Pension Plan. These donations were **given to 23 projects run by associations and non-profit organizations**, in collaboration with the shareholder foundations

Since its launch in 2021, this solidarity initiative has already donated around €3,000,000 to social and environmental projects through the Ibercaja Sustainable and Solidarity Investment Fund and Pension Plan.

6.3.5 Universal accessibility

Ibercaja is firmly committed to incorporating accessibility measures at both an operational and physical level. That is why, at the end of 2019, the Service for Deaf People was launched to support accessibility to financial products for people with hearing disabilities. It is available to all the Bank's customers and is provided in person at the Main Office in Zaragoza.

In 2020, considering those with visual impairment, new ATMs included a high contrast screen to enable information to be more easily viewed. In addition, a new mobile banking functionality, VoiceOver, was implemented, allowing people with visual impairments, to "hear" the fields and data presented on the screen and the interaction they are performing.

That same year Ibercaja also developed the initiation mode mobile banking app, a service that allows customers who have never used online banking to familiarise themselves with it in a simple way. Users of this new tool benefit from the professional advisory services of experts to help them resolve any difficulties. Moreover, since 2020, the My Manager functionality has been available in the new digital banking.

In 2021, with the aim of reinforcing the possibilities that can be offered to customers in rural areas or small towns who are being most disadvantaged by the closures of bank branches of all financial institutions, Ibercaja increased the existing options in the provision of the cash service for its customers with the deployment of the Correos-Cash initiative, which makes it possible to "withdraw and deposit money" at a Correos post office branch and have the money sent to the customer's home address. This service is provided through the Ibercaja app and the cash can be sent at a Correos post office branch or at an Ibercaja branch. In 2022, Ibercaja continued to strive to offer the best service to its customers, reinforcing the initiatives launched in previous years and working to develop others that facilitate access to the Bank's financial services.

In 2023, €37,124.09 has been invested, in 8 different works aligned with the Bank's Sustainability Policy, for the removal of architectural barriers, such as ramps and platforms. At the beginning of September 2023, the new Plaza de Ibercaja and Xplora Space were inaugurated.

The remodelling of the Plaza de Ibercaja has been designed to make it an open and accessible space, eliminating architectural barriers, making it more comfortable and passable for citizens. The architectural design of the floor in the plaza makes it smooth and barrier-free, allowing everyone to move around, use and visit it in a simple way.

Xplora Space is also an accessible space, without barriers to hinder circulation and access, equipped with signage for the visually impaired using the new Navilens technology, a universal digital signage system that makes spaces more accessible and allows users to orient themselves and obtain information adapted to their needs. Navilens consists of two free mobile applications and a cloud environment that houses information. By installing the NaviLens™ or NaviLens™ Go app on their mobile device and using the mobile's camera as a scanner, the user can detect the markers installed in a space and receive information on their own phone.

This technology makes it possible to eliminate language barriers and helps people with different sensory abilities to move autonomously in unfamiliar environments, obtaining accessible information of interest.

In addition, in 2023 Ibercaja has studied and analysed the regulatory requirements of the European Accessibility Law and all the laws published so far at national and regional level, to detect all the requirements to adapt commercial channels to universal accessibility and to provide our customers with full access to the products and services offered.

Works have also been carried out to move ATMs to façades for better accessibility, and certain improvements have been incorporated in all ATMs to provide access to all functionality for all users: High Contrast, Voice Guided Mode, Demo Mode, ATM & Branch Locator, Language Switching, Headset Connection.

In the next two years, internal developments will be launched to adapt and renovate ATMs and POSs, seeking solutions to meet the goal of universal accessibility.

6.3.6 Customer service

Customer Service reports directly to the Bank's Control Department. This complies with the regulator's specific recommendation that the Customer Service Department should form part of the Bank's Second Line of Defence. Ibercaja has established the Customer Care Service (CCS) so that customers and users of its services can submit their complaints, claims, suggestions and proposals for improvement.

In 2023, 27,779 were filed. Details of the data and variations with respect to 2022 are included below:

No. Files Ibercaja Banco	2022	2023	Change%
Complaints	4,500	5,216	16%
Claim	11,677	21,964	88%
Mortgage expenses	3,705	12,637	241%
Interest Rate Floor Clauses	668	561	(16%)
Suggestions	46	38	(17%)
Total	**16,891**	**27,779**	**64%**

In addition, 577 GDPR cases have been received this year. These data are not included in all the table's totals since GDPR Rights cases are not processed or resolved in this service. The data is included since it is registered in the Customer Service application and reported monthly.

Regarding Arrangement Expenses, which are considered outside the rest of the claims, the criterion applied has changed in accordance with the different judgements and jurisprudence on this type of claim, which have directed the way of proceeding; in 2023, the following has been applied:

- **No prior claim:** 5 years of arrangements are applied, taking into account that the Real Estate Credit Contracts Law (LCCI) began to be applied in June 2019, so in this category only loans arranged between 2017 and June 2019 would be included
- **With a Prior Claim between 2017 and December 2020** (5 years from the date of publication of Law 42/2015, adding the additional days of grace due to the COVID pandemic), a resolution is made in favour of the customer, provided that the invoices submitted by the claimant are less than 15 years prior to the date that interrupts the prescription
- **With a prior claim made after December 2020** (5 years from the date of publication of Law 42/2015, adding the additional days of grace due to the COVID pandemic), Customer Service considers the claim to be prescribed if the invoices submitted by the customer are older than 5 years.

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

The improvement in the time taken to resolve complaints and claims has been consolidated so that the period for last year was around 13 days, and the period for admitting a claim, which should not exceed 10 days, stands at 5 days. This milestone is especially important given that society is increasingly aware of its rights in consumer matters, and customers have addressed Customer Service more frequently to exercise these rights appropriately, with the consequent increase in cases experienced throughout this year.

We have therefore achieved intake and resolution averages well below the limit required by the Regulator.

Customer Service's way of working with the changes established in the previous year has been consolidated throughout 2023. It has maintained good averages and adjusted to the requirements of the new guidance on the criteria for the organisation and operation of customer service, published by the Bank of Spain, and the preparatory work for the implementation of the new models of confidential statements on the registry of complaints, contained in Circular 4/2021 of 25 November 2021 of the Bank of Spain, to supervised institutions, on models of confidential statements on matters of market conduct, transparency and customer protection, and on the registering of complaints.

The tool has continued to be fine tuned in production to facilitate the agility of the Service, it already having been possible, last year, to adapt it to the new families of classification of complaints and claims that appear in the Circular.

At the request of the Management of the Control Area, a scorecard was implemented that includes all the department's activity in terms of Discharges and Resolutions, as well as the possible repercussions that complainants may have on the Regulator. One of the functions that has increased most is the constant review of the criteria applied by the Regulator with respect to Customer Service resolutions and the permanent interdepartmental communication should any criteria need to be changed.

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

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

A Back Office payment service has been set up for claims in favour of the customer, avoiding unnecessary delays and thus offloading administrative work to the branches.

The Customer Service Department keeps a constant watch on new complaints or claims that may arise in order to alert the organisation as soon as possible and to be able to change, if necessary, any criteria on a product or procedure.

6.4 Commitment to our people

2-6, 2-7, 2-19, 2-20, 2-23, 2-29, 2-30, 3-3, 401-3, 405-1, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 404-1, 404-2

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

The Ibercaja Group has a **staff** of **4,964 people**, of whom **4,627** work at the Bank, the parent company. **95%** of the Ibercaja Banco workforce have **permanent contracts**, the average length of service stands at **21 years** and the average age is **47**. The employees of Ibercaja Banco are fully covered by the collective agreement[34].

IBERCAJA BANCO HAS A **TEAM** OF **4,627 PROFESSIONALS** (DATA AS AT DECEMBER 2023), 94.73% OF WHICH HAVE AN INDEFINITE CONTRACT.

Of these, 822 perform their work in central services, which means that 82.2% of all staff works in business.

4.627 PEOPLE

IBERCAJA BANCO TEAM

95%

INDEFINITE-TERM WORKFORCE

82%

STAFF IN BRANCH NETWORK

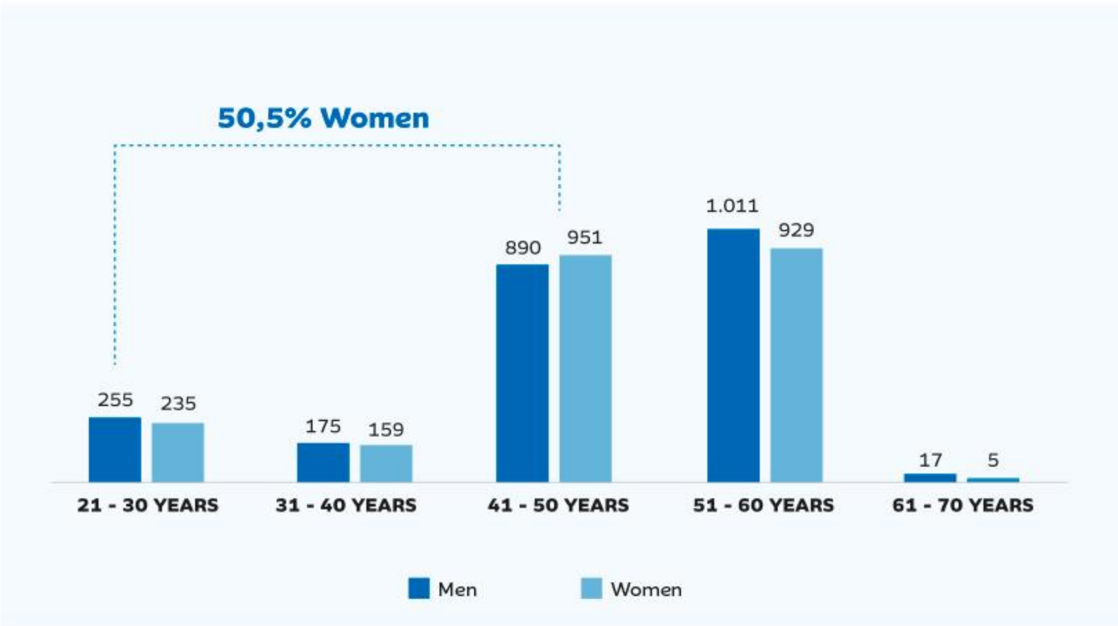
[34] For more details of the type of contracts, with the required breakdown, see Appendix D of this report.

Women currently account for **49%** of the workforce, having increased significantly in recent years (37% in 2005, 44% in 2014, 45% in 2015, 46% in 2016) and remaining stable in the last three years (48% in 2018 and 2019, 49% since 2020). In the under-50 age bracket, **50.5%** of employees were female; this means that the percentage of women in the Bank's average age bracket is now at equal numbers.

51% MEN

49% WOMEN

	Men	Women	Total
People	2.348	2.279	4.627
Average age	47 years	47 years	47 years
Average length of service	20 years	21 years	21 years



December 2023

We are Ibercaja...

We are what we say, feel and do

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

> **Our purpose:**
>
> "Help people build their life story because it will be our story".

After positioning ourselves with a differential and recognised model in Customer Experience, in 2023 we have gone one step further by developing an **Internal Relationship Model**, based on the axes of our corporate culture, that achieves a real impact on the Employee Experience (EX), with direct implication on the Customer Experience (CX), and, therefore, on the Business Results.

If we want to be differential, we must have clear lines that define this coexistence and that allow the growth and development of both parties (employees and company).

Thus, in the 2021-2023 strategic cycle we launched the **Activation of Internal Culture and Corporate Purpose** project.

When working on the corporate culture, we have taken into account the different points of contact with our stakeholders, analysing and managing these points.

The project began with a **consultation on the experience** of people working in the Bank at **key moments of the defined Journey**, obtaining a **response rate of 75%**, one of the highest participation rates in internal surveys.

"HOW WE DO IT" is as important as "**WHO WE SAY WE ARE**" and it must be our differential way of doing things that ensures that we not only meet, but are able to exceed, the expectations of our customers (internal and external).

BUILD	ACTIVATE	FEEL
Identifying the Basis of Culture 2021	Our culture/purpose in action for 2022-2023	Monitoring strong and sustainable culture 2021-2023

In the first phase, the **elements that comprise our corporate culture** were identified, as well as some **essential behaviours** needed to guarantee the activation of our corporate purpose by integrating it into our culture.

This group of behaviours is represented by the mnemonic, **SOMOS**, in which each letter represents one of the pillars on which the model is based, to help understand and remember them.

Backbone of the Model **5** PILLARS

- **S** — CUSTOMER SERVICE
- **O** — VISION WITH A CLEAR COMMON OBJECTIVE
- **M** — MOVE FORWARD BY IMPROVEMENT
- **O** — ORGULLO IBERCAJA (PRIDE)
- **S** — SUSTAINABILITY FOR BUSINESS

2023. END OF STRATEGIC CYCLE. CHALLENGE 2023

In 2023, we have implemented the last year of the strategic cycle, in which we have set up a new People Management Model that is allowing us to boost **internal development, mobilise talent** towards the Bank's **major strategic challenges**, develop an intense **training programme** and search externally for profiles that are not available in the workforce.

Information and **data** are helping us to forge this **new model of people management**, which facilitates decision-making and the monitoring of results.

> **Our goal:**
>
> "To become an attractive organisation for talent".

The new model in which the foundations are laid using the roadmap: preparation of a **jobs map**, evolution of the **performance and potential evaluation**, the results of which we use to build the **talent matrix** that guides us in decision-making on this matter, together with all the **information** we have about employees, which we are gradually **integrating**. We have also initiated a **cultural change in training** linked to skills and abilities. In terms of incentivising, the job map is integrated into decision-making, and, finally, **attracting and capturing external profiles**.

The entire model is aligned with the Internal Culture Activation project through the **Ibercaja SOMOS** model. In this rethinking of our management model, it is worth highlighting the launch and implementation of the new **SOMOS** internal portal, which supports all internal processes in the people area and is one of the main channels of internal communication and participation between Ibercaja and the workforce.

With this evolution of the Model, we aim to **reposition the function of the people area** in Ibercaja, so that it has a strategic and exponential role in the organisation, expanding our value proposition in a differentiated and relevant way.

MAIN STRATEGIC MILESTONES IN 2023

1	Integration of the talent map and people dashboard into decision-making
2	Ibercaja's global professional development framework
3	Attract and captur talent
4	Action plans to improve the Employee Experience
5	Branch employee training itineraries
6	Variable metrics in Central Services
7	Activation of the Ibercaja SOMOS (WE ARE) relationship model
8	Get SIGOS certification as a Healthy Organisation

1. Integration of the talent map and people dashboard into decision-making

In order to advance in our purpose of repositioning the role of the people area, it is necessary for our role to become a more strategic one, in which people management is increasingly important in decision-making.

To achieve this, it is essential to work rigorously on internal processes and criteria, to have quality information and reliable data that provide objectivity in decision-making.

Along these lines, in 2023, a new individualised report has been prepared for each of the Bank's divisions, showing aggregated data from the latest evaluation of performance and potential in each area, so that the people who manage teams can have a higher level of information on decisions related to the talent in their teams.

In particular, the new report contains qualitative and quantitative information on the status of each area, including relevant process indicators, coherence analysis, results of development conversations and action plans.

2. Ibercaja's global professional development framework

Based on the review, diagnosis and identification of critical points in the current model of professional development in Ibercaja, a GLOBAL FRAMEWORK FOR EVOLUTION of the Professional Development model in Ibercaja has been defined, for implementation in the short and medium term.

Based on the description of the current scenario, comparative analysis between the different professional careers and analysis of qualitative information, the following areas for improvement were identified:

- **Transparency and homogeneity**
- **Career growth** linked to professional development (acquisition of knowledge, skills and new experiences that enable increased work performance).
- **Meritocracy** and Equity.
- Mobility between careers

With all these premises, we prepared the first draft of the **Global Framework for Professional Development at Ibercaja**.

3. Attracting and capturing talent

We have defined the **framework for attracting and capturing talent**: evolving the job portal, significantly increasing attendance at talent forums, developing visual resources to support talent events, exploring new ways of recruitment.

In addition, an intense process has been carried out to attract external talent with specialist profiles.

4. Action plans to improve the Employee Experience

In 2023, we have launched different action plans with the aim of improving the experience of Ibercaja employees. These action plans were defined following analysis of the results of the measurement of employee experience carried out in 2022.

The action plans include:

- Activation and implementation of the **Ibercaja SOMOS relationship model.**
- Evolution of the **internal portal** to improve the EX.
- Definition and implementation of the “On boarding” process and review and improvement of the “Change of job” process.
- Review and improvement of the vacancies and appointments process.
- Certification and implementation of the Healthy Organisation project.
- Preparation of proposals for new ways of working.
- Improvements in the commercial system.

5. Branch worker training pathways linked to skills

“We never stop learning: what changes throughout life is what we learn.” This is the leitmotif of the SomosFuturo Programme. Because in a constantly evolving work environment, it is essential to “readjust” our skills and abilities to the new needs of the market.

For this reason, in 2023 we have launched a new training itinerary for branch employees, based on the gaps found at the level of skills and abilities defined in the Job Map for this group, with a clear objective: encourage them to explore new career opportunities at Ibercaja.

6. Variable metrics in Central Services

The objective, in terms of incentivising, was **to improve the identification of indicators** that allow objectives to be set in all areas of central services.

To this end, we have launched an ad hoc questionnaire that has allowed us to learn what are the best market practices in the financial sector, mainly in terms of indicators and weights used in central services, and so we have parameters that serve as a reference when assigning objectives in all areas of central services.

7. Activation and of the Ibercaja SOMOS relationship model

To deploy the **SOMOS** relationship model, based on the five defined pillars, a series of corporate behaviours have been established that should impact our day-to-day work and improve our experience as an employee.

These essentials are focused on the internal activation of our corporate purpose (“**Helping people build their life story**”) through a common language and behaviours, so that a homogeneous and differential way of doing things is understood and becomes natural.

The Somos Relationship Model is in turn deployed in the following behaviours, which we have named **essential**, that activate the 5 pillars of the model, and therefore, the different elements of our culture.

12 essentials Minimum Standards

S – CUSTOMER SERVICE (Internal & external)	1. Avoid **NO** for an answer 2. I put myself in **YOUR** place 3. My **optimism is contagious**
O – COMMON OBJECTIVE	4. Your problem is **my problem**, we travel in the same boat 5. I facilitate **collaboration**, I'm not a *STOPPER* 6. **I** share my knowledge, experience and learnings
M – MOVE FORWARD BY IMPROVEMENT	7. **Change** starts with me 8. I flee from **self-complacency** 9. **I banish** the phrase “it has always been done this way”
O – ORGULLO IBERCAJA (PRIDE)	10. **Defending** the t-shirt wherever I go
S – SUSTAINABILITY IN OUR BUSINESS	11. I am aware that my work **impacts** the business 12. From my position, **I contribute** to improve my environment

In order for these behaviours to become a natural part of our DNA, we have to make sure that they are present in everything we do, integrating them into key processes: on-boarding, job change, performance appraisal, internal events, recognitions, selection and hiring, training, etc.

Examples of behaviours to be eradicated and enhanced have also been identified, which we must gradually apply in our internal relationships.

To ensure that the model is being integrated into our day-to-day, the following measurements are also carried out:

- Employee experience survey.
- Internal customer satisfaction survey (Enps).
- Customer Satisfaction (NPS).
- Pulse surveys (life moments).

ACTION HIGHLIGHTS

- Approval of the SOMOS Model by the Management Committee.
- Preparation of the "Así Somos (This is how we are)" Culture Manual.
- Launch of the SOMOS Internal Portal as the main channel for transmitting our Culture and Purpose. (What do we want our colleagues to feel?)
- Creation of the new "ASÍ SOMOS (THIS IS HOW WE ARE)" space in the Internal Portal.
- Incorporation of Culture monitoring in the Brand, Reputation and Sustainability Committee.
- Positioning of the internal brand #SOMOS in all internal actions (events, campaigns, communications, etc.).
- SOMOS Week (Commemoration of the 147th anniversary).
- Launch of the SOMOS (WE ARE) HEALTHY Programme.
- Distribution to the entire staff of the SOMOS desk calendar, with illustrations of colleagues participating in the photo contest linked to the 12 essentials.
- Distribution to the entire staff of the Sustainable Pack "Somos (We are) Healthy" (Backpack with one of our essentials + sustainable bottle).

IMPACTS ON THE EMPLOYEE EXPERIENCE

- Homogenisation of behaviours. Little by little, the SOMOS culture is internalised, modifying attitudes and behaviours that facilitate our internal relationships.

- Activating our purpose: Help people build their life story because it will be our story.
- Internal customer orientation based on their experience.
- Improvement of the relationship between Central Services and Branches.
- Improvement of the relationship between colleagues and managers.
- Pride in belonging to a company with purpose and values.
- Improved participation in Bank initiatives.

8. Healthy Organisation Management Model Obtaining SIGOS Certification

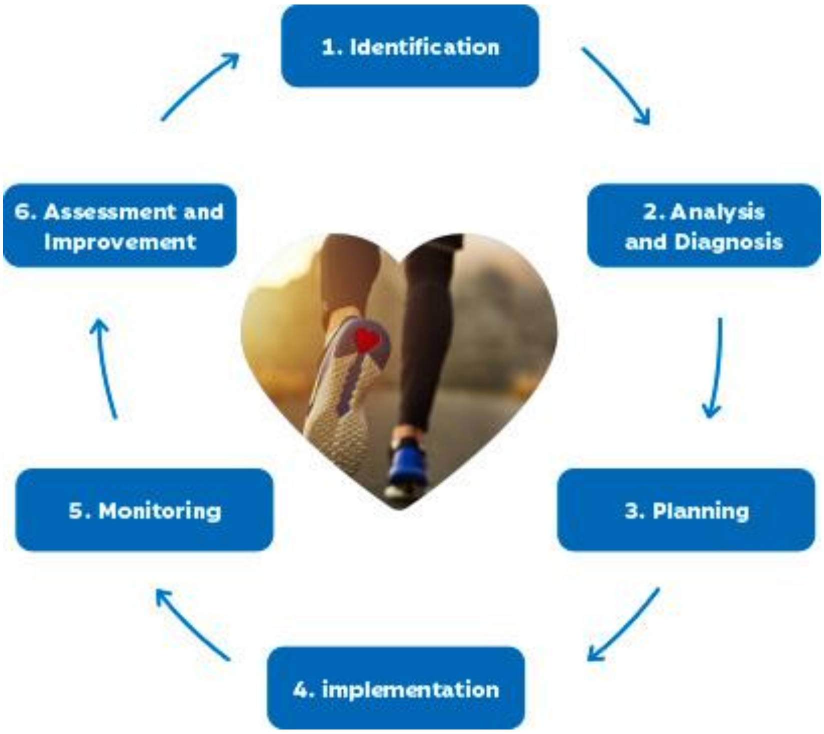
At Ibercaja we consider the health and well-being of workers a valuable asset since it is they who develop the business plans and meet the objectives set.

Ibercaja's Management Committee has explicitly stated its commitment to health and safety at work, the prevention of occupational risks, the promotion of the health, well-being and sustainability of workers, their families and the community.

These are the fundamental pillars of the organisation to achieve a safe, healthy and environmentally committed work environment.

Thus, in 2023, we launched our Healthy Organisation Management Model based on Aenor's SIGOS methodology. This model has allowed us to organise current and future actions in relation to health and well-being in a more consistent and structured way with a view to identifying, planning, implementing, monitoring, assessing and improving all the activities that ensure greater well-being for Ibercaja workers, their immediate surroundings, their family and community, setting up a management system based on continuous improvement.

MODEL OF CONTINUOUS HEALTHY ORGANISATION IMPROVEMENT AT IBERCAJA



Application of this model constitutes for Ibercaja a sustainable line of work for implementing actions and processes and achieving short, medium and long-term objectives in this area.

Ibercaja's commitment to health and well-being at work has been ratified by the award of the **AENOR Healthy Organisation Management System (SIGOS)** certificate in November 2023. A seal that highlights the importance of the initiatives being carried out at Ibercaja in relation to safety, health promotion, sustainability and responsible commitment to both workers and the community

2023 ACTION PLAN

After carrying out an initial diagnosis, in June 2023 we launched an ambitious programme with the aim of promoting the physical and emotional well-being of Ibercaja's people, through activities that promote a healthy lifestyle and help improve their general health.

The initial activation of the project has been carried out through a powerful internal marketing campaign under the slogan "I choose to take care of myself", which aims to convey the idea that the organisation provides the means for each person to choose the way to improve their physical and emotional health.

The **action plan is defined with specific objectives**, as well as **indicators to monitor it**, around the 4 lines of work identified:

Health promotion in the life cycle

Postural hygiene

Cardiovascular health

Balance and well-being

These four lines of work are further developed in five major programmes:

	Programme	Specific objectives
Health promotion in the life cycle	"Bring your body to life"	‣ To guide and sensitise people to maintaining a proactive attitude towards health in the different stages of our lives.
Postural hygiene	"Don't turn your back"	‣ Raise awareness of the importance of ergonomics and postural hygiene in our type of work. Disseminate simple exercises that can be applied routinely in the workplace.
Cardiovascular health	"Get moving" with Ibercaja Activa "I feed good habits"	‣ Influence the different cardiovascular risk factors and their prevention by modifying lifestyle behaviours: — Encouraging voluntary active change towards healthier nutritional habits. — Actively promoting the participation of employees in activities that promote physical activity. ‣ Improve health-related results, such as reduced BMI, blood pressure, and other risk factors.
Balance and well-being	"Balance in my life"	‣ Provide tools to improve our physical and emotional well-being by focusing on three lines of work: — Sleep hygiene. — Stress management. — Digital disconnection.

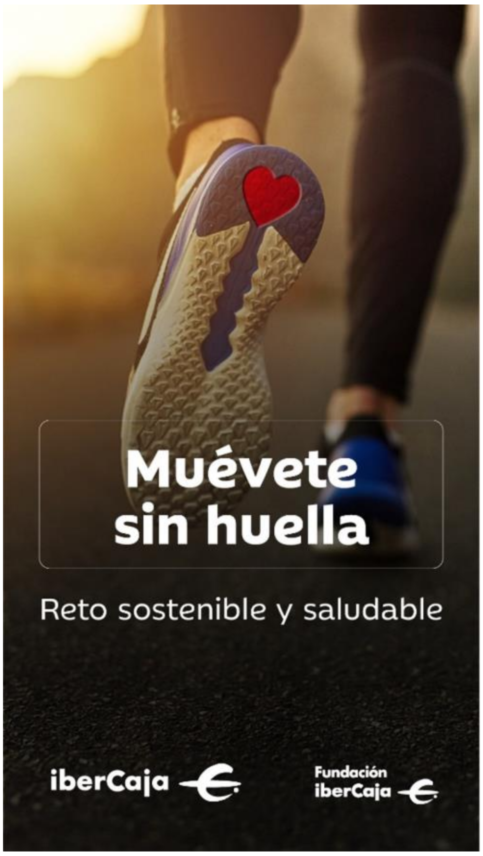
At the same time, the “SOMOS (WE ARE) HEALTHY” space has been created on the SOMOS internal portal, where both the project’s objectives and the activities defined in the 5 programmes are reflected.

(Examples of content from the SOMOS (WE ARE) SALUDABLE Programme on the SOMOS internal portal)

So far, the programme has generated a lot of interest...

- Healthy Menu Club: 679 registrations.
- Postural Hygiene Cycle: 450 registrations.
- Webinar Registrations: 2.257.
- Dr. Guerrero’s tips: 8 posts published.
- Let’s Talk About...: 7 posts published.
- First “Move Without a Footprint” Healthy and Sustainable Challenge: 788 participants.
- Views of the “SOMOS (We Are) Healthy” page: 8,617.
- No. of #somossaludables posts published: 60.

FIRST "MOVE WITHOUT A FOOTPRINT" HEALTHY AND SUSTAINABLE CHALLENGE



The challenge is part of the "3rd Plant Week" internal initiative held from 23 to 29 October 2023, within the "Somos (We Are) Healthy" Programme.

The main objective is to promote sustainable and healthy habits and activities among the staff of Ibercaja Banco, Fundación Ibercaja and the Financial Group.

The challenge consisted of a competition for teams of 5 people, building up kilometres, by walking, running or cycling, for a good cause:

"Promote healthy habits and reduce our carbon footprint to contribute to the reforestation of 8 forests devastated by fire in our five Territorial Divisions.

165 TEAMS UNITED BY SUSTAINABILITY AND WELL-BEING

IMPACT ACHIEVED

OUR EFR MANAGEMENT MODEL

efr
IBERCAJA BANCO

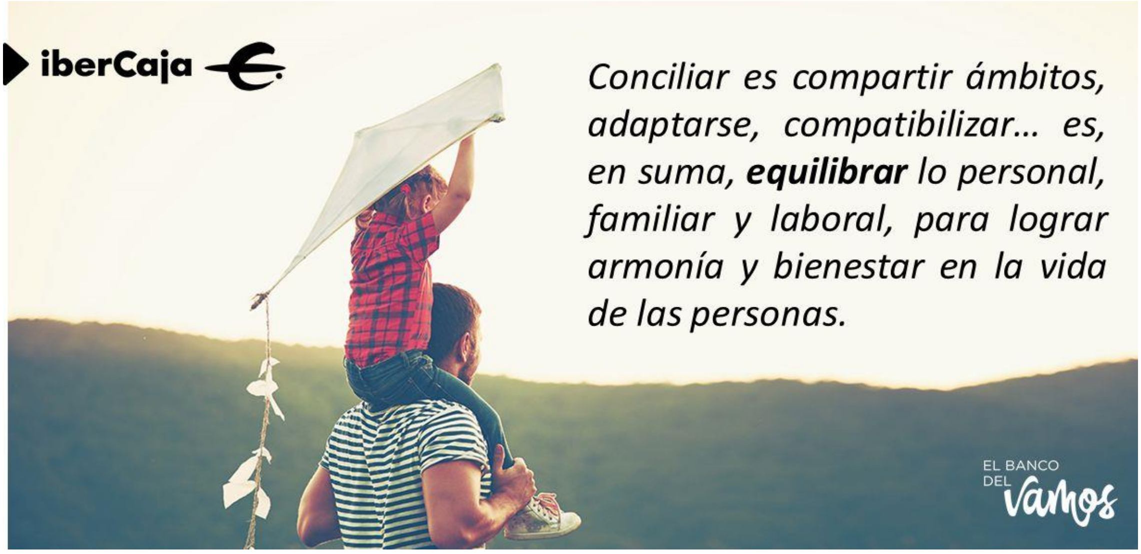
Ibercaja's express desire to improve the quality of life and well-being of its employees is also reflected in the **strategic orientation** that the Bank's People Management Model gives to the element of **work-life balance**, providing a response, in the form of specific actions, to the commitments acquired.

Thus, in 2018, **Ibercaja Banco** decided to initiate the **EFR certification process, awarded by the Másfamilia Foundation** as a sign of the **commitment, responsibility and the strategic nature of work-life balance,** accrediting the efforts made to date and guaranteeing further continuous development through a standardised management model.

The EFR initiative responds to a **business culture** based on **flexibility, respect and mutual commitment** towards which Ibercaja also wants and is evolving.

As a result, in 2019 Ibercaja obtains the EFR (Family-Responsible Company) certification for the employees of the Financial Institution, thus reinforcing our commitment to the people who form part of the organisation, in accordance with our corporate culture and purpose.

What does Ibercaja Conciliar mean to Ibercaja?



During the first certification cycle, which ended in 2022, the family-responsible company model in its standard 1000-1, was constituted as a reference framework for the management of our human capital, as it fits perfectly with the SOMOS Relationship Model that we are currently developing.

Our organisational purpose, mission and values provide us with the sensitivity and vision necessary to continue moving forward in the consolidation of this people management model.

Our ultimate goal is to consolidate a **working methodology**, a dynamic management process and continuous improvement, which will allow us to continue advancing in the **systematic development of family-friendly policies and practices** in such a way that our organisation will be able to carry forward cultural change, based on the life project of each person.

As a result of this work, in September 2022 **we renewed our certification as a family-responsible company, upgrading to the C+ scale**, highlighting as strong points the LeaderA Plan, whose objective is to improve the position of women in management positions, which currently stands at 34%, also underlining the good working environment among colleagues and Ibercaja's commitment to sustainability.

Since we achieved our first family-responsible company certification, the workforce has enjoyed multiple benefits. These include infant care leave, financial aid for university degree studies and other studies or languages to complement their training, aid for the education of children and economic improvements linked to financing.

Over the past year, new EFR measures have been introduced in the area of quality in employment.

It is worth noting the **support and active involvement of our CEO and the entire Management Committee** in this project from the outset, a sign of the leadership implemented in our Bank, with a clear focus on people.

At the same time, in 2023, we have started negotiating a new Equality Plan to guarantee equal treatment and opportunities. This has been signed and approved by a broad representation of workers in January 2024, together with the company's collective agreement on flexible working hours, remote work, teleworking, digital disconnection and good practices in time management, together with the updating of the action protocol for the prevention, management and solution of situations of violence and/or harassment at work

EFR team

Given the importance of the EFR Model for Ibercaja's Management, it was considered necessary from the outset to have an EFR Team to assume responsibility for managing the model.

The team is made up of **9 people** from different areas of the organisation, all of whom have received training accredited by the Másfamilia Foundation in Work-Life Balance Management according to the EFR Model.

EFR measures

We have a catalogue, updated in 2023, of 92 EFR measures, which improve on existing legislation and the agreement in the sector.

Among these measures, the most valued are those related to flexible working hours, study grants and the FlexiPlan flexible remuneration scheme.

The Bank's employees are eligible for work-life balance measures such as flexible working hours, leave, reduced working hours and leave of absence. In 2023, 508 different people took advantage of these measures (443 for flexible working hours, 70 for reduced working hours, 16 for childcare leave and 11 for leave to care for family members).

In 2023, 98 people were entitled to parental leave (65 men and 33 women), all of whom took parental leave. All 98 returned to work after the end of parental leave.

Indicadores efr

Datos a 31 de Diciembre de 2023

1.1-Nº MEDIDAS efr VIGENTES QUE OFERTA IB	
1. Calidad en el empleo	43
2. Flexibilidad Espacial y Temporal	5
3. Apoyo a la familia	18
4. Desarrollo personal y Profesional	22
5. Igualdad de oportunidades	5
TOTAL MEDIDAS efr	93

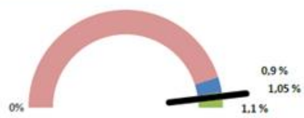
1.2-Nº SOLICITUDES DE NUEVAS MEDIDAS	
RECIBIDAS	ACEPTADAS
1	0

9-INVERSION EN CONCILIACION efr en 2023	
IMPORTE (contable cuantificada)	14.004.346
%INVERSION (efr) vs SALARIO FIJO (DATOS 12/2023)	6,36%

INDICADORES efr		2022	dic/2023	Valor de Refer. 2023
2.1 ESTABILIDAD EN EL EMPLEO. % de contratos indefinidos frente al total de contratos		95,83%	94,73%	>=95%
3.1 FLEXIBILIDAD TEMPORAL % de emp. que puede acogerse a alguna medida de flex. Temporal (es independiente del puesto, tener hijos de menos de 14 años o red.cuidado famil.)		100,00%	100,00%	Ampliar a otros colectivos / supuestos
3.1 FLEXIBILIDAD TEMPORAL % de emp. con hijos de menos de 14 años		41,68%	36,96%	
3.2 FLEXIBILIDAD TEMPORAL % de emp. que utilizan flex. Temporal sobre el numero de personas que pueden optar a esta flexibilidad		19,94%	22,57%	
4.1 FLEXIBILIDAD ESPACIAL (PILOTO) % de emp. que ocupan puestos que pueden optar a teletrabajo		3,11%	3,22%	
4.2 FLEXIBILIDAD ESPACIAL (PILOTO) % de emp. que utilizan el teletrabajo entre los que ocupan puestos que pueden optar a teletrabajo		25,18%	23,49%	
4.2 FLEXIBILIDAD ESPACIAL (PILOTO) % de emp. que utilizan el teletrabajo entre los que ocupan puestos que pueden optar a teletrabajo. Por agrupación de puesto	DIRECTIVO	2,86%	2,9%	
	MANDO INTERMEDIO	20,00%	17,1%	
	TECNICOS	68,57%	68,6%	
	ADMINISTRATIVOS	8,57%	11,4%	
4.3 FLEXIBILIDAD ESPACIAL (PILOTO) % medio de la jornada anual que se lleva a cabo en modalidad de teletrabajo		60,00%	60,00%	
4.3. FLEXIBILIDAD ESPACIAL (PILOTO) % medio de la jornada anual que se lleva a cabo en modalidad de teletrabajo. Por agrupación de puesto (Todos independientemente del puesto tienen el		60,00%	60,00%	
5. CON,UTI,SATIS, VAL Y APLIC. DE LAS MEDIDAS Nº de Encuestados Y % de encuestados frente a total		967 - 21,78%	967 - 21,78%	HOJA 2 Incrementar Participaci.
6. MATERNIDAD % madres con hijos menores de 12 años en puestos directivos respecto al Total de mujeres en puestos directivos		35,24%	30,09%	
7. IGUALDAD DE OPORTUNIDADES ENTRE MUJERES Y HOMBRES % de mujeres sobre el total de la plantilla		49,32%	49,25%	HOJA 3 40% - 60%
8. IGUALDAD DE OPORTUNIDADES. OTRAS FORMAS DE DIVERSIDAD % de personas con discapacidad		1,05%	1,06%	HOJA 4 1,10%

OBJETIVOS ESPECIFICOS efr 2023

% DIRECTIVAS 2018	30%
% DIRECTIVAS HOY	34%
% OBJETIVO DIRECTIVAS 2023	40%

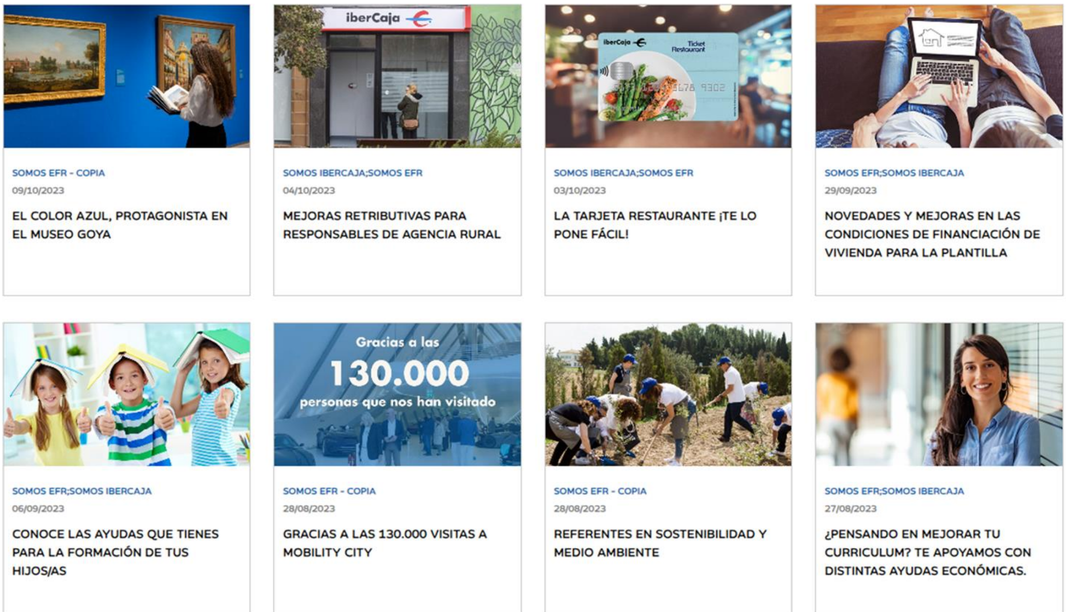


% DIVERSIDAD FUNCIONAL 2018	1,13%
% DIVERSIDAD FUNCIONAL HOY	1,06%
% OBJETIVO DIVERSIDAD FUNCIONAL	1,10%

1

These measures are available to all Ibercaja Banco professionals through the main internal communication channels: Regulations and **Somos Ibercaja** Internal Portal.

In parallel, we regularly carry out internal marketing campaigns to promote and raise awareness of the most representative EFR measures.



(Examples of dissemination of EFR measures in SOMOS Internal Portal)

In addition, the external dissemination of the EFR initiatives we implement is another of the tools used to achieve a positive impact on society, strengthen our image as an employer brand and involve our stakeholders in this project.

«Mujeres y hombres, juntos, aportamos una mirada plural y diversa»

Esther Burges, jefa de Cultura Corporativa y Experiencia del Empleado y directora de EFR de Ibercaja

Improvement Objectives

In line with our culture and strategy, in 2022 the EFR team defined a new three-year Action Plan, approved by our Management Committee, to make further progress in improving work-life balance of Ibercaja's people.

The Plan was conceived through 5 priority lines of action with the objective of strengthening the EFR principles during the second certification cycle (2022-2025).

2022-2025 LINES OF ACTION	
L1. Leader Essentials	Framework for people recognised as leaders to exert a homogeneous, coherent and aligned influence on their teams in line with our SOMOS Relationship Model.
L2. Improvement Information	Promote the mechanisation of the information derived from the monitoring of the EFR model and integration with people analytics for a better exploitation of the data.
L3. Employee Value Proposition	Advance in the implementation of new measures and work schemes that facilitate balance and well-being in people's lives.
L4. Training	Definition of the EFR training plan aimed both at people directly linked to the EFR model and at the rest of the staff.
L5. Communication and Awareness-raising	Define new internal and external communication strategies to raise awareness of EFR measures, promote their use and extend the EFR culture to other stakeholders.

Each of these five main lines is associated with an action plan for its achievement, which includes intermediate objectives, deadlines for implementation and responsible persons.

LeaderA Plan – 4th Equality WEEK

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

In recent years, a great deal of progress has been made in the incorporation and promotion of female talent at Ibercaja.

This is not an isolated event, but is part of the **EFR Action Plan**, which involves an increase in the presence of women in all areas of the organisation, including those with the greatest responsibility.

Women currently represent 49.3% of the workforce (50.5% in age brackets below 50 years) and the share of women in management positions is 34.2%.

In 2023, the number of vacancies awarded to women rose to 54%, while 47% were requested. Concessions were around 36% of the branch manager positions, 45% of the deputy manager positions and 63% of the personal banking manager positions. Women obtained 54% of promotions in 2023.

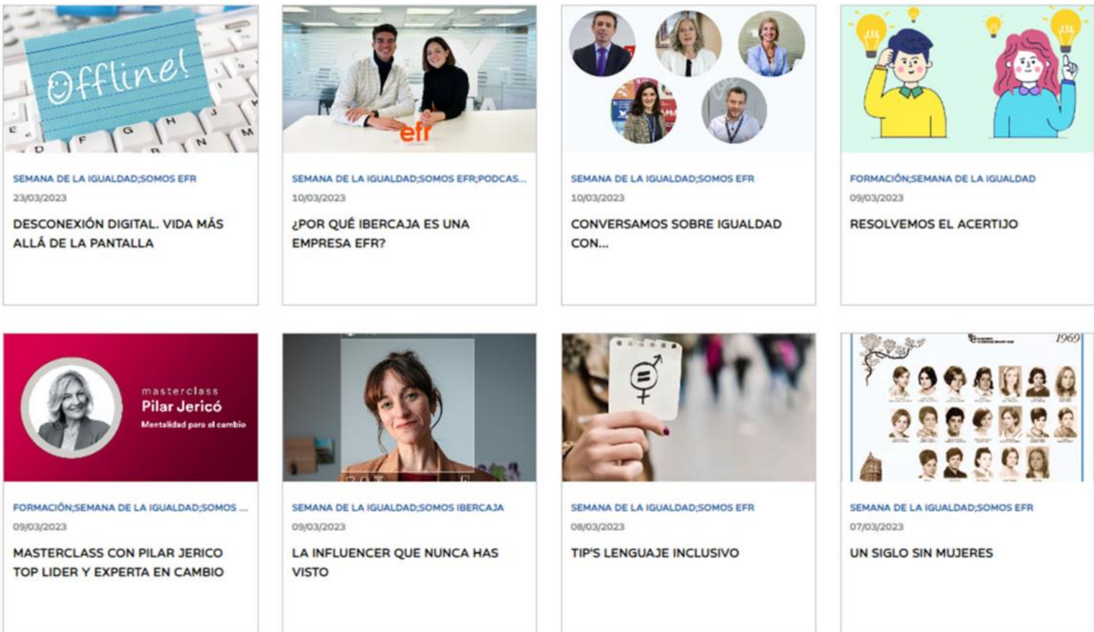
The LeaderA Plan forms part of our EFR Action Plan and seeks to further advance our Inspirational Leadership Model by focusing on women's access to leadership positions, through raising aspirations, flexibility, ambassadorial support, measurement and objectification to ensure progress.

To achieve this, it is necessary to promote initiatives that raise awareness among women and men of the importance of diversity in all areas of the organisation, breaking down barriers and overcoming stereotypes.

In this edition, under the slogan **"We're all in the same boat",** from 6 to 10 March, we celebrate the "4th Equality Week" at Ibercaja. An EFR initiative within framework of the LeaderA Plan, with a double objective:

- **Encourage** people with growth potential to take a further step in their professional career.
- **Raise awareness** among those who have to make the decision to appoint new management positions so that, on an equal footing, they continue to support Female Talent.

Throughout the week, inspiring voices, ambassadors of the LeaderA Plan, reminded us of some of the skills that women bring to our leadership model: focus on people, the search for cooperation, the generation of empathy and their predisposition and adaptation to change.



(Example of content disseminated in the 4th Ibercaja equality week)

Time and Space Flexibility

The **new ways of working** involve a transformational approach to the traditional work system. For this reason, in the first certification cycle we included this line of action in our **EFR Plan** with the aim of advancing in implementing measures linked to working hours and spatial flexibility at Ibercaja.

Given their impact, in 2022 we reached an **agreement with the entire RLT to implement actions in the areas of flexible working hours, remote work, digital disconnection and good practices in the management of working time**, thus reflecting the commitment of both parties to the reconciliation of work, family and personal life of the workforce.

For the second consecutive year, **flexible working hours have been the measure most highly valued** by the Bank's employees, according to the study analysing the effectiveness of EFR measures and employee interviews. **Its implementation has improved the working conditions of more than 443 people**, who have gone from requesting a reduction in working hours (with an impact on their pay) to enjoying flexible working hours.

With regard to **digital disconnection and time management measures**, the agreement includes a series of **"good practices" as set out in the Collective Bargaining Agreement**, which regulate compliance and **guarantee the digital rights of** Ibercaja's staff.

EFR space

We have a specific site where we collect all the information related to the **EFR project, LeaderA Plan** and the activities undertaken during the **4th "Equality Week**": Interviews with LeaderA ambassadors, videos of workers and their particular cases, conversations, Suggestions box, articles, Presentations, etc.

We have created a "Family-Responsible Company" email address (efr@ibercaja.es), where people in the Bank can send us their queries, suggestions or complaints regarding work-life balance, joint responsibility, equality, diversity, flexibility, etc. We also carry out a materiality analysis with each Strategic Plan in which our stakeholders are consulted on the relevance of these issues. The methodology and the material aspects for the Bank are detailed in chapter 3 of this document.

In relation to the **integration of people with disabilities**, Ibercaja, in addition to complying with the General Disability Law, promotes the participation of disabled people through agreements with social entities and awareness-raising through training and volunteer actions. Currently, 49 people with disabilities work in the Bank, and increasing their number is one of the main objectives of our EFR management model.

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

> Our goal is to continue advancing towards talent without labels, for a future where you decide where you want to go and at Ibercaja we will accompany you.

Other lines of action

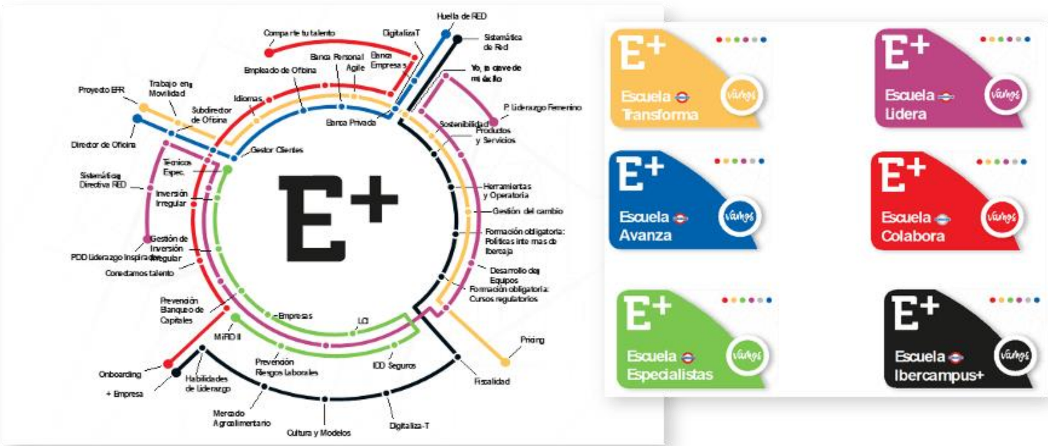
Cultivating talent

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

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

Also, through the **Career Development Plan**, we promote the continuous development of the abilities and skills of our employees, identifying and responding to the current and future training needs of the Bank's different Groups. We align the training programmes and needs with the Bank's strategy, actively participating in the transmission of our culture, values, knowledge and experience.

Talent cycle



The Bank encourages **talent development** through training programmes and internal promotion for the highest number of people possible. In 2023, **694 people** received professional promotions through the application of the criteria defined in each of the professional career plans, length of service, unrestricted designations and office classifications. There are professional career plans for all central service departments and for the strategic company and personal and private banking segments. The total number of employees registered for these promotion plans is **1,279.**

The aim of the training programmes is to **promote professional development,** meeting the needs that arise in an environment as dynamic environment as banking. Among the main training programs undertaken are those related to tools and operations, products and services, standards/regulation, taxation, commercial sills, development of attitude and personal motivation, digital environment and new trends.

We continue to make progress in 2023 on the **Talent Transmitters Model (TDT)**. New tools to facilitate the work of the TT and boost recognition by managers by providing them with information on the work of their TTs.

In addition, in 2023, the TT team continued to be trained so that they have the necessary pedagogical and digital tools to transfer the Bank's internal talent.

In January 2023, the participants in the **1st Master's Degree in Financial and Wealth Advice and Digital Banking** defended their Master's thesis before the heads of the Area Divisions involved in their work (Marketing and Digital Strategy and Brand, Reputation and Sustainability).

The Bank has continued to be supported by training for strategic areas, particularly in 2023:

- "Pricing"; Profitability, beyond pricing, focusing on business banking and branch managers. And it has evolved towards the Internal Transfer price. With the financial adjustment rate for business banking, area managers and territorial managers, branch managers and certain Control Centre roles.
- Sustainability and ESG Risks and Integration of ESG Factors in Credit Risk for Business Banking, Risks and Brand.

The number of training hours in 2023 was 332,975, of which 24,702 corresponded to face-to-face training while training imparted through remote channels amounted to 308,273 hours. By professional category, the hours are distributed as follows

JOB CATEGORY	TRAINING HOURS 2023	TRAINING HOURS 2022	TRAINING HOURS 2021	TRAINING HOURS 2020
EXECUTIVES	63,770	76,375	54,732	77,194
MIDDLE MANAGERS	53,840	69,278	70,579	97,264
TECHNICIANS	109,919	122,244	99,880	124,164
CLERICAL STAFF	105,446	115,160	69,915	98,099
TOTAL	**332,975**	**383,057**	**295,106**	**396,720**

The average number of training hours per employee in 2023 is 72 (16% less than in 2022, due to the impact of regulatory training).

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 the Bank's employees.

MAIN CHANNELS OF COMMUNICATION AND INTERNAL PARTICIPATION	
IBERCAJA SOMOS INTERNAL PORTAL	One of the main channels for transmitting culture and values to the workforce, encouraging participation and the flow of information upwards, downwards and across the board.
REGULATORY-DAILY INFORMATION	Main downstream communication channels that provide information at all times on the regulations in force in the different areas of the organisation.
EMPLOYEE EXPERIENCE SURVEYS	Upward communication channel that allows us to find out how employees experience and feel about their relationship with Ibercaja at key moments in their personal and professional lives.
EFR INTERNAL CHANNEL	The email address efr@ibercaja.es has been created so that the Bank's employees can send in their proposals or suggestions for improvement and/or send in their complaints or claims related to EFR.
EFR EXTERNAL CHANNEL	As a Family-Responsible Company, Ibercaja's employees have a confidential communication channel with Fundación Másfamilia regarding the EFR model. www.masfamilia.org
HARASSMENT PREVENTION MAILBOX	If any situation that may be considered harassment is witnessed, it must be reported via the email inbox: prevencionacoso@ibercaja.es
INTERNAL REPORTING SYSTEM (SII)	SII is the Internal Reporting System for reporting regulatory breaches and anti-corruption matters.
IBERCAJA ACTIVA	A cultural and recreational group that promotes activities that encourage participation and social relations through sport.
IDEAMOS JUNTOS IDEAS CHANNEL	Where ideas and suggestions for improvements related to the Bank's internal processes and tools are channelled.
IMPULSO PROJECT	• SOLIDARITY ImPULSE. The aim is to promote active, participatory Social Responsibility, in which employees propose solidarity projects by non-profit organisations aimed at vulnerable and needy people, which it is considered appropriate to support. • INNOVATIVE ImPULSE. Challenges are proposed regularly to get employees involved in certain innovation and improvement processes at the Bank. The entire workforce can participate actively by proposing ideas and solutions to the challenge posed.
OTHER CHANNELS FOR PARTICIPATION	• inFemenine breakfasts • Pulse surveys • Internal competitions • Focus Group • Solidarity and Health challenges

Special campaign: "At Christmas, we are more Ibercaja than ever"

Again this year, we are lighting up Ibercaja's most exciting and supportive Christmas, with more than **20 initiatives** in which we invite people to share the **values represented by the Ibercaja brand** with family, friends, customers and society in general.

Because at Ibercaja, Christmas means excitement, it means love, it means surprise, but, above all, it means **sharing**. A **commitment to service** that allows us to promote the **sustainability of our business**.

This has been a year marked by the overcoming of great challenges and feeling the pride of having done it together, as a team, **improving to move forwards**.

That is why we want to share Christmas in a very special way with our colleagues, with their families and also with those who need us most, making our corporate purpose a reality:

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

This year, we have had a wide variety of activities for all:

- **Ibercaja Christmas nativity scene.**
- **8th Edition of the contest "Draw Ibercaja in your Christmas"**
- **Christmas Gala**
- **Shows:**
  - Magical Christmas in Torrejón de Ardoz
  - Fun at the Zaragoza Amusement Park
- **Christmas at Xplora (Headquarters, Zaragoza):**
  - **Concert of the Infanticos children's choir** (streamed for the entire workforce)
  - **Special envoy of the Three Wise Men and Royal Mailboxes**
  - **Augmented reality Christmas experience**
  - **Ibercaja SkiPyrenees Xperience**
  - **Christmas workshops**
- **Solidarity initiatives:**
  - **A Smile for Christmas**. 546 gifts collected (114 more than in 2022) in Madrid, Logroño, Seville, Valencia, Badajoz, Burgos, Guadalajara, Barcelona, Zaragoza (Central Services, DT Aragón, Digital Services Centre and Iberconnect facilities).
  - **Great Food Drive.** internal food collection campaign at Ibercaja's own facilities and by online financial donation. 138 Kg collected and €1,194 donated.
  - **The Real Three Wise Men**. Participation of colleagues who acted as royal pages for 80 elderly people and 125 boys and girls.
  - **I invite you to dinner**. 18 Ibercaja volunteers in Madrid, helping to serve more than 1,000 menus to people without resources.

- **Ibercaja Solidarity Market.** On 21 and 22 December, the 1st edition of the Ibercaja Christmas Solidarity Market was held. selling products from special employment centres (Gardeniers and Yo sí que se). The total raised in the two days exceeded €10,000. It was donated in its entirety to the project FROM HEAD TO TOE, run by the Ibercaja Foundation with ASAPME, for the development of child and adolescent mental health and the prevention of behaviours such as harassment, cyberbullying and suicide.
- **King cake workshop** (for employees and family)
- **Webinar: "Don't let Christmas get you down"**
- **2024 Calendars**

In addition, in collaboration with Zaragoza City Council:

- **Nativity scene in Plaza del Pilar**
- **Cavalcade of the Three Wise Men**


Ibercaja
Coffee
WORK


iberCaja
#somosIbercaja
GALA DE NAVIDAD
SO

People management

Ibercaja has a People Management network of managers covering all the Branch Network Territorial Divisions, the Business Banking teams, the Central Services Areas and the Financial Group companies.

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 or work problem.

To this end, these people managers rely on a number of tools to help deploy this project: management protocols for support at key moments; employee records to support management and a new method for assessing their professional skills and expectations.

Every year, more than 1,000 individual interviews are conducted with employees, and different diagnostic reports on the Bank's workforce are prepared.

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

Ibercaja has partnership agreements for internships with more than 30 universities throughout the country. Nearly 300 students in their final years of university studies carry out their curricular internships at the Bank, helping them with their future employability and contributing to their training. Some of these students enter the Ibercaja workforce.

This year, Ibercaja has incorporated 302 new professionals, helping to strengthen the teams of the branch network and also in specialised areas of the central services and companies of the Financial Group, in such important aspects as digital transformation, cybersecurity, market analysis and prediction, and digital marketing.

The need for a more specialised customer service and the increasingly technological and digital environment makes it essential to have multidisciplinary teams. In addition to qualifications typical in the sector, such as business administration, economics and law, others such as mathematics, physics, computer science and engineering are enriching and diversifying the professional environments.

Along these lines, this year Ibercaja has signed 173 new permanent contracts for professionals who will contribute to this advance in transformation that is taking place in all areas of the organisation

Remuneration policy

The main elements that make up Ibercaja's remuneration structure are the following:

- Fixed remuneration
- Variable remuneration
- Corporate benefits

Fixed remuneration is the basic element of the remuneration package for the Bank's staff. This concept is linked to the characteristics of the position held, based on criteria such as the market benchmark, the scope of responsibility assumed, importance to the organisation, and the impact on results. There are also annual performance-based adjustment criteria (assessment of skills and performance)

As a general criterion, the fixed remuneration is made up of the basic salary and any other supplement established for each job category, as established in the current collective agreement.

The fixed remuneration to be received by each employee is determined by the level of responsibility and contribution expected, the position held within the Bank's structure and the available market information, applying established salary bands for the management of internal equity. In order to ensure external competitiveness, the amounts of the salary bands are defined according to the competitive positioning of the Bank; for this, the market wage trend is monitored, with periodic participation in wage surveys.

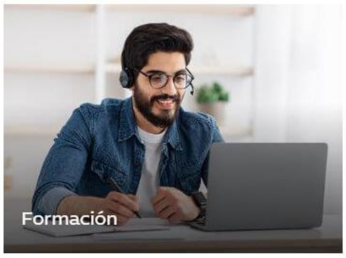
The salary of the branch network, the business banking network and employees who perform their role at Central Services in professional management positions is also made up of **variable remuneration**.

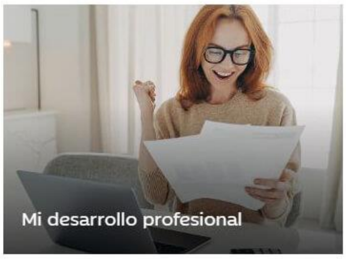
The purpose of the BONUS system is to ensure a correct correlation between the levels of staff remuneration and the evolution of the results and business objectives of the Bank's activity, through a system of weighting individual objectives, based on the role and responsibilities assigned. In addition, there are corporate and team objectives.

Corporate benefits complete the remuneration package, increasing employee loyalty and commitment. As well as the benefits include in the Collective Bargaining Agreement, other employee benefits and products offered by the Bank are included in the different agreements, including: a pension plan, nursery and childcare assistance, more beneficial conditions in financing transactions and flexible remuneration.

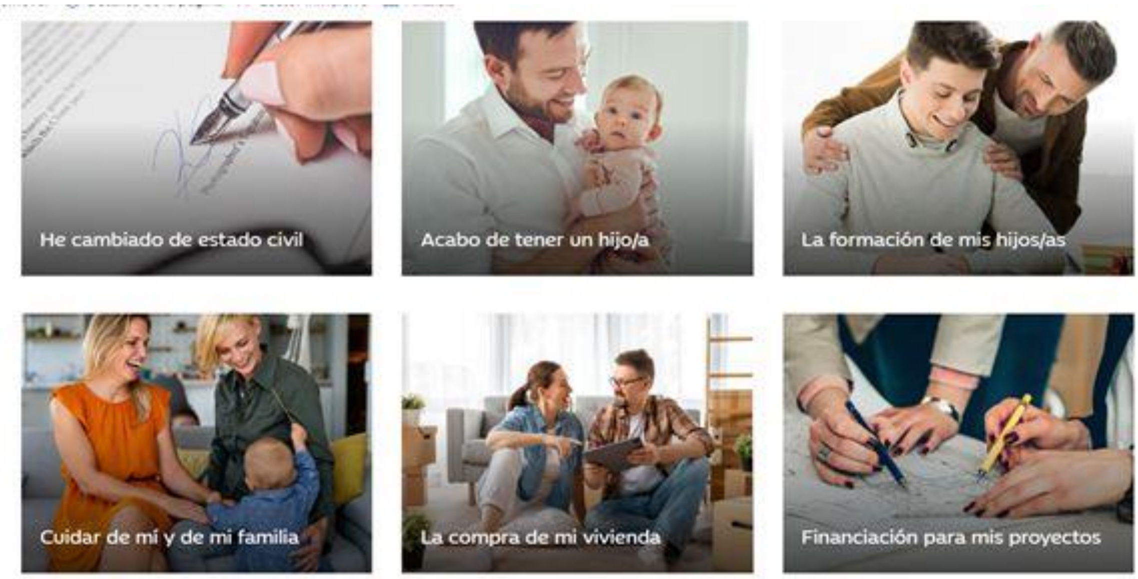
Through the Somos Ibercaja Internal Portal, employees have access to a digital and interactive environment that, with a modern, friendly and familiar image, shows the advantages and benefits that they can enjoy at different times in their personal and professional lives, as a result of belonging to the Ibercaja family.

With you in your professional life





With you in your personal life



All benefits apply to all employees regardless of their type of contract, with the exception of the special financing conditions, which are conditional on being permanent and having passed the probationary period.

In line with the rest of the policies of Ibercaja's People Area Management, the Remuneration Policy is based on non-discrimination by gender, so that remuneration is based on equality between male and female workers for the same job or for work of equal value.

Main Measures in the areas of Remuneration, Compensation and Benefits

In 2023, a series of specific measures have been adopted regarding remuneration and financing conditions, including the following:

REMUNERATION	
ENTRY-LEVEL IMPROVEMENTS	Remuneration Level XII is established as the minimum entry level at Ibercaja, both for permanent and temporary contracts.
IMPROVEMENT IN THE BRANCH CLASSIFICATION SYSTEM	This measure led to salary improvements due to the consolidation or modification of bonuses for more than 300 people, while the previous year it had a salary impact on 100 people.
IMPROVED MILEAGE PAYMENT	Thanks to this measure, in 2023 mileage is being paid at €0.45/Km (€0.35/Km according to the Collective Agreement) and is benefiting more than 1,800 people.
SALARY IMPROVEMENTS FOR RURAL AGENCY MANAGERS	An increase of up to 50% of the maximum variable remuneration. In addition, this group is included in the Internal Regulations on Housing Aid to offset the cost of rent.
OTHER SALARY IMPROVEMENTS	• Improvement in the Remuneration of the Main Account • Improvement of the BONUS for management roles of groups of more than 10 staff • Discretionary salary increase for temporary contracts in a location other than the habitual residence

FINANCING CONDITIONS	
FREEZING OF HOUSING LOAN AGREEMENT RATES	The rate applied to housing agreement loans maintained throughout 2023. More than 1,600 people have benefited from this measure.
NEW FREE FIXED-RATE AND MIXED-RATE LOANS FOR EMPLOYEES	Creation of these new products within the catalogue of free employee loans for new transactions, adjusting the rates to the best offer for customers periodically approved by the Retail Business Committee
POSSIBILITY OF NOVATION TO CUSTOMER CATALOGUE	For all mortgage loans subject to Board conditions, a novation of the conditions to those of any product in the customer catalogue may be requested. This will always be the best possible option: Rating 4 and the RAROC calculator at zero.
OTHER EMPLOYEE FINANCING CONSIDERATIONS	The current obligation for all risk transactions to be underwritten by the spouse or common-law partner of the employee is removed, except in cases where these persons acquire ownership of the asset to be financed together with the employee or when, for reasons of risk, the Employee Loans Committee so requires.

The following are details of the average remuneration received by the employees of Ibercaja at 31 December 2023. These remunerations are made up of fixed remuneration, salary complements and variable remuneration received in 2023.

AVERAGE TOTAL REMUNERATION BY GENDER (IN EUROS):			
GENDER	FIXED SAL + BONUS 2023	INCR. RESP. 2022	FIXED SAL + BONUS 2022
M	54,858	4.07%	52,713
F	49,012	4.59%	46,860
Total	**51,978**	**4.32%**	**49,826**

AVERAGE TOTAL REMUNERATION BY GENDER (IN EUROS):			
GENDER	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
M	52,713	-0.24%	52,840
F	46,860	0.85%	46,463
Total	**49,826**	**0.19%**	**49,730**

AVERAGE TOTAL REMUNERATION BY AGE RANGE (IN EUROS):			
AGE RANGES	FIXED SAL + BONUS 2023	INCR. RESP. 2022	FIXED SAL + BONUS 2022
21-30 YEARS	27,609	13.22%	24,385
31-40 YEARS	44,665	3.96%	42,963
41-50 YEARS	51,857	4.95%	49,413
51-60 YEARS	59,130	4.04%	56,832
61-70 YEARS	85,267	2.10%	83,511
TOTAL	**51,978**	**4.32%**	**49,826**

AVERAGE TOTAL REMUNERATION BY AGE RANGE (IN EUROS):			
AGE RANGES	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
21-30 YEARS	24,385	2.52%	23,787
31-40 YEARS	42,963	0.20%	42,877
41-50 YEARS	49,413	0.15%	49,340
51-60 YEARS	56,832	1.47%	56,011
61-70 YEARS	83,511	-8.08%	90,852
Total	**49,826**	**0.19%**	**49,730**

AVERAGE TOTAL REMUNERATION BY JOB CATEGORY (IN EUROS):			
JOB GROUPING	FIXED SAL + BONUS 2023	INCR. RESP. 2022	FIXED SAL + BONUS 2022
1 - EXECUTIVES	64,569	4.37%	61,868
2 - MIDDLE MANAGERS	58,441	4.56%	55,892
3 - TECHNICIANS	48,988	4.79%	46,750
4 - CLERICAL STAFF	40,137	2.21%	39,268
Total	**51,978**	**4.32%**	**49,826**

AVERAGE TOTAL REMUNERATION BY JOB CATEGORY (IN EUROS):			
JOB GROUPING	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
1 - EXECUTIVES	61,868	-5.28%	65,317
2 - MIDDLE MANAGERS	55,892	4.64%	53,415
3 - TECHNICIANS	46,750	0.69%	46,430
4 - CLERICAL STAFF	39,268	-3.00%	40,483
Total	**49,826**	**0.19%**	**49,730**

AVERAGE TOTAL REMUNERATION OF EXECUTIVES BY GENDER (IN EUROS):			
GENDER	FIXED SAL + BONUS 2023	INCR. RESP. 2022	FIXED SAL + BONUS 2022
M	66,682	3.90%	64,179
F	60,508	5.32%	57,450
Total	**64,569**	**4.37%**	**61,868**

AVERAGE TOTAL REMUNERATION OF EXECUTIVES BY GENDER (IN EUROS):			
GENDER	FIXED SAL + BONUS 2022	INCR. RESP. 2021	FIXED SAL + BONUS 2021
M	64,179	-4.84%	67,441
F	57,450	-5.28%	60,653
Total	**61,868**	**-5.28%**	**65,317**

In relation to the so-called **salary gap**, if the base salary of the collective bargaining agreement is taken as a reference and the additional remuneration for length of service, social benefits or other benefits is excluded, the male/female wage ratio at Ibercaja is 1.

The range of the relationships between the standard initial salary and the minimum local salary in places in which significant transactions are performed is 149% both for men and women.

Analysing this information weighted by job grouping (executives, middle management, technical and clerical), a salary gap of 6.84% was determined in 2023.

The wage difference shown by the results is in line with the sector, mainly generated by the historical gender composition of the company, which translates into a higher average length of service of men compared to women. The evidence for this is the **reduction of the gap** with **respect to 2022 by 4.01%, from 11.1% to 10.66%**.

This calculation takes into account fixed remuneration, wage complements and variable remuneration received in 2023.

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

- **The representation of women in** management positions is maintained.
- **54%** of promotions in 2023 corresponded to **women**.
- **54 per cent** of vacancies have been filled by **women**, **47 per cent having been applied for by them**.

Aspects relating to the remuneration of directors

The position of member of the Board of Directors is remunerated, in accordance with article 34 of the Articles of Association. Only the Chief Executive Officer and the Chairman receive a salary for the performance of their duties, in addition to the remuneration they receive as members of the Board of Directors in accordance with the provisions of the Articles of Association.

The remuneration of directors in their capacity as such comprises: a) fixed annual allowances for their membership of the board of directors and, where appropriate, its committees; b) an annual fixed allowance to be determined by the board for those directors with special dedication and duties; and c) such remuneration in kind and insurance as may be established from time to time.

Information on directors' remuneration is disclosed on the Bank's **corporate website** (www.ibercaja.com), in section on Corporate governance and remuneration policy and in the Annual Corporate Governance Report.

Aspects relating to the remuneration of senior management

The members of the Bank's Management Committee, made up of 11 people (8 men and 3 women) at 31 December 2023, are considered senior management. Information on senior management remuneration includes both fixed and variable remuneration, long-term pension systems and any other payments. The average remuneration is €235 thousand (average remuneration of executives of €237 thousand and €229 thousand in the case of executives, which is mainly affected by the length of service of the officials in the Bank).

Health and industrial relations

100% of the employees of Ibercaja Banco are subject to the applicable Collective Bargaining Agreement and are represented on formal committees. Ibercaja's activity is carried out entirely in Spain and its workforce is made up of people of different nationalities. All of them have full-time contracts.

89% of employees have a **short working day** (without lunch break) (except Thursdays in winter). The Collective Agreement for the years 2019-2023 establishes an annual working time of 1,650 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: 08.00 to 15.00.
- From 1 October to 30 April, the schedule is, on Monday, Tuesday, Wednesday and Friday: 08.00 to 15.00 and Thursdays: 08.00 to 14.00 and 16.00 to 19.00.

In Ibercaja there are 501 employees subject to tailored schedules, requested on a voluntary basis. Of these, 85% have requested to do 3 afternoons, 2% 2 afternoons and 13% one afternoon, in addition to the Thursday in winter.

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

Labour relations are based on **open and transparent dialogue with employee representatives**. The Entity's union representation comprises 224 employees linked to five union sections. The management of social dialogue is regulated by the agreement on implementation of the Organic Law on Freedom of Association.

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.

Ibercaja has an Equality Plan, agreed with the workers' legal representation, which regulates equal opportunities, the prohibition of discrimination for any reason and the action protocol for the prevention, management and solution of situations of harassment (sexual, gender-based, moral, digital and discriminatory) and violence (workplace and sexual) at work.

Ibercaja respects and supports the dignity and labour rights of all persons and, in particular, freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment, based on international frameworks such as the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work

Occupational health and prevention

Ibercaja is committed to the **safety and protection of its employees** to ensure their **well-being and occupational health**, by minimising risks and assigning the resources that are necessary to implement preventive actions.

Ibercaja's strategic objectives include the promotion of healthy lifestyles, promoting several initiatives in this regard:

- Promotion of sports activities through the Cultural Group, active participation in races and marathons throughout Spain in a group manner and the organisation of workshops that promote well-being (Healthy Space and Show Cooking at CoffeeWork).
- Specific section in the Internal Portal Somos Ibercaja (We are Healthy) where recommendations for health care are included, such as how to prevent colds, good heart-healthy habits or information on the importance of a healthy diet.

The Bank has its **own prevention service**, as it is a company with more than 500 workers. The company's own Prevention Service is a specific organisational unit that covers two of the four preventive disciplines ("*Health Surveillance*" and "*Ergonomics and applied psychosociology*") provided for in Chapter III of Royal Decree 39/1997, of 17 January, approving the Regulations on prevention services. The preventive specialties of "Occupational Safety" and "Industrial Hygiene" are contracted with an external prevention service: MORE PREVENTION.

The Bank has implemented an **occupational risk prevention plan**, with the aim of integrating preventive activity into management. Ibercaja conducts courses on occupational risks for its employees. These courses are part of the Bank's mandatory training plan.

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 2023, there were **28 accidents at work** (7 men and 21 women), **12% more than in the previous year**.

The total number of absence hours is 304,822 (314,708 in 2022). As is the case every year, the hours of absenteeism include common illness, occupational accidents and maternity and paternity leave. This year, as in the two previous years, COVID hours were also included, which, although residual, have amounted to 881 hours. Absenteeism has decreased by 5.05% compared to the previous year.

2023	TOTAL	MEN	WOMEN
FREQUENCY INDEX	1.4952	0.9078	2.0989
SEVERITY INDEX	0.1912	0.0660	0.3197

2022	TOTAL	MEN	WOMEN
FREQUENCY INDEX	1.1733	1.1529	1.1944
SEVERITY INDEX	0.1277	0.1169	0.1388

(**) IdF= Number of accidents with time off work *10^6
Total number of hours actually worked

(**) IdG= Number of days not worked due to an accident at work, with leave *10^3
Total number of hours actually worked

6.5 Commitment to the environment

2-12, 2-13, 2-23, 2-29, 3-3, 201-2, 301-1, 301-2, 302-1, 302-4, 305-5

> Ibercaja is firmly committed to protecting the environment and combating climate change, taking into account its environmental impact and promoting, through its activities, the transformation towards a more sustainable economy.

In accordance with the strategic lines[35] set out in its **Sustainability Strategy,** Ibercaja expresses its firm desire to contribute to the development of a sustainable economy through relationships with its customers, as part of its banking and financial activity, and based on its own internal environmental management.

The Bank uses the objectives of the Paris Agreement on Climate Change as a reference, and moves forward in the implementation of the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD)[36].

The Sustainability Policy, approved by Ibercaja's Board of Directors in December 2020, includes **the environmental commitments Ibercaja assumes in its financial activity**:

- **Analyse the impact of climate change**, detecting **needs** that the transition to a decarbonised economy may present, in order to **respond with business solutions** that support environmental sustainability.
- **Analyse climatic and environmental risks**, their impact on customers and their financial activity, for their gradual integration in compliance with the regulatory requirements.
- **Transparently communicate** the advances in environmental sustainability, **raising awareness internally and externally** to promote a sense of environmental responsibility.
- Assume and endorse the primary **national and international commitments** that help to protect the environment and fight against climate change, working on their implementation.

[35] For more details on the five main pillars, see section 6.1 of this report.
[36] See Ibercaja's TCFD report in Appendix F of this report.

6.5.1 Governance structure

In its environmental management, Ibercaja applies the principle of precaution, in order to guide its actions to prevent or avoid damage to the environment.

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:

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 bring it in line with the principles of action that govern the Sustainability Policy and extend its scope to include the Bank's financial activity.
Environment Committee	At executive level, this body is tasked with **ensuring its compliance**, supervising the efficiency and effectiveness of the Bank's environmental management system and **promoting awareness initiatives and environmental protection**. It is the body that reviews and approves updates to the Environmental Policy.
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**.
Environmental team	Made up of volunteers from different areas of the Bank, who **propose, promote and develop actions** to be launched in the field of environmental protection.

To do so, Ibercaja assumes the following commitments:

- Measure and publish its carbon footprint, establishing a reduction plan to achieve **emission neutrality**.
- Comply with the **applicable legal environmental requirements** and those other rules **voluntarily assumed**, adopting the necessary measures to do so.
- Apply the **principle of pollution prevention** to minimise and/or offset for possible negative impacts on the environment.
- **Encourage the responsible control and consumption of resources, and the proper management of waste** by minimising its generation to the fullest extent possible and promoting the circular economy all along the value chain.
- Ensure the integration of **continuous improvement** in the system and in environmental performance by establishing environmental objectives.
- **Raise awareness among the people** who make up Ibercaja, fostering a sense of environmental responsibility in their actions, the dissemination of good practices and involvement and participation.
- **Disseminate its Environmental Policy** and all information considered relevant on the actions and initiatives carried out in environmental matters among stakeholders.

The Environmental Management System (EMS) has been in place at the Bank since 2007, and it is externally certified by AENOR, which verifies compliance by the head office building with the requirements of the ISO 14001:2015 standard. As a requirement of this Standard, the risks and opportunities arising from the system are identified, as well as the actions to be taken for each risk. The risks include the impact of climate change on financial activity. Opportunities include those arising from the transition to a more sustainable economy: SRI drive, green finance, environmental solidarity initiatives, etc.

In 2023 AENOR conducted the **Certification 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 of the interested parties and their requirements.
- The **availability, aptitude and technical preparation of all the personnel involved** in the system, implication and knowledge regarding the Bank's environmental efficiency theme and culture.
- **Internal and external environmental initiatives**, and the participation of the Bank through **inclusion** and awareness-raising through symposiums for the interested parties.
- Integration of the Environmental Management System (EMS) in the **business units** and the inclusion of environmental criteria in the design of the organisation's financial products.
- 100% offset of emissions to achieve scope 1+2 neutrality.
- Setting up tenders using ESG criteria to award them.

6.5.2 Main lines of action

Optimisation

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

1. Resource management:

Regarding waste management, waste documentation is correctly managed, being highly controlled within the company through the implemented Environmental Management System and the monitoring of indicators.

TOTAL CONSUMPTION	2021	2022	2023
Water consumption (m3)	38,934.47	39,004.91	35,490.03
Energy consumption (Gj)**	128,138.24	114,740.03	100,495.23
Paper consumption in Tm *	347.63	283.18	303.51

* In 2021, the envelope consumption for 2019 and 2020 was revised and updated with the actual amount in tonnes
** 99% of DIN A4 paper is recycled.
** The 2023 study of electricity consumption in branches was carried out in the period between October 2022 and November 2023. In 2023, the 2022 electricity consumption data and the 2021 and 2022 natural gas data have been updated

2. Ecodesign criteria in branches:

The Bank incorporates sustainable criteria in the design of branches as part of its commitment to sustainable development. To this end, it prioritises the choice of raw materials from more sustainable sources and follows criteria of high energy efficiency in equipment and facilities.

All this is included in two fundamental documents on the design of new branches, prepared following the criteria previously mentioned, i.e.:

- **"Architecture manual for Proximity Banking branches"**
- **"Model Office. Fixtures. Design criteria"**

Based on these criteria, some of the actions carried out are:

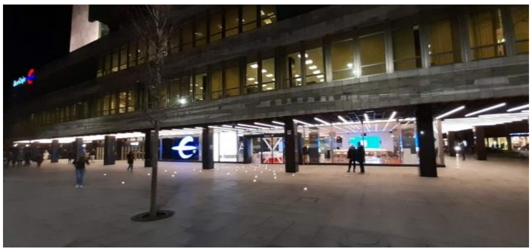
- The design and dimensioning of **air conditioning installations** is carried out according to the criterion of maximum energy efficiency.
- In **electrical installations**, priority is given to highly energy-efficient elements, such as lighting through systems that use light-emitting diode lamps (LEDs), time control and regulation systems, segregated consumption meters for the different electrical circuits, reactive energy compensation equipment, etc.
- In the design of branch **fittings and furniture**, solutions are incorporated that take into account both functional and ecological criteria, such as the use of natural materials like wood, which contributes to the warmth of the premises, the performance and well-being of people and improves indoor air quality, the installation of shaped sound-absorbing panels, which improve acoustic comfort, the installation of LED lighting systems and the use of plants to provide a high degree of comfort and connection with nature.

Some of the actions in which the Bank has applied these criteria are:

a) Refurbishment of the headquarters:

The renovation of the ground floor and accesses of the Paraíso Building and the Main Branch, has involved adapting all the accesses to the building for people with reduced mobility, fitting automatic revolving doors with a special position for them, complemented by a ramp in two of the accesses and an elevator in the third to reach the level of the ground floor where the Branch is located. The installed lift also gives access to the first floor, where the safe boxes are located. This has been complemented by the installation of two accessible ATMs, one indoor and one outdoor.

The “XPLORA” space has been conceived and created as a meeting area for internal use, as well as for customers and society. The area has been designed as a great showcase that beckons to be visited.



The square that gives access to the building via Plaza Paraíso has also been completely renovated, leaving an open square that prioritises the view of the building and easy access to it and the XPLORA space

The criterion applied to the functional adaptation of the entire Branch has been put the customer at the centre of the service provided, creating separated spaces to give them privacy.

To this end, its surface area has been expanded, creating a new service space with an entrance through the rear square of the building, giving onto streets Calle San Ignacio de Loyola and Paseo Constitución

Finally, the new façades of the branch, fully glazed, reinforce the objective of proximity and transparency with the customer.

In all these actions, the design criteria have been to achieve maximum efficiency and sustainability. For example:

- A “GREEN” wall has been installed with panels of treated, self-sustaining natural lichens.
- A planter made of recycled bank cards has been installed, with a selection of natural plants, with the criterion of improving indoor air quality.

b) Modification of the lighting on 5 floors of the Central Building:

In 2023, the lighting on floors 4 to 8 was renewed, with the implementation of LED lamps and an automatic control system that regulates the level of lighting according to the natural light and has presence control. With this action, it is expected to achieve energy savings per floor of around 50%.

c) Lift modernisation project:

At the main entrance to Plaza Paraíso **the way the lifts operate has been modernised**, incorporating the model of lift cabin allocation to passengers. Using a logarithm, the best options in the set of lifts are studied to minimise waiting times and the number of trips made per day per lift, considerably increasing their functionality and performance. The aim of this action is to **reduce energy consumption and speed up staff access.**

(d) Removal of architectural barriers:

Actions continue to be carried out in line with the Bank's Sustainability policy for the **removal of architectural barriers**, such as ramps and platforms. In 2023, €37,124.09 have been invested in 8 different works.

In addition, works have been carried out to move ATMs to the façade for better accessibility.

3. Circular economy and waste management:

a) Recycling in branches

All new branches systematically incorporate **specific bins for recycling** (paper/cardboard, plastics and waste), accompanied by informative posters. In 2023, this action has been given a boost and the initiative has been implemented in a total of 70 branches in Madrid and Zaragoza.

(b) Recovery, reuse and donation of furniture:

We promote the development of circularity through the recovery and reuse of furniture. All the Bank's furniture requirements have been met by recovered furniture, with the exception of the branches with the new image, which this year have been the Pamplona, Castellón and Jaén branches and the XPLORA space at the Headquarters.

Branches that have been significantly refurbished using recovered furniture include the Fraga, Lérida Rb Ferrán, Castellón Don Jaime and Orihuela branches.

Part of the furniture material recovered and in good condition has been donated to social and solidarity organisations. This action means that these goods are being managed more sustainably, ceasing to be considered as waste and becoming a resource to meet new needs. In this way, the Bank seeks to create a double impact, social and environmental.

c) Aragon Circular Seal:

In 2022, the **Aragon Circular Seal** was obtained. This Seal, awarded for the first time by the Government of Aragon, is a recognition to companies, self-employed and local entities for their commitment to the circular economy model.

In order to obtain this Seal, the incorporation of **sustainable criteria** in the design of the branches was taken into account, prioritising the **choice of raw materials** from more sustainable sources, **high energy efficiency criteria** in air conditioning equipment and installations, **waste** management, life cycle analysis, contribution throughout the **value chain, good practices, personnel** of the Bank involved, **training and awareness**, reduction of **energy consumption**, etc.

d) Awareness-raising:

Awareness-raising campaigns and training help to promote the best environmental practices and to gain awareness to minimise waste generation. In this respect, in 2022, efforts were focused on the **continuous improvement of waste management** highlighting the internal and external environmental awareness and information actions, aligned with important global events related to recycling and environmental education, as well as specific training in the Principles and tools of the Circular Economy-Zero Waste, for all the members of the Environment Committee and Environmental Teams.

Moreover, as part of its firm commitment to the circular economy and environmental protection, Ibercaja has set itself the objective of gradually implementing the issuance of sustainable cards made from recycled plastic. This, **in 2023, 94.19% of all cards issued were made from recycled PVC.**

4. Emission reduction:

Committed

The Bank's commitment to the environment is embodied in its **carbon neutral objective for its own emissions and those associated with its portfolio**

a) Commitment to achieve neutrality in operational emissions:

Ibercaja began calculating its carbon footprint in 2016, including Scope 1, 2 and partially Scope 3 emissions, specifically those produced by employees travelling by car for work purposes and those associated with sending documentation by courier.

The Bank has registered its carbon footprint in the Registry of Carbon Footprint, compensation and absorption projects of the Ministry for Ecological Transition's Climate Change Office and for four consecutive years has obtained the "Calculo-Reduzco" seal, which accredits its work in calculating its carbon footprint and the efforts made to reduce it.

In 2023, Ibercaja obtained for the first time the full MITERD seal, corresponding to the 2022 financial year, for its participation in the Registry's three sections (calculate-reduce-compensate). Specifically, this year, the Bank registered partial offsetting of its operational carbon footprint by acquiring, for the first time, absorption rights equivalent to 236 tonnes of CO_2 from the "Ribera del Duero CO_2 Management Forest" project of the Spanish Climate Change Office (OECC).

In obtaining this seal, Ibercaja achieved a new milestone in its commitment to protecting the environment and fighting climate change.

In addition, the Bank offset 766 tons of CO_2 by its participation in the Santa Maria forestry project in the Brazilian Amazon. The initiative has a dual objective: conserving this tropical forest and maintaining its carbon stocks; and contributing to social programmes that seek to improve local living conditions. This project is validated by one of the most prestigious standards of the Voluntary Carbon Market, VCS-Verified Carbon Standard and is a UN REDD+ project.

Through these actions, the purchase of green energy and support for forestry CO_2 absorption projects, Ibercaja neutralises all its scope 1 emissions (direct emissions) and scope 2 emissions (indirect emissions associated with electricity consumption). With these projects, Ibercaja has managed to offset 1,002 tonnes of CO_2, which represents over 100% of its unavoidable direct emissions (984 t CO_2e).

The Ibercaja Banco S.A. Operational Carbon Footprint Report, which is published on the Bank's corporate website, includes monitoring of the actions set out in the Emission reduction plan and the progress they have made since 2016.

The key indicator when monitoring this Plan is the percentage of CO_2 emissions reduction achieved, in%. In 2022 a reduction of almost 89% was achieved compared to 2016. This reduction was due to Endesa's 100% Sustainable Energy Declaration, in its commitment to energy from 100% renewable sources, accredited by the CNMC with a Guarantee of Origin Certificate.

Furthermore, all the Bank's vehicles are being replaced by more sustainable vehicles, with ZERO and ECO labels, achieving a reduction in the emission factors of the vehicle fleet (gCO_2/km).

In June 2023, the 2022 operational carbon footprint was verified, and on 3 July 2023 the Independent Review Report was issued, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements

b) Commitment to achieve neutrality in its portfolio emissions:

Ibercaja is a **founding member of the Net Zero Banking Alliance (NZBA)**, an initiative of the United Nations that promotes the commitment of the banking sector worldwide to achieve carbon neutrality in respect of CO2 emissions by 2050. Meanwhile, Ibercaja Gestión and Ibercaja Pensión signed up to the **Net Zero Asset Managers**, with the commitment to achieve neutrality of their own and their portfolios' CO2 emissions by 2050 at the latest.

Sector	Scenario	Scope of emissions1 [1]	Metric	Base year 2021	2030 objective
Electricity Generation	NZE 2050 (IEA)	1+2	kg CO_2 eq/ MWh	**164** (2021)	**103** (-37%)
Iron and Steel Production	NZE 2050 (IEA)	1+2	kg CO_2 eq/ t	**576** (2021)	**518** (-10%)
Residential Real Estate	NZE 2050 (IEA) y CRREM 1,5°	1+2	kg CO_2 eq/ m^2	**42** (2021)	**36** (-16%)

1Ibercaja has not calculated Scope 3 funded issues as the availability of information, as well as existing methodologies, is limited. The Bank has planned to work on improving climate and environmental reporting during 2023 to improve its analysis for reporting in 2024.

In response to this commitment, Ibercaja has defined decarbonisation targets for 2030 in three carbon-intensive sectors, relevant to the Bank's business model: **Residential real estate, electricity generation and iron and steel production**.

To define the decarbonisation targets, different scenarios have been considered depending on the economic sector:

- Power generation and iron and steel sectors: Net Zero 2050 scenario of the IEA at global level.
- Residential real estate sector: the IEA's "Net Zero 2050" scenarios at global level and CRREM's "Global Decarbonisation Pathway 1.5°C" for Spain.

Reference methodologies such as PCAF have been used to calculate the intensity metrics as well as the emissions intensity of the counterparty and its weight in the Bank's portfolio.

These objectives, approved by Ibercaja's Management Committee, are supported by a specific governance structure[37] that guarantees their compliance. To this end, different decarbonisation pathways have been defined to achieve the intermediate objectives in the three sectors, following the guidelines and recommendations for financial institutions published by the *Glasgow Financial Alliance for Net Zero*[38] (GFANZA), and combining the following strategies:

- Financing or facilitating the development of climate solutions.
- Financing companies already aligned with decarbonisation.
- Financing companies with decarbonisation plans.
- Exiting from sectors and/or companies.

Specific targets have been set for each sector and the main lines of action of the decarbonisation strategy have been defined to achieve the 2030 targets:

- **Residential Real Estate**: The aim is to promote the financing of sustainable housing in the market and the renovation of housing in the portfolio that is considered unsustainable.
- **Electricity Generation**: Compliance of the large companies in the portfolio with the decarbonisation plans will be monitored, and the full financing of renewable companies and financing of decarbonisation projects by cogeneration companies will be promoted.
- **Iron and Steel Production**: financing of projects related to decarbonisation, financing of large companies and SMEs already in Ibercaja's portfolio that are aligned with the emission neutrality objectives and, finally, monitoring of the decarbonisation plans of those that are significant in the portfolio due to their weight, are defined as a line of action.

In 2023, the Bank's scope 3 carbon footprint has been recalculated using the PCAF methodology, resulting in financed emissions of 1.62 MtCO2eq.

[37] For more details on the Governance Model for decarbonisation plans, see Appendix F of this report.
[38] GFANZ defines itself as a global coalition of financial institutions that has defined a framework adopted by the NZBA to guide the standardisation of Net Zero plans.

5. Awareness-raising and communication:

To achieve our environmental objective and commitment, awareness-raising and communication with our employees, customers and society are **key aspects**, thus enabling us to generate a greater impact.

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

a) 3rd Planet Week:

Highlights during the year included organising the 3rd Planet Week, an initiative held around 24 October, coinciding with the International Day for Combating Climate Change. This project embodies the commitment of the entire Ibercaja Group: the Bank, Foundation and Financial Group, in accompanying customers, employees and society on the path to sustainability.

b) Environmental volunteering:

in 2023, a reforestation day was held in Albentosa as part of **the Environmental Volunteering** programme. 120 employees, and family members, of the Ibercaja Foundation, the Financial Group and the Bank, from Huesca, Zaragoza, Teruel, Madrid, Alcalá de Henares, Guadalajara, Valencia and Puerto Sagunto, took part in this event.

c) The "Earth Hour" initiative:

Ibercaja once again joined the WWF (World Wildlife Forum) initiative, which took place on Saturday, 25 March, with the symbolic blackout of its most representative buildings between 8:30 pm and 9:30 pm. The Plaza Paraíso headquarters in Zaragoza, the Siglo XXI building in Badajoz and the building at Avenida Reyes Católicos in Burgos.

d) "Energy saving letters":

The Bank continues to promote initiatives to raise awareness about environmental protection. Focusing on the continuous improvement of energy saving and efficiency policies, every year the branches are sent information on electricity consumption and expenditure data and reminded of important aspects to consider in order to make the branches more sustainable from an environmental point of view.

e) Joint actions with the Ibercaja Foundation

Fundación Ibercaja has continued in its commitment to align all its work, impacts and actions with the 2030 Agenda. Care for the planet and its preservation are present in the activities carried out by the Bank.

The “**Ibercaja Forest**” is part of the commitment of Ibercaja and the Ibercaja Foundation to preserve and care for the environment since, in addition to contributing to the generation of CO2, areas in these territories degraded by fires, overgrazing and rubble dumps are being recovered. The Bank and the Foundation have already promoted nearly 50 hectares of reforestation in actions carried out in Tauste, Peñaflor and Albentosa.

As part of its commitment to raising awareness and implementing the SDGs, the Ibercaja Foundation this year presented the third edition of the 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. A total of 74 schools participated in last year’s edition.

This year the Ibercaja Foundation has obtained for the first time the **calculate/reduce** seal for the measurement of its carbon footprint. This seal, awarded by the Ministry for Ecological Transition and Demographic Challenge, accredits the Bank’s commitment and effort to fight against climate change

Also, the **corporate website** includes Ibercaja’s sustainability and environmental commitment in a specific section. Meanwhile, the **commercial website** now features a blog devoted to sustainability, with the aim of supporting and accompanying our customers on the necessary path towards decarbonisation.

6. 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 2023, as part of the sustainability line of the **Professional Development Plan**, a specific line of sustainability training has been established. The aim of this line is to continue training Ibercaja employees in the aspects of sustainability most relevant to the functions they perform.

This line includes several training pills on sustainability, integration of ESG risks and incorporation of ESG aspects in the training content for advising MIFID clients.

Within the cross-cutting sustainability initiative, specific lines of sustainability training are developed for the different units and areas of the Bank. The purpose of this line is to have a workforce prepared to manage ESG risks, as well as to incorporate the necessary knowledge for the best performance of their functions in terms of sustainability.

In this period, specific training includes:

- Credit risk: related to the incorporation of ESG aspects in the granting of loans (a total of 304 people in the Bank received this training).
- Control Area: both general and more specific ESG training was provided to all second-line employees. (a total of 37 people received this training)
- Also in 2023, specific training on ESG risks was given to the Board of Directors.

Ibercaja's commitment is to continue working on the training of its people for the correct identification, management and control of ESG, as well as all the regulations associated with it.

7. Environmental alliances:

Ibercaja, within the framework of the promotion of SDG 17 (alliances), promotes cooperation between entities and its participation in environmental initiatives and the fight against climate change.

> **Cooperation**
>
> Ibercaja promotes **cooperation among entities** and its participation in environmental initiatives

Ibercaja is 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.

It is also 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.

In 2020, the Ibercaja Foundation joined the **Smart Green Movement**, an initiative led by LG España in collaboration with CO2 Revolution, whose objective is to plant millions of trees throughout the country. Hence the Ibercaja Foundation joined the movement that brings together mayor firms, citizens and institutions to combat climate change, absorbing the CO2 surplus into the atmosphere through the reforestation of trees.

6.6. Commitment to shareholders and investors

2-29

The Bank continues to pledge for transparency

In our relationship with current and potential shareholders and investors, it is crucial to carry out meaningful action and provide adequate information for the assessment of such action.

Commitments to shareholders and investors

- **EQUALITY**: Guarantee equality between shareholders and investors regarding access to significant information on the Bank, avoiding asymmetry and ensuring maximum transparency so that they can obtain complete, clear and true information at all times.
- **ADEQUATE DIALOGUE:** Establish adequate dialogue channels that allow them to be attended to with agility and quality in a personalised manner.
- **CONFIDENTIALITY:** Protect, in the terms envisaged, the confidentiality of the data that may be contributed by shareholders and investors

Provisioning of the reserve fund

On 24 June 2022, Fundación Bancaria Ibercaja, the main shareholder of Ibercaja Banco, S.A., received approval from the Bank of Spain for its 2022 Financial Plan, which included the provision of a Reserve Fund equivalent to 1.75% of the Bank's risk-weighted assets, which must be met, at the latest, by the end of 2025. At December 2023, the amount provisioned to the Reserve Fund was €260 million, i.e., more than 80% of the required amount. Thus, Fundación Bancaria Ibercaja is no longer subject to the previous deadline, 31 December 2022, to comply with the reduction of its stake in the Bank to below 50% of the capital (it currently holds 88.04%) provided for in the Law on Savings Banks and Banking Foundations.

Fundación Bancaria Ibercaja and Ibercaja Banco, S.A. are committed to listing the Bank on the Stock Exchange, once market conditions are more favourable.

The most significant milestones for investors during 2023 were:

A strong improvement in the income statement thanks to the increase in recurrent revenues due to the good performance of net interest income, driven by the progressive repricing of the loan portfolio in an environment of higher interest rates. Also, the strong growth in the volume of off-balance sheet assets managed. These positive dynamics more than offset the increase in operating expenses and the slight increase in the cost of risk to improve the Bank's coverage levels. Ibercaja thus achieves a ROTE of 11.6% in 2023.

In an environment of high uncertainty and macroeconomic slowdown, Ibercaja has maintained asset quality ratios well above the average for the Spanish financial sector. Specifically, the ratio of non-performing assets has again been reduced, while raising the associated level of coverage.

In 2023, Ibercaja has continued to maintain one of the highest capital ratios of the total system and one of the highest levels of surplus capital versus ECB requirements. In this regard, on 19 January 2023, Ibercaja successfully issued preference shares (AT1) for a nominal amount of €350 million with the aim of redeeming the outstanding issue on the market on 6 April 2023. On 31 May 2023, Ibercaja successfully executed a senior preferred bond issue for a nominal amount of €500 million. Both issuances have been considered eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities) requirements.

This positive evolution of the Bank has allowed it to maintain its commitment, in the framework of the "Challenge 2023" Strategic Plan, to distribute 60% of 2023 net profit in the form of a dividend to its shareholders. The improvement in Ibercaja's fundamentals has also resulted in an upgrade of its credit rating by the Moody's rating agency.

Finally, both shareholders and investors have the guarantee that Ibercaja is seeking the most sustainable solution in accordance with the Principles of Responsible Investment, and that the Institution is a clear promoter of sustainable development, considering in its strategic decisions the impact of its operations on the environment, on the social and economic situation of society, as well as on the governance model of companies and institutions.

6.7 Commitment to suppliers

2-29, 3-3

> Ibercaja has a Supplier Code of Conduct, in which it conveys its principles of responsible management, where interaction and dialogue are key aspects in ensuring a stable and enriching relationship with suppliers, based on ethics, transparency and compliance with the commitments agreed upon.

Ibercaja, in its **relationship with suppliers**, demands a **level of commitment** in line with the socially responsible practices that comply with the Bank's **Code of Ethics**.

Ibercaja has embraced the following commitments with its suppliers:

- Guaranteeing **transparency when dealing with suppliers** and impartiality and objectivity of the Bank's employees who take part in the supplier selection processes.
- Overseeing economic relationships which, **respecting the interests of both parties**, make it possible to obtain the maximum level of quality and commitment in the products served and in the services provided.
- Encourage its suppliers to follow sustainable practices and guarantee the application of the principles of the Global Compact, complying with Ibercaja's **Code of Conduct for Suppliers**, which includes the responsible commitments that they should assume: maximum degree of ethics in their actions, respect for human rights and labour standards, protection of the environment, fight against corruption and confidentiality and security of information.

Hence, in order to guarantee compliance with these socially responsible practices and favour the application of the principles of the Global Compact, Ibercaja has a **Code of Conduct of Suppliers.**

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.

Suppliers are also obliged to comply with and enforce, within their sphere of influence, the regulations in force at any given time regarding environmental protection, in particular waste management, establishing and maintaining a **business policy of sustainable development**, making their best efforts to make progress in improving their environmental practices.

In November 2019, a **new supplier management tool** was launched with a more evolved and complete website, thus enabling the **improvement and systematisation of supplier risk approval and management processes** and facilitating the Bank's relations and active listening with suppliers. The portal includes, within the documentation requirements, standards related to sustainability, both social and environmental (ISO14001, ISO 45001, ISO 26001, ISO 50001, EMAS), as well as aspects related to corporate social responsibility.

As to the transparency of non-financial information, suppliers are consulted as to whether they make an annual publication in this area, whether it follows any international reporting standards (e.g. GRI) and whether such information is verified by an independent external expert.

In 2023, **the supplier risk assessment** underwent further improvements to reinforce and enhance the existing approval process. **The most significant ones have been assessed, 233** (227 in 2022), which represent a total of **92% of the total volume** (89% in 2022) of purchase volumes managed, of which 189 have **renewed their certification** (158 in 2022) and 40 have obtained it for the **first time** (64 in 2022).

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.

This year, 2023, the implementation of new functionalities has continued in the Supplier Portal, in order to improve the internal control of the quality of information and reinforce the monitoring of suppliers and services.

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

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.

Average supplier payment period

The average payment period for suppliers in 2023 was 31 days, well within the legal maximum of 60 days established by Law 15/2010, of 5 July, which establishes measures to combat against late payments in commercial transactions.

6.8 Contribution to society

2-29, 3-3

> Our bank has always displayed a clear commitment to society. The challenge we now embrace is for our business objectives to drive sustainable development as we seek to preserve natural resources and promote a fairer and more inclusive society.

The Sustainability Policy makes our commitments to society explicit:

- Contributing to the **sustainable development of the territory**.
- Being sensitive to **social and environmental demands** through our financial activities.
- Promoting **financial literacy**.
- Assuming commitments in the realm of **sustainable development**.
- Raising awareness and disseminating good practices that help in the transition towards a **sustainable economy**.
- Promoting **corporate volunteering**.
- Ensuring the utmost **tax responsibility**.

This commitment to society is present in all of the Ibercaja Group's actions and is put into practice through its **financial activity** and with the involvement of its **shareholder foundations** who, through their activity, work continuously to improve the lives of the people who need it most, to care for and protect the environment and to promote quality education and culture.

In 2023, our main lines of social action were as follows:

6.8.1 Social action

In 2023, the Ibercaja Foundation has continued its work within the framework of all its areas of action: social action, territorial development, culture, employment and enterprise, education and the environment. Areas defined in its 2022-2024 Strategic Plan.

In 2023, the Ibercaja Foundation has carried out 2,943 initiatives in which 1,216,645 people have benefited from its own work and from its collaboration with other organisations. The Bank has allocated resources to activities, making a net investment of €19,727,680, which has gone to its defined lines of 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 eighteenth edition received 431 project proposals, from which 333 initiatives from all over Spain were finally selected, benefiting 228,268 people.

In addition to providing direct aid to social projects, Fundación Ibercaja collaborates with third sector entities in programmes and activities that provide a specific response to the needs of certain groups such as families with limited resources, the elderly, young people outside the education system or people with disabilities.

Here are some of the main social programmes with which Fundación Ibercaja maintained its commitment in 2023: Training projects of Fundación Picarral, Sumando Empleo of Cáritas Autonómica de Aragón, Prevention Plan of Fundación Centro Solidaridad-Proyecto Hombre, Placement Agency of Fundación DFA, Good Citizen Practices Award with Ebrópolis, Comunicación Capaz with CADIS Huesca, the 11th ASPACE Huesca Walk and the 8th Aragonese Congress of people with cancer and their families.

Call for international cooperation

In 2023, 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.

Solidarity campaigns

In 2023, in a noteworthy response to the needs of the victims of the earthquakes that devastated southeastern Turkey, northern Syria and Morocco, and of people affected by the floods in Libya, several solidarity fund-raising campaigns were launched throughout the year, with all the funds going to provide basic supplies to the affected people.

Seur Foundation Tapones Para Una Nueva Vida (Plugs for a New Life) project

Since 2016, Ibercaja has been collaborating with this initiative promoted by Fundación Seur "Caps for a new life", with which we have contributed to improving the health of children, as well as caring for the environment and mitigating climate change.

Currently, in addition to the headquarters, there are more than 60 branches spread throughout all the territories in which Ibercaja is present that collaborate with the Seur Foundation. In 2023, we have collected a total of 660,000 caps, weighing more than 1,000 kg, thus avoiding the emission of more than 1,980 kg of CO2 into the atmosphere, the main cause of climate change.

ImPULSO Solidario

Impulso Solidario is an initiative that allows one to experience first hand **the social commitment of Ibercaja and its Foundation**. This project aims to promote active and participatory social responsibility in which the workers themselves propose and select with their votes the social projects to support, and then become their best ambassadors. This is an open call to all the people who are part of Ibercaja: employees of the Bank, Financial Group and the Foundation, who can present social projects with which they are particularly involved, explaining what they consist of and why they consider it important to support them.

Labour market entry and diversity:

Ibercaja supports the labour integration of people with disabilities to **achieve a more equal and inclusive society**. The Bank has 50 employees with some form of recognised disability. In 2023, more than €1,000,000 have been allocated to hiring people with disabilities in Special Employment Centres, such as that of the Juan XXIII Foundation, for the supply of materials or services. 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 2023, Ibercaja continued its intense activity of transmitting and disseminating economic, business and financial knowledge for families and companies throughout the country, with special emphasis on its traditional areas of action, with a focus on proximity and adaptation to the needs of each territory and group. Ibercaja relied on alliances with public bodies (regional governments, provincial councils, town halls, etc.), private entities (business and trade union organisations, Chambers of Commerce and Industry, clusters, etc.) and private companies.

In addition, with the aim of improving accessibility to the information, training and solutions offered through these initiatives, the Bank has improved its digital assets in this area, providing them with more content, as with, for example, the **Ibercaja Business MÁS Ecosystem**, where companies can find content and a broad range of activities organised through the Bank by and for companies, in different formats throughout Spain, in which leading professionals contribute their experience, provide an update on trends and act as an example and inspiration. From its origins, it has been committed to being a meeting space where users can learn, connect and generate synergies.

Alignment of Fundación Ibercaja with the UN SDGs

Since joining the Global Compact in 2018, Fundación Ibercaja has geared its model to respond to the challenges facing society. The Foundation has incorporated the 2030 Agenda into its strategy, thus acquiring a double commitment. Also, at internal level, the Company has aligned all its activities and programmes with the SDG and their corresponding objectives. Externally, it has become an agent for implementing the 2030 Agenda in society, disseminating the SDGs and carrying out actions to promote their implementation, through the initiative "Let's move towards sustainability together", in collaboration with Ibercaja Banco.

In this regard, the Ibercaja Foundation has developed activities and programmes that directly affect the 17 global development goals, prioritising those in which it can contribute greater value and which have complied with its mission for 147 years. create opportunities for the whole of society.

6.8.3 Recognitions

RSA + SEAL

In 2023, Ibercaja obtained, for the eighth year running, the **RSA Seal in Aragon**, 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.

In addition, it has had the **RSA+ Seal** since 2019, the year when it was created.

To obtain this Seal, Ibercaja succeeded in the four areas defined, hence receiving the recognition of the Aragon Government:

- **Reconciliation of personal, family and working life**, in line with the guidelines promoted by the General Equality and Family Division
- **Boosting equality** in all manner of organisations, granting precedence to equal opportunities and the principle of non-discrimination
- **Volunteer work and social action**, promoting cooperation between businesses and not-for-profit organisations, to ensure a stable relationship between both and encourage the use of the Cooperation Window
- Involvement of the organisations in the **promotion of culture** in Aragon 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.

SOLIDAR

Since 2017, Ibercaja has held the Solidar Certificate, awarded by the Solidarity Business Association of Aragon, for its management to promote the integration of people with disabilities into the labour market.

In 2022, the Bank renewed its commitment to the employment of people with disabilities.

6.8.4 Sponsorships

Ibercaja promotes, through its sponsorships, wellbeing and healthy habits. We focus on sport and leisure as a vehicle for transmitting our values. In 2023, it continued to strengthen the social side of these sponsorships, endeavouring to raise awareness among the population and demonstrating that we are committed to sustainability and healthy living.

We pursue our sponsorship strategy both internally and externally:

Internal action

Internal activation promotes sports practice, camaraderie, a sense of belonging and the importance of maintaining healthy habits among employees: more and more staff members are joining this lifestyle.

A total of 559 bibs and 778 tickets have been distributed among the workforce to participate in and enjoy the main sponsored races and events.

Among other actions with the staff, the record participation in the ESIC Companies Race in Zaragoza stands out, where a total of 142 employees ran for Ibercaja winning the award for the most participative company.

Ibercaja team photo at the ESIC Companies Race in Zaragoza

In the area of healthy leisure, more than 700 employees from across the branch network have been able to enjoy, free of charge, premieres at the Espacio Ibercaja Delicias multicultural leisure space (Madrid). Several promotions have been carried out so that they can purchase tickets with big discounts.

External action

External activation seeks to accompany people at important moments in their lives in different areas beyond the financial sphere:

SPORT

We maintain responsible activation by using sustainable elements and eliminating disposable plastic from our materials in race assemblies.

We continue to be committed to grassroots sport as the main vehicle for training young people in values and healthy habits. In 2023, the sponsorship of the Royal Football Federation of Madrid has been incorporated into this section to promote sport among the youngest people in the region. Thanks to this sponsorship, with 150,000 federation licenses, and the rest of the sports federations sponsored, Ibercaja reaches more than 320,000 young players of sports.

This year the first edition of Ibercaja Sport in the Street was held, where different clubs and federations ran several workshops for people to practise their sports. More than 4,000 people were able to try a sport for the first time or participate in others they had already tried, with the help of professionals.

The most popular events included one over a new distance, organised by the organisers of the Ibercaja Valencia 10K, recognised as best 10K road race in the world, and with our catchword in its name: "5K Valencia Vamos". In its first edition it was a great success thanks to the good uptake by participants wanting to try the world of popular races for the first time. This year, the proceeds from the solidarity bib went to the Runners for Ethiopia Association.

In the case of the Madrid Rock'n'roll Running Series, another of our main sponsorships, the solidarity contribution went to the Spanish Association Familia Ataxia Telangiectasia, AEFAT.

YOUNG PEOPLE

A highlight in 2023 has been the celebration of the 35th anniversary of the Aragon European Youth Card, with which we continue to be closely associated through our agreement with the regional government of Aragon and which this year has managed to recover pre-pandemic levels of participation. Many new features have been incorporated: a new image, new activities, discounts and numerous actions and promotions on social media that have been very well received by young people.

LEISURE

In 2023, Espacio Ibercaja Delicias, our main venue sponsorship, received the National Marketing Award in the Sponsorship category from the Marketing Association of Spain – AMKT. This project has provided Ibercaja with brand notoriety and brand awareness, while having a local economic impact, revitalising a central area of Madrid and democratising access to culture.

This year, as a vehicle for accompanying families at such an important time of the year as Christmas, Ibercaja is the Main Sponsor of “Mágicas Navidades”, the Christmas park in Torrejón de Ardoz, declared a Festival of Tourist Interest for its originality, quality and cultural heritage, and promoted by the most prestigious Christmas companies. It is a tourist destination of reference for the whole family. More than a million people have visited it in this edition.

XPLORA SPACE

In 2023, Xplora was inaugurated, a new space for meetings, experiences, professional development and engaging with the public at **Ibercaja’s headquarters** in Zaragoza. In the same way as when the square and headquarters were inaugurated in 1980, it has been designed on the premise of providing the city with an innovative and renewing **element** and it is opened with the intention of making it a **meeting point** for people, companies, ideas and projects. Since its inauguration in September, 68 events on different topics have been held, receiving more than 3,700 visitors.

6.8.5 Volunteering

The Ibercaja Group promotes **corporate volunteering** among its active and retired employees, through **participation in solidarity activities** that contribute to the development of people while helping to protect the environment. It is a programme that seeks to motivate employees to contribute to equal opportunities in society, to improve the quality of life of people, preserve the natural environment or promote social cohesion and development, through its own initiatives or in collaboration with other institutions and entities.

This year Ibercaja has participated, among other actions, in:

The Companies Solidarity Day, in different locations throughout the country.

The Great Food Collection Campaign, with the Federation of Food Banks. For the first time, this action also came to the Ibercaja Banco Central Headquarters, where volunteers took part in the classification and collection of food.

Environmental Volunteering in Albentosa.

"I'll buy you dinner for Christmas" for people in vulnerable situations.

Ibercaja solidarity market

Visit to Ibercaja's Christmas nativity scene

6.8.6 Financial literacy and other educational programmes

The Ibercaja Foundation offers to the entire educational community programmes and tools that contribute to supporting and complementing the education of new generations and to designing different training itineraries for them to continue on their path towards the best possible future. In 2023, €3,481,459 have been allocated to education programmes.

Financial literacy

Objective

The aim is to promote basic **financial literacy for all citizens**

The **Financial Literacy Programme** reached its tenth edition in 2023. It has become an ideal way to help increase the public's financial literacy, with basic finance workshops for schoolchildren and activities for the general public. Managed by the Ibercaja Foundation, the programme responds to Ibercaja Banco's commitment to the National Financial Education Plan, led by the Bank of Spain and the Spanish National Securities Market Commission (CNMV). Its objective is to promote basic financial literacy for all citizens. As every year, the first week of October was Financial Literacy Week, this year focusing on inclusive finance.

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.

Other highlight educational programmes in the year included:

EDUCATE FOR THE FUTURE

"**Educate for the future**" is the Ibercaja Foundation's programme for educational innovation. Aimed especially at teachers and families, it seeks to respond to changing needs in the world of education through the work of nationally and internationally recognised professionals. In this edition, under the slogan "How do we learn? How do we teach?", 10 conferences have been offered, and the first edition of the new Educating for the Future Awards has been held, designed to recognise the most innovative centres and teachers at national level.

SCHOOLS 2030. RESCUERS OF THE PLANET

In 2023, the Ibercaja Foundation launched the third edition of: "**Schools 2030: Rescuers of the Planet**", in collaboration with Santillana, as part of its commitment to implementing the Sustainable Development Goals. The initiative is aimed at secondary school students so that they can work on the SDGs and the 2030 Agenda in a cross-cutting manner and in different areas. The chosen methodology is service-learning, in which students acquire knowledge through experiences linked to work carried out for the community. 13 schools took part.

LEARNING TO BE AN ENTREPRENEUR

In 2023, the Learning to be an Entrepreneur programme has completed 12 editions. This programme, aimed at 5th and 6th grade primary schoolchildren, aims to help them understand how the entrepreneurial world works from school, encouraging their entrepreneurial spirit, autonomy and personal initiative. A total of 54 schools have participated in the 2022-2023 school year in Aragon and La Rioja: public, subsidised, private and special education.

EDUCATIONAL PROGRAMMES

This initiative aims to complement the curricular content in an entertaining way and represents a resource for teachers. The Educational Programmes have complemented the education of the youngest through various activities adapted to the different educational stages, in key subjects such as financial education, mobility, art, science, technology, languages and the environment. In all, a total of 20,667 schoolchildren took part.

REPORTERS ON THE WEB

In 2023, the **Reporters on the Web** competition reached its twenty-fourth edition. A benchmark initiative in its field, it is aimed at students of ESO, Bachillerato and Vocational Training and aims to promote the learning of the following competences: science and technology, mobility, and financial literacy. Last year, 608 schoolchildren from 62 schools from all over Spain took part.

6.8.7 Sustainable mobility: Mobility City

Mobility City is a strategic initiative of the Ibercaja Foundation, backed by the Aragon Regional Government, which aims to place Zaragoza and Aragon at the forefront of the debate on new mobility and the transformation of associated sectors and industries, with the collaboration of institutions and companies that are a benchmark for our economy.

> **Objective**
>
> We aspire to **place Zaragoza and Aragon** at the **forefront of new mobility** and of the transformation of the industries and associated sectors

2023 has been the key year in Mobility City since in February it was inaugurated, with the presence of King Felipe VI, in a grand event that brought together senior representatives of the national, regional and local governments, as well as institutions and companies. The Ibercaja Foundation has committed to this great initiative, presenting the Mobility Museum as a reference space for dissemination and knowledge of the mobility of the future. This iconic space has hosted top-level congresses, conferences and events, attracting more than 190,000 visitors, since it opened to the public in March.

This year, the Mobility Museum has hosted the exhibition **"The Superclasses that changed the species"**, a continuously changing exhibition that offers a different visit every time you enter the space; composed of several automotive jewels, including classics, sports cars and other innovative vehicles that have marked the main milestones in the history of the automobile.

The automotive world has joined forces with space this year in the exhibition **"Mars. The conquest of a dream"**. It brings to the general public the main reasons why the red planet has been and remains a cause for study, revealing, in a playful and didactic way, some of the mysteries and curiosities it conceals.

The activities and events in which Mobility City has participated in 2023 include the third edition of the **Promotion of Sustainable Mobility Awards**, in collaboration with Anfac, Sernauto and Faconauto, held for the first time in Mobility City with the aim of recognising the most innovative projects in sustainable mobility. The event was attended by the Minister of Industry, Trade and Tourism, Héctor Gómez, and the President of the Regional Government of Aragon, Jorge Azcón.

Other events of interest have been: the **4th Sustainable Mobility Observatory**, in collaboration with Grant Thornton; the **2023 Mobility Forum**, chaired by Antonio Garamendi, president of CEOE; an ARAID conference during **Science Week**; a conference in collaboration with the Educatraffic Foundation in the Test Area as part of **European Mobility Week**; and the **7th Edition of Talent Summit**, co-organized with the Transforma España Foundation.

Mobility City has also staged professional and outreach events; for example: Faconauto automotive days, Anfac and Sernauto boards of directors meetings, Automotive Cluster information days, book presentations and classic car exhibitions.

Finally, collaborations have continued with the University of Zaragoza and the University of San Jorge through the **Mobility City and Mobility Experience professorships**, organising the "1st Spanish Congress on Mobility Research", and creating a computer application to enrich the visit to Mobility City, respectively.

6.8.8 Development of territories and digitalisation

Network of centres

The Ibercaja Foundation is open to the public through its different cultural centres, in Zaragoza, Huesca, Teruel, La Rioja and Guadalajara, providing a sounding board for its proposals giving a visible face to the people who make the Foundation's work possible in all the places where the Bank is present. In addition to integrating the territory, these spaces provide a boost to the cultural, social and training activity in the places where they are present. 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 collaboration of an expert team of professionals.

In 2023, the **30th anniversary of the Ibercaja Guadalajara Centre** has been celebrated, which is why a complete programme of activities and events has been organised throughout the year: round tables to discuss the different areas of work in which the Ibercaja Foundation has been involved over these 3 decades, with people who have left their mark on the social, cultural and business life of the city, a series of tastings, and a concert by Ara Malikian at the Buero Vallejo theatre. Throughout its history, the Ibercaja Foundation's Guadalajara Centre has been characterised as a meeting place for the people of Alcarreños and an engine of innovation in the city and the province. Over these three decades, innovative educational and entrepreneurship programmes have been promoted, always with the aim of contributing to the promotion and dissemination of culture, arts and knowledge.

Ibercaja Youth Space has completed a year of activity following a complete renovation and with a new orientation as a stage for emerging art, training courses, writing workshops, thematic conferences and much more, all focused on young people.

Digital services

Ibercaja Orienta

Ibercaja Orienta is a digital academic and professional guidance service aimed at the educational community: young people, families and educators, where they can find the necessary information to make the right choice of training and professional itineraries. The "Choose your future" videoconference series was also held, addressing trends in the labour market and the most in-demand professions, university offerings at national level, vocational training and artistic education. In 2023, there were 2,208 registered users.

Ibercaja Aula en Red (Online Classroom)

The **Ibercaja Aula en Red** platform offers didactic resources and applications aimed at making the most of classroom work. In 2023, new didactic content related to mobility has been published. Access is also provided to all the winning work in the national Reporters on the Web Competition. It also provides information on the Ibercaja Foundation's programmes and activities aimed at the educational community.

6.8.9 Employment and business

As part of its commitment to improving people's employability and the competitiveness of companies, the Ibercaja Foundation has a wide range of programmes and alliances with companies and institutions aimed at enhancing the skills of those who wish to embark on a new business venture, be more efficient and productive in their companies or acquire and improve skills to function in the new work environments of the digital era. In 2023, the Ibercaja Foundation allocated €5,509,199 to employment programmes, activities and resources.

The **Ibercaja Campus**, located in the Cogullada Monastery, is a place for meeting, networking, talent and adding value for the businesses and professionals located along the Ebro Valley, who are the end beneficiaries of the very best programmes in lifelong learning and development. Its main objective is to promote the economic and social development of our territory, being the engine of cultural change towards a more sustainable company throughout its value chain, aligning its training offer with the SDGs of the 2030 Agenda. All its work is carried out through collaborative management through alliances with institutions, entities, companies and professionals to offer training programmes and services that translate into improved economic and social results.

Employability

There are several programmes that promote employability, such as Come2Industry, a project in collaboration with the Aragon Automotive Cluster (CAAR) that brings companies and the education system closer together; or Soy Futuro (I am the Future), which aims to inspire young people and raise the profile of female managers and professionals. It is designed for schools, contributing to effective equality between men and women in society from the moment in which decision-making marks the professional future of young people, in collaboration with the Association of Women Managers.

Entrepreneurship

The Ibercaja Foundation supports entrepreneurs on the road to making their business project a reality and, among others, the following projects were undertaken throughout 2023:

Salta (Leap) Programme: in collaboration with Zaragoza City Council and the Zaragoza City of Knowledge Foundation, aims to help entrepreneurial projects to launch themselves onto the market in one of the following verticals: mobility, trade/market and smartcity solutions.

Rural Entrepreneurship Awards: an initiative launched in 2022 in collaboration with the University of Zaragoza as a member of the UNITA alliance, it is meant for students from the universities of Zaragoza, Turin (Italy), Pau and Savoie Mont Blanc (France), West of Timisoara (Romania) and Beira Interior (Portugal), and its goal is to reward business ideas to be applied in rural areas of Aragon in order to contribute to their economic development. This new call has been awarded the CECA Special Prize.

6.8.10 Culture

The objective of Ibercaja and the Ibercaja Foundation is to promote culture across all the regions. Culture is an indispensable tool for intellectual and personal development; for this reason, the Ibercaja Foundation works continuously to disseminate scientific and humanistic knowledge in society, making art, music and theatre available to everyone.

Goya Museum

The Goya Museum has offered the following temporary exhibitions, welcoming a total of 75,647 visitors to the museum throughout the year:

The exhibition, **"Fernando Botero. Sensuality and Melancholy"**, exhibited 40 works, including paintings, sculptures, drawings and watercolours, by this Colombian artist, where the volume of his forms was the central axis of each of the compositions, in which the chromatic explosion and the influence of his roots also stood out.

The exhibition, **"Decisive moments in photography. The Julián Castilla collection"**, featured iconic images by the most important photographers of the 20th century, such as Robert Capa, Man Ray, Henri Cartier-Bresson, Alfred Stieglitz and Robert Doisneau. Le Violon d'Ingres, Le Baiser de l'Hôtel de Ville, Death of a Republican Militiaman and portraits of Picasso, Dalí, Miró and Giacometti were some of the 62 photographs taken between 1902 and the present day to be shown at the Goya Museum.

The exhibition, **"Roberto Fabelo. Divertimentos"**, combined 57 paintings, drawings and sculptures in which Fabelo resorted to cockroaches, flies, roosters, humanoid insects, grotesque characters and mythological beings to represent his condemnation and repulsion of violence, social scourges and misery.

The work of the Cuban artist, Roberto Fabelo, was also shown in the Plaza de Nuestra Señora del Pilar in Zaragoza, where his **"Leadership"** installation, an exhibition composed of 21 large rhinoceroses, attracted the attention of the general public and responded to the Ibercaja Foundation's commitment to bring culture to the whole of society.

"Blue. The Abelló Collection" was the last of the exhibitions hosted by the Goya Museum in 2023, where the colour blue was the central axis of a careful selection of 41 works from the Abelló Collection, covering five centuries of art and its great masters such as Goya, Sorolla, Picasso, Juan Gris, Gaugin and Miró.

Ibercaja Patio de la Infanta

The Ibercaja Foundation's exhibition and congress centre, Patio de la Infanta, with a permanent exhibition of a selection of mythological and religious tapestries, from the Ibercaja Foundation's collection, in its Renaissance courtyard, has also hosted the following temporary exhibitions:

"Zaragoza in the centenary gaze of Thomas", an exhibition of old photographs in mural size, to get to know the city and the day-to-day life of its inhabitants a hundred years ago. The exhibition took us on a journey from 1908 to approximately 1923 through 60 nitrate negatives by Fototipia Thomas, portraying the historical and religious buildings, squares, bridges and main streets of Zaragoza.

"Play and dream: the history of Spanish toys (1870 – 1970)", a sample of Spanish toys that shaped childhood and entertainment in the 19th and 20th centuries. This selection, belonging to the Quiroga-Monte Collection, ranged from such well-knowns as the Mariquita Pérez doll, wind-up trains and tin cars, to the most exclusive and dazzling toys, many of them on show to the public for the first time.

The exhibition, **"The Disasters of War"**, brought Francisco de Goya's series of The Disasters of War prints into dialogue with images by the Aragon photojournalists Diego Ibarra and Judith Prat. The photographs brought to the public a harsh reality: the violent injustices committed by human beings in wars, whether in Zaragoza at the beginning of the nineteenth century, or in Pakistan, Iraq, the DRC or Ukraine today.

Finally, as part of the Congress of the Royal Economic Societies, the Ibercaja Foundation organised the exhibition, **"The beauty of intelligence, the first step towards equality"**, in which the role of women in these institutions and how they worked to achieve equal rights between women and men in society was the common thread.

The Ibercaja Foundation's cultural activity has also taken the form of several series of conferences, including:

New events this year include the "**Three windows to the past**" series, organised by the Ibercaja Foundation with the aim of exploring different eras through three novels, by María Luisa Gil, Antonio Pérez and Domingo Buesa.

Also new in 2023, the "**Music Box"** series of conferences has been offered, with the goal of bringing lyric opera to the general public through essential operas introduced by the populariser of music, Juan Carlos Galtier.

"Book Tuesday" has also continued, with the aim of presenting new literature, in which authors such as Juan Luis Arsuaga, Pilar Eyre, Emilio del Río, Carmen Mola, Dolores Redondo, Luz Gabás, Sergio del Molino and Manuel Vilas have participated.

"**Aragon as a novel**", in its third edition, has made it possible to look at the past of the Kingdom of Aragon through its historical figures and decisive moments, with four conferences directed by Isabel Abenia and Juan Bolea.

Ibercaja Foundation, Madrid

New this year, the Ibercaja Foundation took culture beyond its traditional area with the exhibition, "Worlds. Goya and Fabelo", at the Conde Duque Centre in Madrid. The exhibition put some of the pieces of renowned Cuban artist Roberto Fabelo in dialogue with Francisco de Goya's engravings from the series The Caprices and The Disasters of War.

Another of the outstanding series has been "Women of Aragon in History", in collaboration with the Royal Academy of History in Madrid, where renowned historians reviewed the figures of Saint Engratia, Queen Petronilla, Lady Mary Willoughby, Ana de Gurrea, women in the Sieges of Zaragoza and María Moliner.

Disseminating and protecting the work and legacy of Francisco de Goya is one of the Ibercaja Foundation's commitments. As part of this work, the Ibercaja Foundation, in collaboration with the Royal Academy of Fine Arts of San Fernando, has carried out a rigorous restoration project **of the original copper plates of Francisco de Goya's** engravings, specifically The Caprices, The Disasters of War and The Follies.

6.8.11 Tax information

201-4, 3-3, 207-1, 207-2, 207-4

The Group obtained **pre-tax profit of €391,379 thousand** (€254,294 thousand in 2022 after being restated for IFRS 17 coming into force). **Corporation tax was €87,003 thousand** (€72,423 thousand in 2022).

Within the framework of the spin-off process, and in accordance with applicable legislation, in 2011 Ibercaja Banco and la Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (now Fundación Bancaria Ibercaja) decided to form **a Corporate Income Tax Consolidated Group** (No. 579/11). Since 2012, the other Group companies that could join the tax group have been included and therefore Corporate Income Tax is assessed on a consolidated basis.

As a result of the securities exchange in July 2013 in which Ibercaja Banco acquired control over Banco Grupo Cajatres, as from the tax period starting 1 January 2014, Banco Grupo Cajatres and its investees that met the relevant requirements were included in the consolidated tax group.

Fundación Bancaria Ibercaja is also the parent entity of the VAT group (No. 78/11) which includes all qualifying group companies which have voluntarily agreed to join.

The Group and its companies are subject to inspection by the tax authorities for Corporate Income Tax for 2018 and subsequent years; in terms of other taxes, they are subject to inspection for periods from December 2019 onwards.

Due to possible different interpretations of the applicable tax regulations, there may be certain tax contingencies which cannot be objectively quantified. However, in the opinion of the Group's Board of Directors and Management, should these contingencies result in actual liabilities they will not have a significant effect on the financial position and the results obtained by the Group.

In 2021, the Bank's Board of Directors approved, at a meeting held on 29 April 2021, the Ibercaja Group's Corporate **Tax Policy**, which sets out the fundamental principles and guidelines that will govern Ibercaja's tax strategy, in accordance with applicable regulations and best tax practices. The policy clearly states that the promotion of a suitable compliance culture is one of the Bank's core values and that, consequently, all tax-related actions must comply fully with applicable law and regulations.

When it comes to tax governance, it states that the **Audit and Compliance Committee** is responsible for ensuring due compliance with the policy, reporting to the Board of Directors, and that the Regulatory Compliance Department will be responsible for periodically monitoring compliance with all applicable procedures in this regard.

Under the terms of the Tax Policy, the Bank's tax compliance risk profile is low.

Thus, the **Annual Operating Plan of the Regulatory Compliance Department** states that the department's remit includes the definition and supervision of the internal control framework in the realm of tax compliance, as well as the review of the existence of procedures and the identification of control milestones for compliance with applicable tax legislation, in collaboration with Tax Advisory. It likewise establishes that the conclusions of the reviews carried out, as well as any proposals for improvement that may be issued, shall be included in the periodic reports that the Regulatory Compliance Department submits to the Global Risk Committee and to the Audit and Compliance Committee.

In fulfilling these duties, the Regulatory Compliance Department, in collaboration with Tax Advisory, has drawn up a **risk map** of potential non-compliances with tax obligations, taking into account the nature and activities of the Bank. This map has been the basis for establishing a tax risk matrix, while at the same time prescribing the priority areas for supervision and control.

In addition, in 2023 we **continued to promote knowledge of new developments and tax culture** with a multitude of talks and webinars, in collaboration with professional firms, professional associations and business organisations and various Chambers of Commerce, on various subjects such as pension plans, family businesses, tax and inheritance planning and end-of-year tax recommendations, which were published on social media along with other articles on taxation.

In 2023, 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**.Both in 2022 and 2023, Ibercaja Banco and the Group companies did not receive any public subsidies or aid.

6.9 Human rights

2-23, 2-27, 3-3, 406-1, 407-1,408-1, 409-1

> Ibercaja is firmly committed to respecting human rights and its sustainability policy expressly states this. This principle extends to the entire Ibercaja Group and its team.

For Ibercaja, doing business **responsibly while respecting and promoting human rights** is an essential aspect of its business and principles. Our activities are carried out at all times in strict accordance with prevailing legislation and in compliance with international standards. The Bank is always mindful of the UN Universal Declaration of Human Rights and has **adhered to the United Nations Global Compact** since 2006, so that its activity is carried out in accordance with the principles established in this initiative, which promote and defend respect for human rights by companies, and this is reflected in the Global Compact Progress Report (Chapter 6.13), from this initiative, which the Bank completes on an annual basis.

One of the guiding principles of the **Ibercaja Sustainability Policy** approved in 2020 by the Board of Directors is the defence of human rights; a principle that covers the entire Ibercaja Group and all of its members. This is reflected also in the Bank's **Code of Ethics**, as a key element that reinforces the corporate culture and ethical approach when managing the Bank and its subsidiaries.

The Bank has set up a **reporting channel (ethics channel)** for reporting any breach of this Code. The corporate website www.ibercaja.com also includes an **email address** (rsc@ibercaja.es) available to anyone who wishes to contact the Bank.

In 2019 Ibercaja signed up to the **Principles for Responsible Banking**. Under the auspices of the United Nations, these principles aim to provide a framework for sustainable finance and to support the financial sector in demonstrating its contribution to society. The implementation guides expressly mention the desirability of making the **Guiding Principles on Business and Human Rights** part of the Principles of Responsible Banking.

Ibercaja also promotes respect for human rights, **in line with the SDGs of the 2030 Agenda**, conveying this commitment to the people, companies and institutions with which it relates, incorporating the defence of these rights in investment and project financing decisions, and in its relations with customers and suppliers. In the specific case of suppliers, the Bank has a **Supplier Code of Conduct** that sets out the values that are encouraged for responsible procurement, many of which are related to human rights. This Supplier Code of Conduct must be ratified by any supplier looking to work with the Bank, thus embracing the commitments that the Bank upholds.

Both in 2022 and 2023, the Institution was not subject to any sanctions or involved in any criminal proceedings or similar incidents that could infringe on human rights.

6.10 Fight against corruption and bribery

2-15, 2-23, 2-27, 3-3, 205-1

6.10.1 Measures to combat corruption and bribery

> Ibercaja promotes a culture based on the principle of "Zero Tolerance" of illegal acts, encouraging ethical and responsible behaviour among everyone from within the organisation.

During the year, there were no communications nor were any conducts detected that could constitute the crime of corruption or bribery.

The Bank has a criminal risk prevention system, the purpose of which is to mitigate the risk of the commission of actions by members of the organization that may constitute crimes. The system has express policies and procedures in place to avoid corruption and bribery in its business, 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 functioning of the system.

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 criminal risk prevention system is set out in a manual that consists of two parts:

General Part:

This part defines the structure of the organisational model, supervision, verification, monitoring and general procedures and controls that the Bank has in place to prevent the commission of criminal risks that, being susceptible to generate criminal liability for legal persons under the Criminal Code, may hypothetically occur due to the activities carried out by the Bank.

Special Part:

This part details each of the criminal risks identified through a series of appendices; one for each type or group of offence (e.g. money laundering offences, business corruption, stock exchange offences, tax offences, subsidy fraud, etc.). The list of criminal risks identified in the Special Part does not imply that the materialisation of such risks has been detected, but rather that they are identified as activities carried out by the Bank that are connected with conduct which, if it were to occur, could constitute a criminal offence.

In 2023, the whistleblowing channel has been adapted to the provisions of Law 2/2023, regulating the protection of persons who report regulatory breaches and anti-corruption matters, making it possible, in particular, for communications made through this internal information system (SII) to be used anonymously by persons who have some professional relationship with the Bank and who have become aware of the existence of irregular practices of the kind set out in the above-mentioned Law, precisely because of that professional activity.

Thus, communication can be made by this means not only by employees but also by third parties who provide services to the Bank (suppliers, service providers, etc.).

The main changes with respect to the previous communication channel are that anonymous communication is now allowed and taken into account (previously confidential communication was taken into account but not anonymous communication), and that the communication channel has been replaced, email ceasing to be used and an online platform, developed by EQS being established. This reinforces the protection of the confidentiality of the identification (or the anonymity) of the person making the communication since it can only be accessed by the Director of Regulatory Compliance, who is the person appointed by the Board of Directors for the daily management of the SII communication channel and who will receive and have access to any communications made through this communication channel, and will ensure that the confidentiality (or anonymity, as the case may be) of the person making the communication is preserved.

The Board of Directors approved the policy governing the SII and the new communication channel enabled for this purpose. It is accessible via a link on the Bank's intranet and on the home page of the corporate website, www.ibercaja.com, and provides a guide with questions and answers on the use of the channel and, in particular, on the guarantees of confidentiality and protection against retaliation for making use of it, and for having made a well-founded communication of the existence of possible irregular acts that fall within the scope of application of the regulation.

Notwithstanding the above, Ibercaja has an action protocol for the prevention, management and resolution of situations of sexual, gender-based, moral and discriminatory harassment, which aims to prevent, eradicate and, where appropriate, sanction all those situations that constitute harassment and threaten the dignity, moral and sexual freedom of the Bank's staff. Management of this protocol has been entrusted to a specific Investigating Committee to investigate any such cases, which includes representatives of the Labour Relations Department and of the workforce.

The communication channel for these cases is managed by the Health and Labour Relations Unit and has been integrated into the SII, so that the person affected by such a case is free to use either of the two communication channels to report that they are being subjected to (or have been a direct witness to) these practices.

The SII policy was submitted for prior consultation with the workers' representatives in the Bank, and, in view of the comments received, some amendments were incorporated into the initial proposal, prior to its approval by the Board of Directors.

The criminal risk monitoring system is based on the three lines of prevention model in risk management:

- The **first line of prevention** is the business units, which assume "ownership" of the risk and understand and manage the risks they are exposed to in the course of their activities.
- The **second line** is the internal control framework, which aims to ensure adequate risk control, prudent business conduct, reliability of information (financial and non-financial) and compliance with the Bank's internal regulations, policies and procedures. The risk control and compliance functions are found within this second line of defence.
- The **third line** of risk prevention and management is the internal audit function. All of them, within the scope of their respective activities and functions, must ensure adequate risk management in general, and criminal legal risk in particular.

> **Objective**
>
> Promote a culture of preventive compliance based on the principle of zero tolerance of unlawful conduct and wrongdoing

Thus, the system is based on and constitutes a formal statement of the intention of the Board of Directors and senior management of the Bank to establish and uphold, as one of its basic values, that the actions of all members of the organisation shall always comply with the legal system in general and with criminal law, in particular, by fostering a culture of preventive compliance, based on the principle of **"zero tolerance"** with the commission of unlawful acts (including bribery), and promoting ethical and responsible conduct. This commitment is also enshrined in Ibercaja's **Code of Ethics**, as approved by the Board of Directors.

All of Ibercaja Banco's current workforce has **received training in criminal risk prevention**, including the offences of corruption and bribery.

6.10.2 Measures to combat money laundering

During the year, 159 files were opened for the analysis of transactions suspected of being related to money laundering or the financing of terrorism. SEPBLAC was informed of 153 cases where specific analysis suggested there was evidence to be further examined. In 2022, 167 special investigation cases were opened, of which 161 were communicated to SEPBLAC

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 in order to uncover, impede and prevent the carrying out of transactions that may be related to money laundering or the financing of terrorist activities.

The structure and content of these procedures and bodies, which are described in the corresponding manuals, meet the **principles of swiftness, security, efficiency, quality and coordination**, both in the internal transmission of relevant information and in the analysis and reporting to the competent authorities of such information pursuant to applicable law and regulations on the prevention of suspicious transactions.

A basic pillar of the AML/CTF system are the due diligence measures referred to in Law 10/2010 and the provisions of Royal Decree 304/2014 that implement it: identification of the customer and their beneficial owner and information on their economic activities and on the source of the funds that the customer is wishing the Bank to deal with or handle.

Consequently, and in line with the risk prevention and management model based on **three lines of risk defence in place at the Bank**, the first filter of the AML/CTF system is the establishment of the relationship with customers, and this relationship is the responsibility of the Branch Network and business units, which act as the **first line** of defence against the risk of money laundering and the financing of terrorism.

In the **second line** of defence, 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, so that in cases in which there is a greater risk that the Bank may be used for money laundering or terrorist financing, these measures are applied with a greater degree of intensity.

6.10.3 Contributions to foundations and not-for-profit entities

Ibercaja is firmly committed to its activity promoting sustainable development and, above all, to making its Corporate Purpose of "helping people build their life story because it will be our story" a reality. That is why, in addition to its Shareholder Foundations, it makes contributions to non-profit organisations and/or foundations to carry out programmes that promote financial education, support for the community, and employability, while also sharing the best practices in the market and promoting the development of projects that raise awareness in society about caring for people and the environment.

To the extent that contributions of an economic nature by the Bank to foundations and not-for-profit organisations are made through accounts held in Ibercaja, the organisations benefiting from these contributions are subject to the same **controls for prevention of money laundering and financing of terrorism** as other customers. In addition, given that due to their very nature, such entities are categorised as medium risk customers, in addition to the application of due diligence measures that are carried out in each customer registration or monitoring of the business relationship (e.g. check against blacklists), the Bank adopts additional control measures for the adequate management of the risk of money laundering or financing of terrorism.

6.11 Communication: listening to and dialogue with our stakeholders

2- 29, 3-3

> For Ibercaja, active listening and dialogue with stakeholders is key to developing its business model and achieving the greatest positive impact and meeting their expectations and needs.

The challenges faced by the Bank and, specifically, its active role in **achieving the Sustainable Development Goals for the improvement of the planet**, can only be met by actively engaging its stakeholders to jointly promote the necessary transition towards a more sustainable economy. Doing this necessarily means fostering **dialogue and close cooperation** with stakeholders, knowing their expectations and working together, through partnerships, and joining forces.

> **Dialogue and proximity**
>
> It is necessary **to foster dialogue and proximity with stakeholders**, to know their expectations and to work together, through alliances, as we join forces.

The Bank has a **stakeholder map**, which is regularly updated and identifies those stakeholders that are a priority for the Bank: **customers, employees, investors and shareholders, suppliers and society**. In addition, the impact of its activity on the **environment** is given careful consideration. This selection was made after analysing their expectations and interests and assessing their relationship with the Bank, their capacity to influence and the importance of each group for the Bank.

Stakeholders are persons or groups that have an impact on the 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, trust and business opportunities, while contributing to our differentiation within the market.

There is therefore continuous coordination and alignment in the dissemination of content through the Bank's various communication channels, both externally and internally.

Communications criteria

Transparency, veracity, diligence and neutrality are the essential criteria present in all the information flows generated by the Bank, both internally and externally. These flows are systematised through a communication model based on these four key criteria.

TRANSPARENCY

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 make use of to their maximum benefit.

NEUTRALITY

All stakeholders are entitled to information generated by Ibercaja in 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.

Through the Somos internal communication portal, information is provided and visibility is given to external communication actions and most relevant events organised by Ibercaja and in collaboration with strategic partners, such as associations and public and private institutions and the media in the different regions.

As a new feature in 2023, the "**Expert's Corner**" has been permanently added to the Somos portal. It contains interviews, opinion articles, podcasts and videos related to the most outstanding media interventions by Ibercaja's expert professional spokespersons. Topics include: financial market trends and prospects; how to optimise savings and investment taxes; the importance of communication to reputation, etc. This section makes the Bank's active collaboration in the media visible to the entire workforce, while also reinforcing these stakeholders' awareness of their role as a significant benchmark player in the sector.

Also, in the last quarter of the year, a series of interviews were conducted by leading journalists, which under the title "**We are what we say, we are Ibercaja**" conveys the assessments of the directors of the different Areas of the Bank and members of the Management Committee of how their activity has evolved during the year, and the lines of work for the coming months, highlighting the performance of their teams. In 2023, interviews with Antonio Martínez, Director of the Financial Area, and Luis Miguel Carrasco, Director of the Financial Group, have already been published.

Ibercaja has continued to deploy its **Internal Sustainability Communication Plan**, with the aim of **accompanying** the Bank's sustainability project and helping to ensure that its objectives in this area are **known and interiorised by the Bank's staff**, thus helping to foster a new "**culture of sustainability**".

This year, the Sustainable Impact on the Bank's People was published. This report, created in 2022, compiles data on the most outstanding actions carried out by the organisation in this area during the year, thus contributing to the achievement of the Sustainable Development Goals:

External communication

External Communication in 2023 has continued to be deployed within the framework of the new Challenge 2023 Strategic Plan. The Bank focused its messages relating to the activities of Corporate Banking, Personal and Private Banking and Insurance, as well as those relating to sustainability, thus helping to raise awareness of the Bank's firm commitment to sustainable growth and, at the same time, accompanying its stakeholders on the path towards a society that is more just and respectful to the environment.

Ibercaja maintains fluid relations with Spanish, foreign and specialist media, responding to requests for information and notifying society of significant events involving the Bank. Thus, 620 media actions have been managed, through which, in 2023, the Bank has achieved 23,145 impacts. It should be noted that, of these impacts, 34% occurred in generalist, confidential, economic and financial media, representing a 5% increase on the presence in previous years in this type of media.

The main external communication actions include:

Nine press conferences and 160 press releases: in which information was provided to the media on the Bank's achievements and procedures deemed to be significant for the its various stakeholders.

In the field of corporate communication, the following have had a particularly significant media impact; the publishing of the Bank's results for 2022 and for the three quarters of 2023; the issuance of €500 million of senior debt; the constitution of a new consumption-based savings company, Pensumo, Consumption Pension; and the hiring of 250 new professionals during the year, which in all had 350 impacts.

Other highlights in this area are the impact of the intervention of Ibercaja's chairman, Francisco Serrano, at the conference organised jointly with CEOE-CEPYME Guadalajara at this financial institution's cultural centre in the town, on the occasion the 30th anniversary of its opening, and the participation of Ibercaja's CEO, Víctor Iglesias, in Forinvest, in Valencia, and in the business meeting jointly organised by CEOE and CEPYME in Madrid. These actions had a total of 128 impacts in economic, general and local media throughout the country.

In addition to these events, the press calls held in Madrid to present **the balance sheet of Ibercaja's fund management company, Ibercaja Gestión,** in the first and second half of the year, as well as its outlook for 2024 with respect to its activity and the markets, were attended by 15 media outlets and generated 94 impacts in different printed and digital financial newspapers.

It is also worth mentioning the press conference on **the Business Banking balance sheet for 2023, as well as its business outlook for 2024**. It also took place in Madrid, was attended by 14 media outlets and obtained 31 impacts in the main national economic media, both printed and digital.

This year the collaboration has continued to be promoted of expert professionals from 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. In total, 451 collaborations have been managed, which have accounted for 73% of the total communication actions (press conferences, press releases, opinion articles, interviews, comments, meetings and collaborations) carried out during the year. This data shows the progress made in Ibercaja's positioning in the media as an expert in the financial field.

Preparation and dissemination of the four-monthly issues of Economía Aragonesa and the half-yearly issues of the journal Economía Riojana, which include forecasts of economic and employment growth in Spain and Aragon prepared by the Bank's Economic and Financial Studies unit; analyses of the international, national and regional economic situation also prepared by this unit, as well as monographic articles on regional socio-economic issues. Three press conferences were held in Zaragoza and two in Logroño to present these figures to the media, plus an equal number of events with entrepreneurs and managers from Aragon and La Rioja to present the content of these publications.

This year, celebrating the 25th anniversary of the Economía Aragonesa magazine, issue number 80 included, in addition to the usual forecasts, an article on the macroeconomic evolution of the Aragonese economy in the last 5 decades, as well as articles on 15 sector outlooks and 10 cross-cutting macro-economic trends that have impacted the Aragonese economy in recent years, provided by different business organisations, academic institutions and business clusters in Aragon.

Planet Week: in October of this year, the 3rd Ibercaja Planet Week was organised, with the slogan "the week in which the planet and you win", with the aim of conveying to society, customers and employees the Bank's commitment to the transition towards a more sustainable economy, while also seeking to raise awareness and engagement among all of its stakeholders. The Bank's commitment to being a benchmark in sustainability was reflected in the 71 press releases, as well as collaborations with the media, articles, events, etc. during the year, with 1,064 impacts in the media and 214,000 impressions in the dissemination of information on social media through the Bank's channels.

Dissemination of Next Generation Funds: Communication actions have continued to be carried out, in collaboration with the Business Banking Area, to reinforce dissemination of Ibercaja's position as a facilitator of European funds to customer companies, through events with current and potential customer interested in applying for aid from the Next Generation funds.

Dissemination of Más Empresa ecosystem actions: This year, the Ecosystem has started a new stage with an approach adapted to the new needs of companies, which has been duly communicated to the media, as well as the most relevant activities and collaborations that have been carried out throughout the year in this Ibercaja initiative.

Your Money with Heart communication plan: a specific communication plan has been deployed to give greater publicity to the **solidarity nature of the Ibercaja Sustainable and Solidarity investment fund and pension plan, which is materialised in donating part of the management fees paid by the unitholders to solidarity and environmental projects of non-profit associations and institutions**. The most outstanding action was the 2nd Ibercaja Solidarity Dinner, which this year had more than 400 attendees, double the number present at the first edition. In addition, different projects were disseminated in the media through a campaign of micro-spaces on the Onda Cero, SER and COPE Aragón radio stations in June and September, with a small reinforcement at Christmas. Finally, the communication action was completed with content in two national digital media (20 Minutos and El Confidencial).

Boosting presence in social media, broadcasting news related to the Bank, participation in events, sponsorship, partnerships, etc.

Institutional projection agenda.

The aim of this agenda is to position Ibercaja as a benchmark in the Spanish banking system in the eyes of public and private institutions, shareholders, Ibercaja employees, customers and society at large. To this end, we participate in the main economic and sectoral forums and meetings; we collaborate with different general and specialised media; we work in collaboration with institutions, sectoral and management associations; and we organise our own events.

Ibercaja is a member of the Spanish Confederation of Savings Banks (CECA), which groups together Spanish banks that were once savings banks in their day. To further the legitimate interests of its member institutions, CECA acts as a spokesperson and sectoral liaison with parliaments and governments, as well as with the various regulatory and supervisory bodies, both at European and national level. Therefore, on almost all issues, Ibercaja channels its lobbying strategy through CECA.

After the pause, during 2020 and 2021, in holding face-to-face events and conferences, due to coronavirus, in 2022 the activity of events promoted by Ibercaja recovered and increased exponentially, almost doubling the activity of 2020 and even exceeding pre-pandemic levels.

In 2023, this activity has continued to increase, reaching record numbers of conferences, events, meetings and webinars, with institutional projection throughout Spain, and of attendees. We have held more than 600 corporate events with almost 80,000 attendees, 70,000 of them attending in person.

By province, the territory with the highest number of events was in Aragon, with 249, followed by Madrid and Northwest, with 189. The Mediterranean Coast, Rioja, Burgos, Guadalajara & Extremadura and South territories each had more than 50 events.

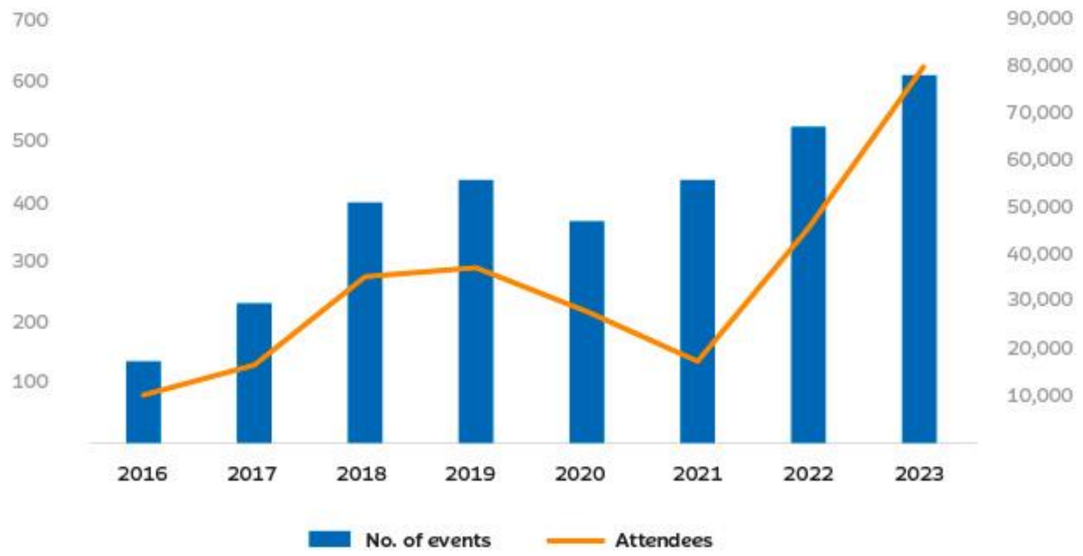
The largest events were held in the Mediterranean Coast territory, with 24,500 attendees and an average of 460 per event, mainly due to two large congresses in which we participate very actively: Bnew and Forinvest. This is followed by Extremadura and the South, with an average of 240 attendees, due to several events being held with more than 500 attendees.

Almost half of the events were aimed at the general public, followed by businesses, with 40%, and private banking, with 10%. The business segment has the highest number of attendees (57% of the total) due to its type of events, which include large congresses such as those held in the Mediterranean Coast territory. These events for companies are also among the most visited, with an average of 188 attendees.

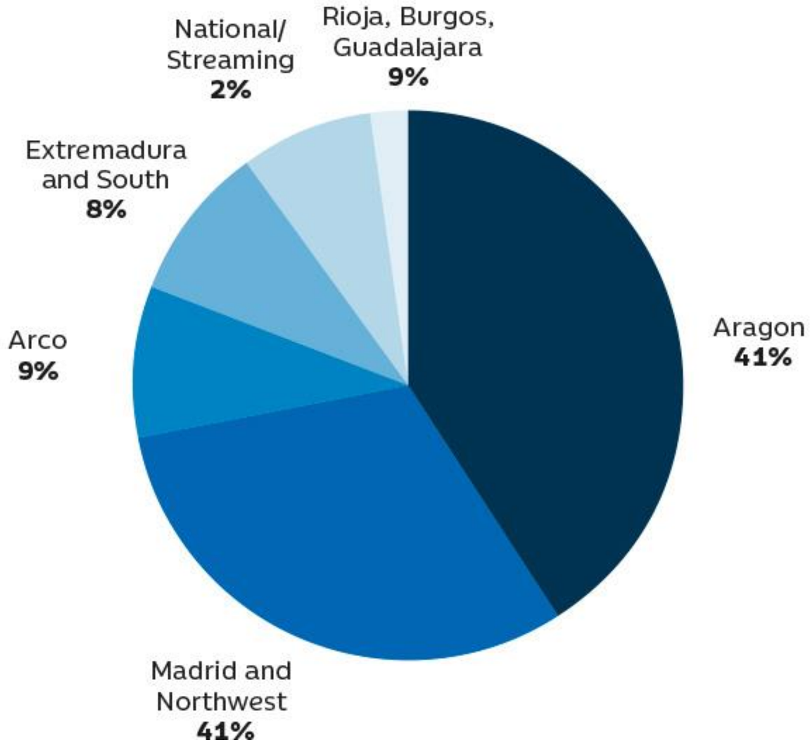
In terms of the type of events, most (82%) are held in collaboration with partners (business and professional organisations, institutions, professional associations, etc.). 11% are own events, organised by Ibercaja, and 7% are held in collaboration with the media.

In summary, 2023 has been the year with the highest activity in terms of institutional projection, exceeding by 16% the events held in 2022 and by 40% those held in 2019, the last full year before the pandemic. We have also had the highest number of attendees to date, 70% more than last year.

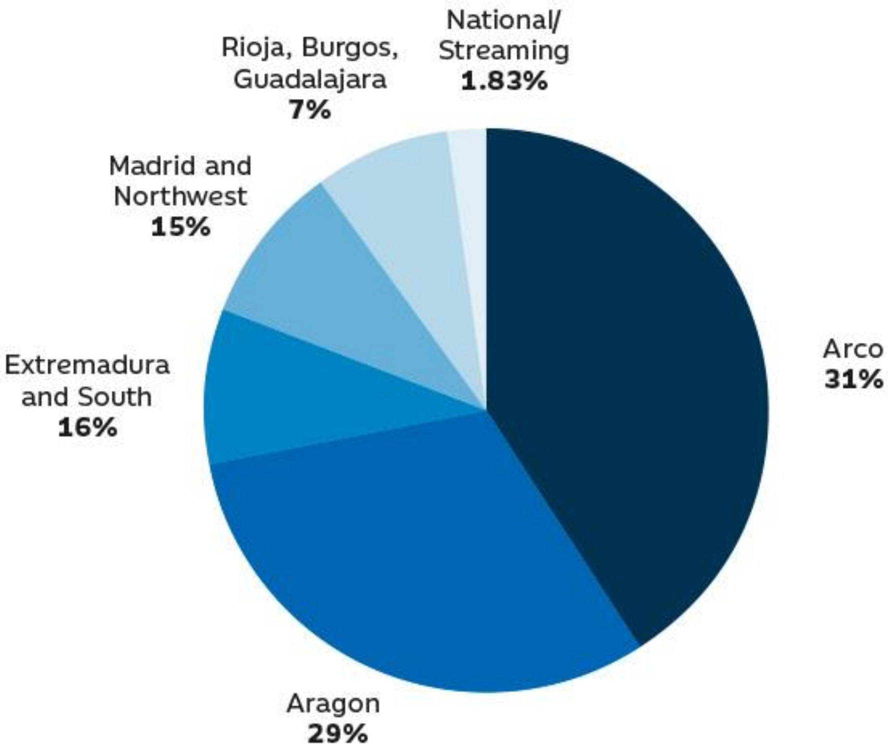
EVOLUTION OF NUMBER OF EVENTS AND ATTENDEES



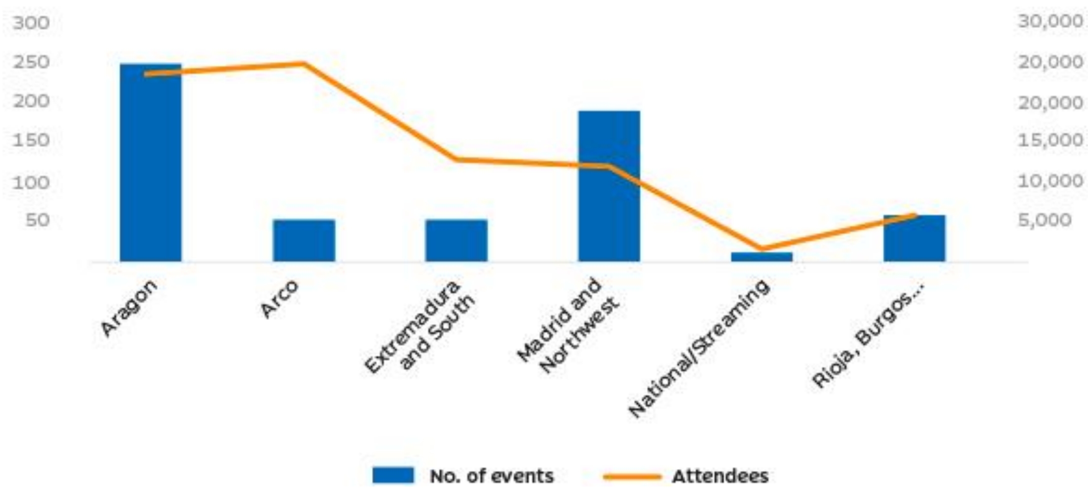
DISTRIBUTION OF NUMBER OF EVENTS AND ATTENDEES BY TERRITORY (%)



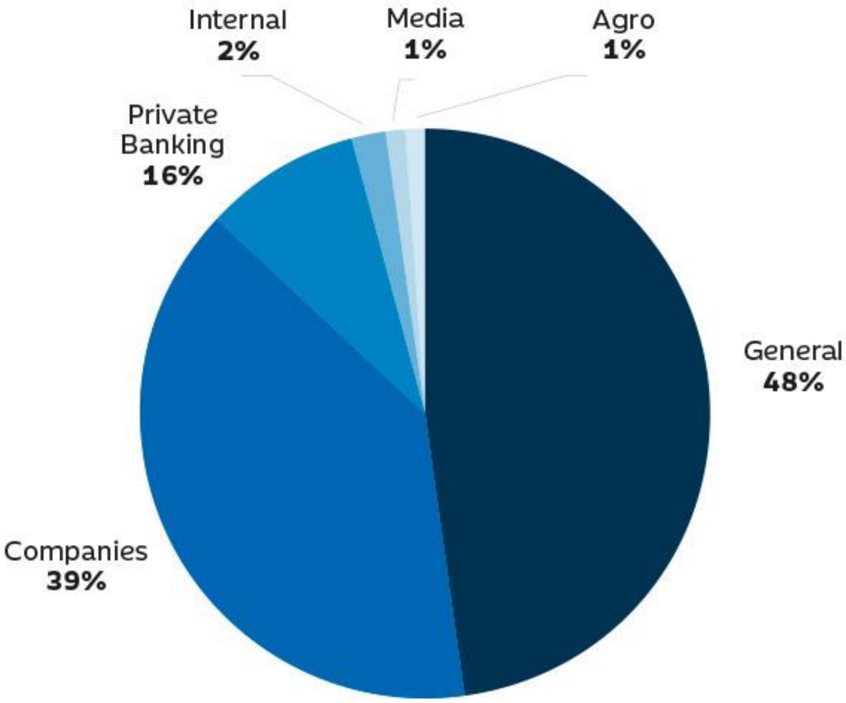
ATTENDEES BY TERRITORY (%)



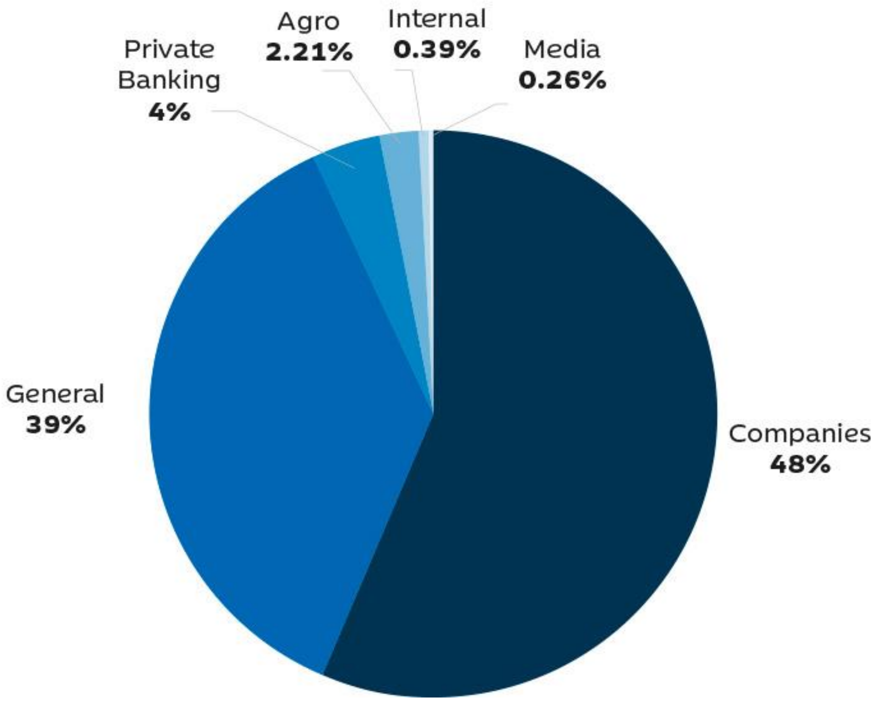
NUMBER OF EVENTS AND ATTENDEES BY TERR. DIV.



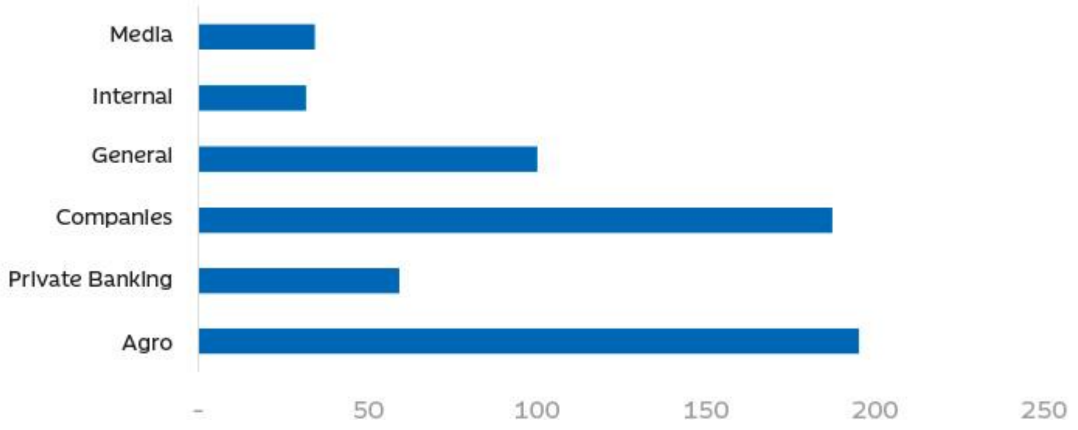
EVENTS BY TARGET AUDIENCE (%)



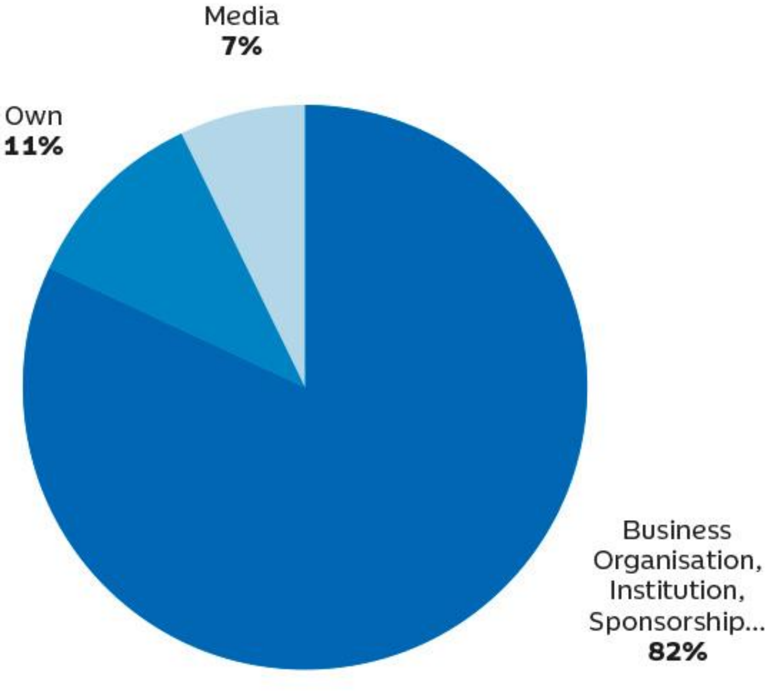
ATTENDEES BY TARGET AUDIENCE (%)



AVERAGE ATTENDEES PER EVENT ACCORDING TO TARGET AUDIENCE (%)



EVENT BY ALLY TYPE (%)



The most significant communication routes include:

	Customer service
	Corporate website and commercial website
vamos	Somos employee communication portal
	Suppliers Portal
	Active listening on social media
	Customer satisfaction surveys Employee satisfaction surveys Reputation measurement surveys Brand awareness surveys
	Free telephone numbers and email addresses
	Newsletters and online assessment questionnaires
	Meetings and focus groups with employees, customers and the general public
	Systematic and permanent relationships with bodies, institutions and social agents to ascertain trends and expectations and exchange good practices (AEC, CEOE, Chambers of Commerce, Forética, Cecabank, etc.).

6.12 2023 Commitments and 2024 Challenges

The attached tables provide information on the degree of achievement of the targets set for 2023, as well as the new challenges for 2024.

2023 Commitments

STAKEHOLDER	2023 COMMITMENTS	RESULTS	%
Customers	**Customer experience:** Post-interaction advice: Achieve 90% of satisfied or very satisfied customers in post-interaction counselling surveys. Omnichannel Relationship Customer Experience: TOP3 in the sector.	Milestone achieved, according to the counselling surveys. In 2023, 98% of the Bank's customers were satisfied with the advice they received Regarding the indicator of overall satisfaction with the Bank, taken from the BMKS sector study, we have moved to fourth position, just 4 hundredths of a point behind Santander	100%
	Digitisation: Users of Ibercaja apps: Surpass 1.1 million active users of the app and Ibercaja Pay	1.126.600 Over the year, the number of users of mobile banking has increased by 8% and of Ibercaja Pay by 9.5%, compared to the previous year. Despite a slowdown after the surge in digitalisation of the population in 2020, the upward trend continues	100%
	Marketing and sales: Market specific financing products for more sustainable mortgages that encourage increasingly energy-efficient housing stock. Expand the range of sustainable investment products to ensure that we can provide advisory and portfolio management services with a wider range of products to adapt to each risk profile and preferences in terms of sustainability.	The Más Sustainable Mortgage has been incorporated Two new investment savings products have been incorporated	100%

STAKEHOLDER	2023 COMMITMENTS	RESULTS	%
Human resources	2nd Measurement of Employee Experience.	2,934 employees have been surveyed at different times	100%
	Healthy Organisation Management System (SIGOS).	Certification gained in 2023	100%
	Update of the Equality Plan.	Agreement signed, including a protocol on prevention action and an agreement on flexible hours and teleworking	100%
	New ways of working	Signing of the collective bargaining agreement on flexible working hours, remote work, teleworking, digital disconnection and good practices in time management.	100%

STAKEHOLDER	2023 COMMITMENTS	RESULTS	%
Environment	**Emissions neutrality**: Offset the total direct emissions, measured in t CO2 e, that could not be avoided in 2022 through offset projects, achieving emission neutrality by 2022.	In 2023, all unavoidable scope 1 emissions have been offset in projects certified by national and international standards	100%
	Continue to **improve recycling in branches** by installing new selective waste collection points.	In 2022, the implementation of segregation and selective collection of the most common waste (paper/cardboard, plastics and other) was systematised in Proxima type branches, and in 2023 the initiative has been implemented in a total of 70 branches in Madrid and Zaragoza.	100%
	Development of an action plan to meet NZBA's decarbonisation targets.	In 2023, Ibercaja has defined the Transition Plan with the main elements to be considered in order to advance towards the interim decarbonisation targets in each of the three industrial sectors for which decarbonisation targets have been set.	100%

STAKEHOLDER	2023 COMMITMENTS	RESULTS	%
Suppliers	Incorporation of sustainability criteria in decision-making in some procurement processes.	ESG criteria have been incorporated into the decision tables for some tenders	100%
	Implementation of new developments in the Procurement and Contract Management tool to improve and streamline processes and the management of contracts and suppliers.	New functionalities have been developed to improve the processes of approval, information quality control and monitoring of tenders	100%

STAKEHOLDER	2023 COMMITMENTS	RESULTS	%
Company	Making Ibercaja's Purpose visible through behaviours and the corporate portfolio, to "help people build their life story".	In 2023, the SOMOS Ibercaja Relationship Model has been activated. Based on the 5 defined pillars, a series of corporate behaviours have been established, all focused on activating our Purpose internally.	100%
	Promoting diversity by advancing women's leadership.	In 2023, the fourth equality week was held under the slogan "We're all in the same boat", Throughout the week, the inspiring voices of different LeaderA Plan ambassadors promoted and reminded us of some of the skills that women bring to our leadership model: focus on people, the search for cooperation, the generation of empathy and their predisposition and adaptation to change	100%

STAKEHOLDER	2023 COMMITMENTS	RESULTS	%
Shareholders and investors	**Continue increasing the visibility of Ibercaja** among institutional investors, increasing the number of events, meetings and telephone conferences.	Numerous meetings have been held with major institutional investors regarding the issuances of AT1 and senior debt during the year, as well as regular meetings with analysts and rating agencies for the annual review process of our rating.	100%
	- Complete the MREL requirements and maintain an **efficient capital structure**.	The Bank has managed to comply with the MREL requirements six months ahead of schedule, and now has a positive gap.	100%
	Continue to **improve the credit rating** of the Bank	The Bank has managed to improve its credit rating from Moody's credit rating agency, despite the economic environment and the tightening of financial conditions.	100%

STAKEHOLDER	2023 COMMITMENTS	RESULTS	%
Other commitments	Advance the ESG data strategy and the definition of the Bank's ESG reporting model.	A strategy and roadmap have been prepared for correct implementation of an ESG reporting model	100%

2024 challenges

STAKEHOLDER	2024 CHALLENGES
Customers	**Customer experience:** • Satisfaction with the manager > 8 **Digitisation**: • Users of Ibercaja apps: Surpass 1.2 million active users of the app and Ibercaja Pay **Marketing and sales:** • Pensumo launch. • Arrangement of mortgages of digital origin > 30%.

STAKEHOLDER	2024 CHALLENGES
Human resources	• Launch of the new environment; Job portal (public website) • Implementation in some division of the new global professional development framework • Conceptual design of the new leadership model. • Design of the new management training programme.

STAKEHOLDER	2024 CHALLENGES
Environment	• Definition of new decarbonisation targets in carbon-intensive sectors. • Advance in the implementation of the transition plan for the defined decarbonisation targets. • Continue to improve recycling in branches by installing new selective waste collection points. • Complete implementation of LED lighting on several floors of the Headquarters tower: floors 10, 11 and 12.

STAKEHOLDER	2024 CHALLENGES
Suppliers	• Adaptation of the Procurement and Contract Management tool to the new regulations (Digital Operational Resilience Act) • Integration of the Purchasing and Contract Management application with other internal tools for the interrelation of information related to suppliers and services.

STAKEHOLDER	2024 CHALLENGES
Company	• Advance in the diversity and inclusion strategy. • Give visibility to Ibercaja's Purpose through the corporate volunteering programme.

STAKEHOLDER	2024 CHALLENGES
Shareholders and investors	• Continue increasing the visibility of Ibercaja among institutional investors, increasing the number of events, meetings and telephone conferences. • After having completed the hybrid capital buffers (AT1 and T2), in addition to meeting MREL requirements, the Bank will work on the next issue refinancings to maintain its current capital and financing structure. • Enhance communication of Ibercaja's ESG commitment among investors and rating agencies.

STAKEHOLDER	2024 CHALLENGES
Other commitments	• Deployment of the ESG information model with the implementation of the roadmap.

07

Risk management

7. Risk management

2-12, 2-25, 3-3

> Risk management, both financial and non-financial, including climate and environment risks, is key to Ibercaja's business development strategy.

The Group's risk management is organised through the **Risk Appetite Framework (RAF)**. The main objective of this tool is to establish a set of principles, procedures, controls and systems that define, report and monitor the Group's risk appetite. This is understood to be the level of risk profile that Ibercaja Group is willing to assume and maintain in terms of type and amount, as well as its tolerance level. It must be oriented towards attaining the objectives of the strategic plan in accordance with the lines of action established therein.

The Risk Appetite Framework forms a consistent management framework integrated into existing risk management processes and is approved and reviewed at least annually by the Board of Directors.

Under this Framework, the Ibercaja Group's risk appetite statement is based on the following principles:

- **Maintain a medium-low risk profile**. To this end, metrics and limits are established to ensure:
    - Maintain credit risk with low default rates and adequate coverage, avoiding unwanted impacts on the income statement.
    - Avoid concentration of risks in any form (individual, economic groups, sectors, etc).
    - Prevent the materialisation of operational, regulatory, legal or reputational risks, through active continuous risk management.
    - Control capital volatility due to the materialisation of market risk.
    - Ensure the stability of the Group's interest margin and economic value in the face of interest rate changes.
    - Maintain a liquidity position that ensures that payment obligations can be met.
    - Maintain suitable levels of risk-adjusted returns to ensure achievement of profit targets.

   - Set prudent limits to vulnerable exposures to climate and environmental risks.

- **Comply with regulatory requirements** at all times, and with self-set capital and liquidity targets.
- Maintain **strong risk governance** with the effective involvement of senior management and the Board of Directors.
- Foster a **risk-aware culture** and support the organisation's suitable understanding of the level and nature of risks to which it is exposed.
- Maintain and reinforce the **trust** of customers, investors, employees, suppliers and other stakeholders.

The Group's governing bodies and management are constantly monitoring the situation of the business and of risk management, both of which functioned normally during 2023.

Credit Risk

Relying on exhaustive risk monitoring, on the analysis of sector segmentation and on available information on customers, the Group has been actively implementing the most appropriate measures to ensure the proactive management of customers, while also adapting the accounting classification to the real situation of each borrower on the basis of prospective information and indicators from the alert models.

During the year, asset quality indicators began to experience some tension in the current context of a potential economic slowdown and the consolidation of interest rates at levels higher than those of recent years. In this context, the emphasis on managing recovery and foreclosed assets on the balance sheet has allowed us to record low levels of non-performing loans and non-performing assets (1.6% and 2.8%, respectively) at the close of 2023, and with high levels of coverage of above 80%, positioning us among the best in the sector and indicating a high degree of recoverability of loans.

Liquidity Risk

The management and control of the liquidity risk are governed by the principles of financial autonomy and balance equilibrium, guaranteeing the continuity of the business and the availability of sufficient liquid resources to fulfil the payment commitments associated with the cancellation of the liabilities on their respective maturity dates without compromising the capacity of answering before strategic opportunities of market.

Over the year, the Group's commercial dynamic, based on providing more profitable alternatives to our savings customers, in a context of predominantly rising market interest rates, through disintermediation products, such as investment funds and savings insurance, has led to a gradual decrease in liquidity levels, which, in any event, remain at adequate levels.

The Bank has carried out daily monitoring and active liquidity management, in a situation of normality, with high levels of available liquidity, reaching more than €12,000 million at the close of 2023. Liquidity metrics remain at comfortable levels compared to the regulatory requirements and within the risk appetite levels declared by the Bank.

Market Risk

In the area of financial risk, the trend that began in the previous year, of interest rate hikes at all maturities of the curve in the financial markets, continued in first nine months of 2023. In the last quarter of the year, as inflation data has started to turn around and with macroeconomic indicators foreshadowing a possible economic slowdown as a result of the impact of monetary measures on the real economy, the interest rate curve has experienced a decrease, which is more intense in longer maturities and less so in shorter tranches, ruling out the end of the rate hike cycle and a future change in central bank policy guidance. Credit spreads have eased during the year compared to the levels reached in 2022. As a result, the stock markets have more than recovered the losses suffered in the previous year. 2023 closed on a positive note with double-digit returns for the main equity indices in Europe and the US, with a 24% rise in the S&P 500 index and a 13% rise in the European STOXX 600 index.

The Bank applies prudent management in the financial markets, always promoting actions that allow us to make the most of opportunities or limit adverse effects through hedging, and permanently monitoring the impact of financial market movements on the main market risk metrics associated with financial portfolios exposed to market risk.

Interest Rate Risk

The aim of managing interest rate risk is to contribute to maintaining current and future profitability at adequate levels, preserving the economic value of the Bank.

The Group manages the exposure to the risk that derives from the transactions of their portfolio, both at the time of its agreement and in its subsequent monitoring, and incorporate to its analysis horizon the assessment established for the business and the expectations respect to the interest rates, as well as the proposals of management and hedging, simulating different behaviour scenarios.

The Bank monitors the metrics that measure the impacts of interest rate risk on the Bank's equity value and on the interest margin, in order to anticipate the foreseeable potential impact on capital and on results in the face of curve fluctuations and, where appropriate, evaluate possible balance sheet strategies to mitigate risk.

Operational Risk

The Group keeps close track of its operations at all times. The model adopted for operational risk management uses a combination of qualitative methodologies, based on the identification and expert assessment of operational risks and existing controls in processes and activities, together with the collection and analysis of risk indicators and quantitative indicators, supported by identification and analysis of the actual losses incurred in the Group.

In 2023, the Bank continued to strengthen measures and controls in the area of operational risk, in all its aspects, and to manage it proactively, keeping the materialisation of this risk at low levels, within the levels of risk appetite declared by the Bank. The number of operational risk events recorded during the year was down 9% on the previous year, and the quantification of real losses recorded fell by 6%. Excluding the impact of extraordinary losses such as interest rate floor clauses, the annual net amount of losses due to operational risk stands at €9 million (€28 million in the previous year).

Reputational Risk

In 2023, Ibercaja Group continued to work on reputational risk management and its integration into the Bank's global risk management frameworks.

Following the approval of the Reputational Risk Management Framework by the Board of Directors, work has been carried out to identify and evaluate potential reputational risks that may affect Ibercaja's image and reputation, and the reputational risk map has been prepared. Focus has also been placed on the internal communication of this management framework and on the training of employees involved in the identification, evaluation, management and control of reputational risk. At the same time, levers for improving reputation have been identified, developed and implemented.

Note 3 to the Ibercaja Banco Group's financial statements for 2023 presents **the significant information on the management of the different types of risk in greater detail**.

ESG Risks

Ibercaja, aware of its role as a key player in the economy, takes account in its strategic decisions of the impact of its operations on the environment, society and the economy, influencing change towards a more sustainable society. At Ibercaja, we are not only moving towards sustainability, we are actively promoting it.

Ibercaja observes **prudent global management of all financial and non-financial risks when carrying out its activities, including ESG risks (environmental, social and good governance)**, under the general principles of sustainability enshrined in the **Sustainability Policy**, approved by the Board of Directors in December 2020.

The Bank, committed to integrating ESG risks, is making progress in analysing the risks arising from climate change and environmental deterioration, their impact on customers and on its financial activity, for gradual integration into risk management procedures, in compliance with supervisory expectations.

In this regard, Ibercaja has an **Action Plan**, which is updated and approved annually by the Board of Directors, to respond to the **expectations of the European Central Bank's guide on climate-related and environmental risks**. This plan is developed within the framework of the "Purpose and Sustainability" Strategic Initiative, which is integrated into the "Challenge 2023" Strategic Plan and assessed by the ECB in regular thematic review exercises.

Ibercaja, aware of the potential impact that ESG factors may have on prudential risks through the various transmission channels, as well as on the Bank's business model, strategy and activity, continues to make progress in the development of procedures to identify its most sensitive exposures to environmental, social and governance risks. Integrating these risks into the Bank's framework of action enables progress to be made in quantifying and monitoring them in order to minimise their impact.

Ibercaja's sustainability strategy includes among its priorities the identification, measurement, management and monitoring of ESG risks for their progressive incorporation into the Bank's global risk framework, committing itself to contributing to the decarbonisation of the economy and promoting sustainable activities, in line with the Paris Agreement and the European Green Pact.

Within the areas of credit, operational, liquidity, market, reputational, business and underwriting risk, ESG aspects have been incorporated into the management frameworks and procedures for these risks, which reflect the intention to take them into account in management and control activities.

In addition, asset managers in the **Grupo Ibercaja, Ibercaja Gestión and Ibercaja Pensión**, committed to the development of society and the care and protection of the environment through investment, firstly, and inherent to their fiduciary duty, risk mitigation and the creation/preservation of value for the shareholder in the long term; secondly, to serve as a lever to encourage and promote companies to have a positive impact on the environment, the well-being of their employees and the communities in which they operate, as well as on their governance systems, contributing, through the investment process, to the improvement of society as a whole.

There is a cross-cutting and consolidated working group[39], coordinated by Risk Control, with the aim of meeting the objectives for the integration of ESG risks, defined in the Strategic Sustainability Initiative, which is involved in the development of all the phases necessary for proper ESG risk management, currently prioritising climate factors.

1. Identification of ESG risks

Ibercaja identifies ESG risks, especially climate and environmental risks, as risk factors that are likely to have an impact on prudential risks through its counterparties and/or invested assets by means of certain transmission channels (decrease in profitability, decrease in the value of real estate, decrease in the return on assets, among others), which represent the chain of causality by which an ESG factor and/or its inefficient management have a negative impact on the Bank. In this regard, the Bank continues to make progress in analysing how these risks could materialise in the short, medium and long term.

Preparation of Ibercaja's Climate Risk Map is a fundamental pillar for making progress in understanding climate risks and their channels of transmission to prudential risk, because it allows an analysis to be made of the qualitative materiality or non-materiality of climate and environmental risks in the different risk categories. In addition, this process makes it possible to understand the characteristics and specifics of climate risk, identify the main climate risks that affect Ibercaja Group and establish and consolidate the risk management model, based on three lines of defence in the Bank.

In 2023, Ibercaja updated the climate risk map by working in coordination with the front lines of prudential risk, using a qualitative methodology with a top-down approach. The second line has also participated in preparing the climate risk map by exhaustively reviewing all the conclusions.

[39] For more information on the Working Group, see Appendix F of this report.

In addition, this year the inventory of climate events has been updated, aligning the climate events analysed in Ibercaja's Operational Risk Map with the climate events assessed in Operational Risk in the Climate Risk Map, and incorporating three new events:

1. *Greenwashing* at Bank level.
2. *Greenwashing* at product level.
3. Incorrect advice on the marketing of financial products.

The qualitative assessment of the materiality of climate risks and their potential impact on the different risks categories (credit, liquidity, market, operational, reputational, business and underwriting) has been carried out on different time horizons (short, medium and long term), distinguishing physical climate risks from transitional climate risks.

In 2023, the climate risk map has been enriched by considering three of the specific climate scenarios proposed by the Network for Greening the Financial System (NFGS)[40]: Net Zero 2050 scenario, Delayed Transition scenario and Current Policies scenario.

In addition, in this latest update, the impacts of climate risks on the mortgage portfolio and of companies on credit risk have been differentiated for the first time, and the physical risks in carrying out the banking business have been evaluated.

As a result, three climate risk maps have been drawn up, one for each scenario analysed, having selected Net Zero 2050 as the base scenario for the assessment of the qualitative materiality or non-materiality of climate risks[41] as it is considered the scenario with the greatest potential impact in the short term.

Being aware that other non-climate ESG factors can also be of vital importance in maintaining the value capacity of any organisation, in 2023, using its ESG Risk Map, Ibercaja has advanced in a qualitative approach to how environmental (non-climate), social and governance risks may materialise in the different risk categories.

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[40] Network for Greening the Financial System is a network of central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for the role of central banks in climate change.
[41] For details of the results obtained, see Appendix F of this report.

In 2023, Ibercaja has continued to work on the integration, identification, management and control of reputational risk, always aligned with operational risk because of the strong link between these two types of risk. In this process, the risks defined in 2022 in the reputational risk map have been analysed and updated to include a specific mention of the reputational risks associated with *greenwashing*, as defined in EBA/REP/2023/16[42]. These risks have been assessed by frontline managers in the 2023 risk assessment campaign.

In 2023, the Bank has also continued to develop the operational risk map, analysing, in addition to physical risks in the area of climate and environmental risks, those related to transition with a Group focus, such as bad *greenwashing* practices, also incorporating them in the assessment tools.

In 2023, Ibercaja has continued to analyse the impact of physical risks on its own-use properties based on the data provided by ST Analytics in order to contribute to the definition of the Bank's continuity plan. The methodology defined by data provider for assessing flood risks in the Spanish provinces is based on the SNCZI[43] definition of flood zones, to generate hazard maps, and on the evaluation of the potential adverse consequences associated with floods, with the aim of obtaining risk maps[44].

With regard to social risks, Ibercaja has begun to use its ESG Risk Map to analyse how such risks could materialise in the different risk categories, and since, in line with the United Nations Principles for Responsible Banking, meeting the needs of its customers is a priority for Ibercaja, it always seeks, of its own accord, the best solutions to help them in the most difficult situations.

Advancing in its analysis of how social risks can impact its business model, the Bank has found that nearly 50% of its customer portfolio is supported by the young and old segments.

In order to comply with the regulator's recommendations on customer service, the Bank has a Customer Service to which customers and stakeholders can submit their complaints, claims, suggestions and proposals for improvement[45].

[42] EBA Progress Report on Greenwashing Monitoring and Supervision, 31 May 2023.
[43] National Flood Zone Mapping System.
[44] Seismic and fire risks are not considered as they do not offer conclusive results, and the risk of desertification is not considered as it is not deemed relevant to the Bank's operations.
[45] For more information on customer claims and complaints, see chapter 6.3 of this report.

2. ESG risk measurement

In order to keep advancing in the measurement of ESG risk, in 2023, Ibercaja has carried out other measuring exercises, differentiating between the business, retail and real estate development segments.

a) Measuring ESG risk in the business segment:

In line with its commitment to work on the decarbonisation of the economy, in 2023 the Bank's exposure to the most carbon-intensive industries has been assessed, based on sector emissions data calculated and provided by PCAF[46], with the aim of segmenting Ibercaja's loan and securities portfolio in line with the CO2 emissions intensity[47] of counterparties, according to the economic sector to which they belong.

This analysis has made it possible to develop **two metrics for the concentration of transition climate risk in Credit Risk and Market Risk** using the indicator called Transition Climate Risk (CTR), which allows customers of productive activities to be classified according to their NACE, and they have been incorporated into the Bank's Risk Appetite Framework. Throughout 2023, the tracking of these metrics has been monitored.

Taking as a reference the previous metric for the portfolio of productive activities, Ibercaja has developed an internal methodology for quantifying economic capital needs due to transition climate risk in the loan portfolio of productive activities with credit risk, based on the counterparties with a greater exposure to transition risks and a lower financial capacity to adapt to a decarbonised economy.

Ibercaja has also assessed the exposure of its portfolio of productive activities to physical, acute or chronic risks, considering the most vulnerable sectors of activity, according to the EBA. The assessment is made, according to the average maturity of the operations contracted per customer, based on a heat map that determines the sensitivity to severe climate impacts in the short, medium and long term by NACE economic sectors, and the location of the headquarters of its counterparties, taking as a reference the assessment in the ThinkHazard tool.

[46] Partnership for Carbon Accounting Financials.
[47] Database that identifies the emissions intensity, in the form tCO2eq./€M turnover, of the sectors of economic activity, according to the NACE national classification system, in Europe.

To integrate the impact of climate risks into the Bank's financial planning, Ibercaja has carried out an exercise to **quantify the impact of climate risks on the Budget and Business Plan**, by developing an alternative adverse climate scenario that integrates the impacts of climate risks of the Net Zero 2050 scenario developed by the NGFS, this being considered the scenario with the greatest potential impact in the short term.

In order to **analyse the impact of non-climate environmental risks** on carrying out the Bank's productive activities, Ibercaja has taken as a reference the assessment made by the Natural Capital Finance Alliance (NCFA) of the environmental impact on economic sectors.

According to the NCFA, the sectors attributed with the greatest impact are those where productive development is directly related to or depends to a greater extent on natural resources: agriculture, oil & gas, mining, hydroelectric production, and water distribution & treatment.

b). Measuring ESG risk in the real estate development segment:

The analysis of impacts of **climate transition risks** on real estate development operations was made based on the Energy Performance Certificate of real estate developments in progress.

c) Measuring ESG risks in the retail segment:

The Bank has updated a climate risk analysis for the real estate collateral portfolio, assessing the physical and transition risk, using as an input information provided by ST Analytics[48].

Firstly, the evolution of the potential physical climate impacts in the most relevant geographical areas for the real estate collateral portfolio as a result of forest fires, river or coastal flooding, desertification, volcanic or seismic activity was analysed; secondly, the development of the energy certification ratings of the homes in this portfolio was analysed in order to determine the predisposition to transition risks of the Bank's mortgage portfolio.

[48] The data provider 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.

3. Management and monitoring of ESG risk:

Regarding the **business segment**, Ibercaja has worked on **including ESG factors** in the acceptance and monitoring of credit risk, in line with the EBA Guidelines on the Arrangement and Monitoring of Loans, which defines the internal governance mechanisms and procedures of financial institutions in relation to loan transactions. In this regard, its acceptance policies include a reference to the consideration of ESG risks in the assessment of customers and transactions at credit risk, based on the completion of **a qualitative ESG questionnaire at customer and transaction level**, which is updated regularly, in order to collect and manage environmental, social and governance information on customers and transactions.

In this way, the Bank can assess the ESG risk, focusing on climate, of the customers and transactions that are part of the target group. The information will be presented, where appropriate, according to the Bank's internal criteria, in the Loan Transaction Risk Report.

The Bank has an **ESG Exclusions Policy on Credit Risk and an ESG Exclusions Policy on investment activities in Ibercaja's securities portfolio**, approved by the Board of Directors, which limit the impact of ESG factors on credit risk and the Bank's securities portfolio. Ibercaja's objective is to avoid any investment or financing operation that could be considered controversial due to its high environmental, social, ethical or reputational risk. The ESG Exclusions Policies set out a number of general and sector exclusions:

- The **general exclusions** limit a customer's access to financing, or investment in an undertaking, based on criteria that are cross-cutting and independent of economic sectors. These exclusions are linked to the protection of human rights, labour rights, according to the ILO, responsible business conduct, the OECD Guidelines for Multinational Enterprises and protected areas. They are evaluated at customer and transaction level.
- **Sector exclusions** affect certain economic activities and are assessed at customer and transaction level. Regulated sectors include defence, mining, energy and agriculture.

With the aim of advancing in the analysis of our customers and in the integration of climate risks in credit risk management, Ibercaja has begun to work on preparing **decarbonisation forms** to monitor the transition plans of counterparties that carry out their activity in the sectors in which decarbonisation targets have been defined for 2030., to fulfil the commitments assumed following accession to the NZBA.

The Bank integrates climate risks as part of the Comprehensive Monitoring Principle within the **Credit Risk Monitoring Policy**. This principle applies to all counterparties to the Bank's productive activities and aims to identify the information necessary for regular monitoring of individually significant borrowers, including the global view in their transition climate risk (TCR) profiles.

In order to limit exposure to sectors with high transition climate risk, Ibercaja **has defined thresholds for the sector concentration metrics within the Risk Appetite Framework**, establishing limits on exposure to highly carbon-intensive sectors. The levels of Risk Appetite that the Bank is willing to assume in the execution of its business strategy have been set by establishing as a benchmark the maintenance of a diversified portfolio of loan investments, taking into account the distribution by sector of the Spanish economy and the average exposure to carbon-intensive sectors of the European banks that participated in the ECB's climate stress test exercise.

Monitoring and follow-up of these metrics are subject to the governance established for the Group's Risk Appetite Framework, with regular assessment of the degree of compliance by the Control areas and reporting to the Bank's senior management and governing bodies.

Regarding the **real estate development** portfolio, in 2023, Ibercaja has begun to integrate information from the energy performance certificate of real estate development operations. The aim is to monitor the level of energy efficiency in ongoing developments and so advance in integrating and analysing climate risk in all its portfolios.

In relation to the **retail *segment***, the Mortgage + Sustainable financing product has been integrated into the monitoring of the mortgage portfolio, and is also included quarterly in the reports to the Global Risk Committee and Governing Bodies.

In addition, the Bank, in collaboration with external data providers and relying on internal data sources, collects information on the evaluation of training capabilities, aspects of shareholder continuity, aspects linked to the governing bodies and their commitments, etc. of its client portfolio.

With regard to **liquidity risk management,** a depreciation of non-sustainable bonds (analysing the difference in spreads between a green bond and a brown bond of the same equivalent issuer) continues to be applied in the liquidity self-assessment exercise, with the aim of integrating climate risks into this prudential risk.

In the management of **market risk,** Ibercaja developed, under the same methodology used for credit risk, a metric for the concentration of transition risk through the indicator called Transition Climate Risk (TCR) that allows the companies invested in to be classified by their activity and incorporated into the Bank's Risk Appetite Framework. Throughout 2023, the tracking of this metric has been monitored.

With regard to the management and control of **operational risk**, the Bank has made progress in two ways. Firstly, the Operational Risk Map linked to the climate risk map is permanently updated with the progress achieved. This means that the operational risk assessment is kept up-to-date in this regard. Secondly, the Bank has a Non-Financial Risk Control Unit, with specific functions in the field of ESG risk control. In 2023, this Unit has played an active role in the process of reviewing the climate risk inventories qualitatively assessed by the prudential risk frontline managers.

In 2023, Ibercaja has continued to analyse the impact of physical risks on its own-use or leased properties used by Ibercaja based on the data provided by ST Analytics in order to contribute to the definition of the Bank's Continuity Plan. The methodology defined by data provider for assessing flood risks in the Spanish provinces is based on the SNCZI definition of flood zones, to generate hazard maps, and on the evaluation of the potential adverse consequences associated with floods, with the aim of obtaining risk maps[49].

[49] Seismic and fire risks are not considered as they do not offer conclusive results, and the risk of desertification is not considered as it is not deemed relevant to the Bank's operations

The Bank also carries out an exercise called Operational Risk VaR, which consists of an internal calculation methodology that Ibercaja uses to support the analysis and review of its operating results, in addition to the regulatory methodology for calculating capital by Operational Risk through the Standard Method (Basel II Pillar I). The Operational VaR methodology is based on the modelling of a distribution of operational losses based on the adjustment of frequency distributions and impacts using the frequency and impact data obtained in these self-assessment questionnaires. Therefore, it is a qualitative approach (self-assessment questionnaires) and a quantitative approach (result and quantitative assessment of the corresponding operational risk manager). The VaR exercise takes into account climate, physical and transition risks, in order to obtain the overall result of the analysis. In addition, the Bank obtains a specific VaR result associated with climate risk.

08

Research, development and technology

8. Research, development and technology

2-6

> Ibercaja, within the framework of the Challenge 2023 Plan, has committed to accelerating the Bank's transformation with technology as a decisive lever to underpin the competitive advantages of our operating and commercial model.

Development of the technology model

This year, the Challenge 2023 Strategic Plan has been successfully completed, with the **strategic initiative for the evolution of the technological model**, meeting the established objectives of improving technological capabilities, flexibility and agility in the provision of technological services, and improving the maturity of the technological governance and cybersecurity framework.

We have continued to work together with **Microsoft**, and within the framework of the strategic agreement, to develop the technological capabilities of cloud-based solutions, cybersecurity capabilities, improve the omnichannel relationship model and apply artificial intelligence.

Ibercaja is committed to innovation and to this end, innovative solutions have been developed and tested to be implemented in the coming years:

- **Passwordless access solution** based on biometrics for the employee workstations.
- **A cyber training tool** based on artificial intelligence to prevent cyber risk in internal users.
- **Use of the Microsoft Dynamics Omnichannel** for remote customer management.

Important **technological transformation projects** have also been developed in 2023 to improve the quality of service, efficiency and maturity of the technological management and control framework:

- Implementation of the **ServiceNow** tool for the management of technological services and cybersecurity.

- **Transformation of the operating model** and consolidation of suppliers for the maintenance of applications and the management of technological infrastructures.
- Performance of **advanced cybersecurity** exercises, such as Red Team, to identify areas for improvement in cybersecurity controls and operations.
- Implementation and deployment of an **SDWAN solution** throughout the branch network to improve the quality and management of communications.

Ibercaja has closed **important agreements** in 2023 for the innovation and deployment of new solutions to improve technological capabilities. The Bank has signed an **agreement with Telefónica** for the deployment and complete coverage of high-capacity fibre optic communications in all branches and head offices, and for the development of technological solutions based on private 5G networks for internal communications, and the evolution of unified communications based on cloud solutions with Microsoft technologies.

Ibercaja continues to be committed to attracting **and developing technological** talent, with the incorporation of several technological profiles in 2023 and the development of a training plan specialised in new technologies.

Transformation of the operating model

Key aspects of innovation and operational excellence

The target operating model that has been under construction for more than five years, which includes efficiency initiatives, collaboration models with specialists, agile technology changes, and advanced outsourcing, has this year included new initiatives with a high component of innovation.

In addition to the outsourcing of different tasks and processes, subject to formal supervision and continuous monitoring, a large number of process optimisation initiatives have been added every year, supported by different resources and tools:

- This year, a peak has been reached in the waves of **process outsourcing**, governed through a consolidated methodology that imposes profitability and transformation models, and supported by new maps of indicators that emphasise control of the activity and service and provider quality.

- The management has undertaken and successfully completed **innovation projects** applied within the general model of seeking returns on investment and cost savings.
- **Process mining** projects have been developed, using, for the first time (with the help of BPM tools such as Celonis), metrics and results of this type to redesign processes.
- For the first time, an **artificial intelligence** methodology and tools have been applied to operations, with successful projects for failure prediction models and process requirements forecasting.

The construction of a knowledge management system that transforms the current one is noteworthy for its use of generative **artificial intelligence for the first time in the Bank**. The results of the project (replacing a previous traditional artificial intelligence system, developed on IBM's Watson) have made it possible to develop a platform using natural language that provides service to thousands of employees and external agents, with response times a hundred times faster than previously and with response quality levels of over 95%. The project, which has been developed by the Regulatory unit and reports to the Organisation Department, has been built during 2023 on GPT models (4) and continues to be developed in 2024, with forecasts of greater scope and the possibility of using a multiplicity of new tools.

In line with the improvements to customer self-service in previous years, the **innovation in ATMs** has continued, so that there are now more than 60 possible transactions available. In 2023, a particularly emblematic innovation development has been implemented in these devices: their adaptation to the user needs of people with reduced visual ability, using the voice-guided mode. Led by the Organisation and Operations Department, in partnership with the manufacturer (Fujitsu), using artificial intelligence tools it has been possible to open this self-service channel to thousands of customers could not previously make use of it. Apart from ATMs, dozens of major accessibility initiatives are under development that will be put into operation in the course of 2024-25.

Business continuity and operational resilience

Following the progressive consolidation of a **business continuity management system** over the last five years in the Organisation and Operations Department, its management and operational framework has been strengthened.

During the year, the systematisation of the **Business Impact Analysis** has been significantly improved and effective tests have been carried out in practically all possible scenarios. The results and lessons learned are elements for continuous improvement and have been used to reconfigure the management and control model for critical processes and assets (more than 200, involving more than 1000 specialists and 365 assets).

In addition, three **internal and external audits** of the system and its governance have been carried out, plus an exercise to improve consistency with the supervisory resolution scenario, in order to build onto the business continuity system a single governance scheme for crisis situations. This process of continuous improvement has been aimed at strengthening the operational resilience framework by responding to the demands of specialised supervisory activity and the standards that underpin the discipline. The system has been successfully implemented at maturity level 2 and has completed the control cycle of the entire organisation, having passed continuity and crisis milestones.

09

Business prospects and projections

9. Business prospects and projections.

Overview and prospects of the Ibercaja Group

Ibercaja reiterates its medium-term objectives of asset quality, solvency and profitability in the second year of its Challenge 2023 strategic plan

2023 has been marked by high geopolitical and macroeconomic uncertainty, with a negative impact on business activity. Despite this complex environment, Ibercaja has completed its Challenge 2023 Strategic Plan, having comfortably met the main financial and operational goals that it set three years ago.

The Bank has met the demanding commercial growth targets in the priority strategic segments defined in the Plan (Business Banking, Personal Banking and Asset Management and Insurance), achieving market share gains in loans to companies (+32 bps since the end of 2020), investment funds (+98 bps since the end of 2020), pension plans (+25 bps since the end of 2020), and life insurance (+16 bps since the end of 2020), and a growth in the risk insurance portfolio of 5.6% per year since 2020, in the context of a very competitive market. Regarding digital transformation, the Bank's number of digital customers now stands at 951 thousand (+12.9% since 2020), with 729 thousand customers using the mobile banking app (+40.0% since 2020). Digital sales account for 41.9% of the total vs. 33.9% at the start of the Plan.

Ibercaja's Medium-term objectives

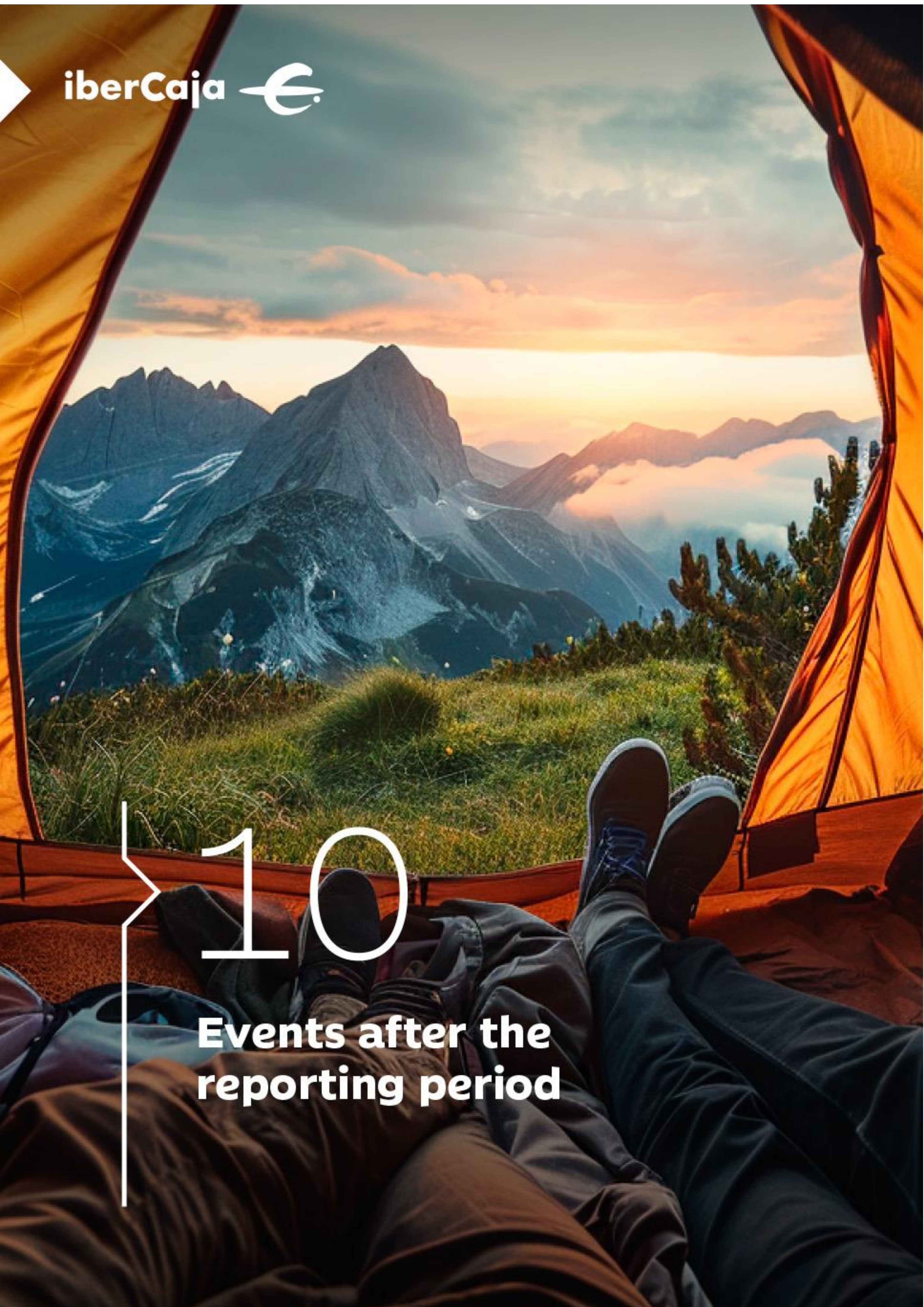
EL BANCO DEL Vamos

With regard to financial targets, at the end of 2023 Ibercaja Banco had one of the lowest non-performing asset ratios in the system (2.8%), clearly below the strategic target (4.0%), after having reduced the balance of non-performing assets by 49% since 2020. In terms of profitability, ROTE reached 11.6%, exceeding the strategic target of 9.0% set at the start of the plan and well above the 0.9% recorded in 2020, a year marked by the pandemic. In terms of solvency, CET1 Fully Loaded stands at 12.7%, exceeding the 12.5% set as a strategic target. The solid performance of profitability and of the balance sheet has enabled the Bank to have a payout ratio of at least 60% throughout the term of the Strategic Plan. In this regard, Fundación Bancaria Ibercaja has already covered 80% (€260Mn) of the total Reserve Fund required by the authorities, thanks to the dividends distributed by Ibercaja Banco in these three years.

These commercial, financial and transformational advances have been accompanied by the Bank’s historical social awareness. Throughout the Plan, Ibercaja has been active in seeking solutions for its customers (ICO Covid lines, Code of Good Mortgage Practices, etc.), whether in response to the effects of the pandemic, the invasion of Ukraine or the recent abrupt rise in interest rates, Ibercaja has also launched specific measures to strengthen financial and customer service for senior citizens. The Bank has also promoted and supported hundreds of alliances with institutions and associations, public and private, through collaboration and sponsorship agreements

Throughout the 2021-2023 strategic cycle, Ibercaja has moved forwards in its commitment to sustainability, developing key milestones for the integration of ESG factors into risk management and the business. Thus, the Bank has made progress in the measurement and management of climate and environmental risks, in the implementation of the sustainable business strategy, in the definition of the ESG data model and in the development of policies and governance frameworks for the governance of ESG risk. The financed emissions footprint has also been calculated, and intermediate decarbonisation targets have been set in three sectors to comply with the Net Zero Banking Alliance (NZBA), of which Ibercaja was a founding member in 2021.

On the basis of the excellent Challenge 2023 Strategic Plan, Ibercaja is already working on its next Strategic Plan, which will focus on long-term value creation, with customer-focused management, and facing the challenge of maintaining the leap in profitability that the Bank has achieved in the last three years.



10

Events after the reporting period

10. Events after the reporting period

Dated 1 January 2024, the Group recorded an impact of €40,455 thousand under the "Other operating expenses" heading of the consolidated income statement for the temporary levy on credit institutions (€28,913 thousand recorded in 2023, Note 33).

On 18 January 2024, a press release was published by the Constitutional Court announcing the unanimous ruling of the court's plenary session regarding the declaration of unconstitutionality of certain measures relating to corporate income tax introduced by Royal Decree-Law 3/2016. On 29 January 2024, this ruling was also published on the Constitutional Court's website.

The effects of this ruling will be seen in the enforcement of each of the claims filed in relation to the years affected, so that the calculation of their impact, both in terms of quantifying the magnitudes affected and their timing, will depend on this enforcement process. It is expected that the impacts of the different enforcement processes may have a positive aggregate impact on the Group's equity, allowing an acceleration in the use of tax credits and a possible cash recovery for taxes paid in previous years. This all depends on the decisions adopted by the Group in this regard for each year as part of the enforcement process, and in no case is any such impact significant for the purposes of these consolidated financial statements.

On 31 January 2024, Ibercaja Banco, S.A. issued senior preferred green bonds for an amount of €500 million maturing on 30 July 2028, although the issue may be redeemed early, at the Bank's option, as of 30 July 2027. The issue price was 99.861% and the bonds will accrue a fixed annual coupon of 4.375% up to 30 July 2027. From this date, they will accrue a fixed interest equal to the 1-year swap rate plus a margin of 1.65%.

On 20 February 20234, Ibercaja Banco issued two mortgage covered bonds, each for a nominal amount of €750 million, maturing on 20 February 2034 and 2036. The price of the issues was 100% and they will accrue a quarterly coupon equivalent to the three-month Euribor plus an annual margin of 0.8% and 1%, respectively. Both bonds have been retained by the Bank and will appear as treasury shares.

On 22 February 2024, early amortisation was carried out of the Ibercaja September 2018 II covered bond for €750 million.

On 26 February 2024, the TDA Ibercaja ICO-FTVPO, Mortgage Securitisation Fund, was settled early, leading to the early amortisation of the securitisation bond that backed the fund for an amount of €28,261 thousand.

11

Alternative Performance Measures

11. Alternative Performance Measures

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA/2015/1415es), the Alternative Performance Measures (APMs) used in this report are defined below, alongside a reconciliation with the balance sheet and income statement items used to calculate them.

Ibercaja uses a range of APMs, which are unaudited, to aid understanding of the company's financial performance. APMs should be regarded as additional information. They do not replace financial information prepared under IFRS. The way in which the Group defines and calculates APMs may differ from performance measures calculated by other companies and, therefore, the APMs may not be comparable.

Data at the close of 2022 are restated under IFRS17.

APMs related to the income statement

RECURRENT REVENUES:

Definition: sum of net interest and commission income and exchange differences (MAR defined and calculated below) and net income from insurance contracts.

Relevance: measures the performance of income directly related to typical banking activity.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Interest margin (1)	660,718	462,429
+	Net fees and commissions and exchange differences (2)	449,888	438,065
+	Profit/(loss) of insurance contracts (net)	146,310	61,902
=	**Recurrent revenues**	**1,256,916**	**962,396**

(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)	31/12/2023	31/12/2022
+	Fee and commission income	470,285	457,575
-	Fee and commission expenses	19,502	19,236
+	Net exchange differences	(895)	(274)
=	**Net fees and commissions and exchange differences**	**449,888**	**438,065**

Source: consolidated income statement in the financial statements.

NET GAINS/(LOSSES) FROM FINANCIAL TRANSACTIONS:

Definition: sum of gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains/losses on financial assets and liabilities held for trading, gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss, gains/losses on financial assets and liabilities designated at fair value through profit or loss and gains/losses resulting from hedge accounting.

Relevance: to determine the amount of income related to financial activity but which, by their nature, cannot be considered as recurrent revenue.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss.	1,297	4,519
+	Gains/(losses) on financial assets and liabilities held for trading	7,407	30,866
+	Gains/(losses) on financial assets not held for trading mandatorily measured at fair value through profit or loss	117,166	(183,222)
+	Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(132,156)	161,485
+	Gains/(losses) from hedge accounting	(1,677)	945
=	**Gains/(losses) on financial transactions**	**(7,963)**	**14,593**

Source: consolidated income statement in the financial statements.

OTHER OPERATING INCOME AND EXPENSE:

Definition: sum of net of other operating income and expenses and income.

Relevance: to measure income and expense that are not wholly derived from financial activity but that are related to our business.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Other operating income	43,260	46,700
–	Other operating expenses	112,755	89,890
=	**Other operating income and expense**	**(69,495)**	**(43,190)**

Source: consolidated income statement in the financial statements.

OPERATING EXPENSES:

Definition: sum of staff costs, other administration expenses and depreciation/amortisation.

Relevance: indicator of expenses incurred from our activities.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Staff costs	371,992	329,712
+	Other administration expenses	168,488	164,628
+	Amortisation/Depreciation	81,671	74,552
=	**Operating expenses**	**622,151**	**568,892**

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 the extraordinary bonus recognised in 2023.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Operating expenses (1)	622,151	568,892
–	Non-recurring expenses (2)	17,815	–
=	**Recurring operating expenses**	**604,336**	**568,892**

(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)	31/12/2023	31/12/2022
+	Gross income	1,186,464	943,648
–	Administration expenses	540,480	494,340
–	Amortisation/Depreciation	81,671	74,552
=	**Profit/(loss) before write-downs**	**564,313**	**374,756**

Source: consolidated income statement in the financial statements.

RECURRING INCOME BEFORE WRITE-DOWNS:

Definition: recurring revenue less recurring operating expenses (APMs defined and calculated above).

Relevance: to measure the recurring profitability of the business before write-downs.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Recurrent revenues (1)	1,256,916	962,396
—	Recurring operating expenses (1)	604,336	568,892
=	**Recurring income before write-downs**	**652,580**	**393,504**

(1) APM. See definition and calculation above.

PROVISIONS, IMPAIRMENT AND OTHER WRITE-DOWNS:

Definition: The following items are included under the item "Gains or losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations": the sum of provisions, impairment of financial assets not measured at fair value through profit or loss, impairment of investments in joint ventures or associates, impairment of non-financial assets and the portion of the item "Gains or losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" corresponding to impairment losses on other non-current assets held for sale.

Relevance: indicator of the cost of allowances made during the year to cover the impairment of the value of our assets.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Provisions or (-) reversal of provisions	28,730	18,995
+	impairment or (-) reversal of the impairment of financial assets not measured at fair value through profit or loss.	93,819	65,235
+	Impairment or (-) reversal of impairment on investments in joint businesses or associates	3,327	—
+	Impairment or (-) reversal of impairment on non-financial assets	14,695	18,281
+	Impairment losses on other non-current assets for sale	35,956	25,823
=	**Provisions, impairment and other write-downs**	**176,527**	**128,334**

Source: consolidated income statement and Note 42 to the financial statements.

OTHER GAINS/(LOSSES):

Definition: sum of gains/(losses) on the disposal non-financial assets and shareholdings and gains/(losses) on disposal of other non-current assets and held for sale within the heading of gains/(losses) on non-current assets and disposal groups of items classified as held for sale and not eligible for classification as discontinued operations.

Relevance: indicator of the impact on our income statement of the derecognition/disposal of assets not related to ordinary activity.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Gains or (-) losses on the derecognition of net non-financial assets and shareholders (1)	(303)	5,720
+	Gains/(losses) on disposal of other non-current assets for sale (2)	3,902	2,152
=	**Other gains/(losses)**	**3,599**	**7,872**

(1) Source: consolidated income statement in the financial statements.
(2) Source: Note 42 to the financial statements.

APMs related to the profitability

CUSTOMER SPREAD (%):

Definition: difference between the average loan portfolio performance and the cost of retail deposits.

Importance of its use: profitability indicator of our retail business.

	(%)	31/12/2023	31/12/2022
+	Yields from consumer loans	3.16%	1.39%
	Interest revenue from the portfolio of registered loans		
	in the year divided by the average customer loan balance		
-	Cost of retail deposits	0.28%	(0.01)%
	Interest expense on retail deposits recognised in the balance sheet		
	in the year divided by the average retail deposit balance		
=	Customer spread (%)	2.88%	1.40%

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)	31/12/2023	31/12/2022
Numerator	Total operating expenses (1)	622,151	568,892
Denominator	Gross income (2)	1,186,464	943,648
=	**Cost-to-income ratio (%)**	**52.44%**	**60.29%**

(1) APM. See definition and calculation above.
(2) Source: consolidated income statement in the financial statements.

RECURRING COST-TO-INCOME RATIO:

Definition: recurring operating expenses divided by recurring revenue (APMs defined and calculated above).

Relevance: to measure the efficiency of our recurring activity.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	Recurring operating expenses (1)	604,336	568,892
Denominator	Recurrent revenues (1)	1,256,916	962,396
=	**Recurring cost-to-income ratio (%)**	**48.08%**	**59.11%**

(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)	31/12/2023	31/12/2022
Numerator	Profit/(loss) attributed to the parent (1)	304,396	181,871
Denominator	Total average consolidated assets (2)	54,187,969	58,489,581
=	**ROA (%)**	**0.56%**	**0.31%**

(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)	31/12/2023	31/12/2022
Numerator	Profit/(loss) attributed to the parent (1)	304,396	181,871
Denominator	Risk-weighted assets phased in (2)	18,609,328	18,073,489
=	**RORWA (%)**	**1.64%**	**1.01%**

(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)	31/12/2023	31/12/2022
Numerator	Profit/(loss) attributed to the parent (1)	304,396	181,871
Denominator	Average consolidated shareholders' equity (2)	2,949,971	2,879,629
=	**ROE (%)**	**10.32%**	**6.32%**

(1) Source: consolidated income statement in the 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.

ROTE:

Definition: ratio between the profit attributable to the parent company and the consolidated average tangible equity. Excludes the AT1 issue of €350 million recorded as equity.

Relevance: to measure profitability in relation to tangible equity.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	Profit/(loss) attributed to the parent (1)	304,396	181,871
Denominator	Average tangible consolidated shareholders' equity (2)	2,623,666	2,603,328
=	**ROTE (%)**	**11.60%**	**6.99%**

(1) Source: consolidated income statement in the 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.

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)	31/12/2023	31/12/2022
Numerator	Risk-weighted assets phased in (1)	18,609,328	18,073,489
Denominator	Total consolidated assets(2)	54,516,480	54,636,093
=	**Density of RWAs**	**34.14%**	**33.08%**

(1) Source: Note 1.7.2 to the financial statements.
(2) Source: consolidated balance sheet in the financial statements.

PAY-OUT RATIO:

Definition: ratio of the expected dividend to be distributed to shareholders to profit attributable to the parent.

Relevance: to measure the shareholder return.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	Distribution of dividends (1)	182,626	121,272
Denominator	Profit/(loss) attributed to the parent (2)	304,396	181,871
=	**Pay-out ratio (%)**	**60.00%**	**66.68%**

(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)	31/12/2023	31/12/2022
+	Impaired assets – loans and advances to customers (1)	483,298	495,623
+	Gross value of foreclosed assets (2)	346,942	416,924
=	**Distressed assets**	**830,240**	**912,547**

(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)	31/12/2023	31/12/2022
Numerator	Impaired assets – loans and advances to customers (1)	483,298	495,623
Denominator	Gross loans and advances to customers (2)	29,797,114	31,346,411
=	**Ratio of non-performing loans and advances to customers (%)**	**1.62%**	**1.58%**

(1) Source: Note 3.5.4 to the financial statements.
(2) Source: Notes 8 and 11.4 to the financial statements.

DISTRESSED ASSET RATIO:

Definition: ratio of distressed assets (MAR as defined and calculated above) to the value of the exposure.

Relevance: to evaluate the size of our portfolio of non-performing assets in relative terms.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	Distressed assets (1)	830,240	912,547
Denominator	(a) Gross loans and advances to customers (2)	29,797,114	31,346,411
	(b) Gross value of foreclosed assets (3)	346,942	416,924
	(a) + (b) Value of exposure	30,144,056	31,763,335
=	**Distressed asset ratio (%)**	**2.75%**	**2.87%**

(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)	31/12/2023	31/12/2022
Numerator	Write-downs of loans and foreclosed properties (1)	130,027	95,647
Denominator	Average exposure (gross credit and real estate) (2)	30,790,051	31,986,112
=	**Cost of risk (%)**	**0.42%**	**0.30%**

(1) Source: internal Bank information. The write-down of the loan is the sum of the impairment of financial assets at amortised cost and the provisioning (reversal) of provisions for commitments and guarantees given. Foreclosed properties are classified according to their nature as non-current assets held for sale, investment property or inventories. Impairment losses are recognised under "Impairment or Reversal of Impairment Losses on Non-Financial Assets (Investment Property and Other)" (see note 40 to the consolidated financial statements) and "Impairment Losses on Non-Current Assets Held for Sale" (see note 42 to the consolidated financial statements).
(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

COVERAGE OF NON-PERFORMING EXPOSURES:

Definition: sum of impairment losses on loans and advances to customers and negative cumulative changes in fair value due to credit risk on non-performing exposures. Includes impairment losses of stages 1, 2 and 3.

Relevance: to monitor the extent to which provisions associated with credit risk cover non-performing loans.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Impairment losses on loans and advances to customers (1)	449,553	442,996
+	Accumulated negative changes in fair value of non-performing exposures (2)	2,896	2,896
=	**Coverage of non-performing exposures**	**452,449**	**445,892**

(1) Source: Note 11.4 to the financial statements.
(2) Source: Note 8 to the financial statements.

COVERAGE OF NON-PERFORMING EXPOSURES:

Definition: ratio of provisions for asset impairment (MAR as defined and calculated above) to impaired assets of loans and advances to customers.

Relevance: to monitor the extent to which provisions associated with credit risk cover non-performing loans.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	Coverage of non-performing exposures (1)	452,449	445,892
Denominator	Impaired assets – loans and advances to customers (2)	483,298	495,623
=	**Coverage of non-performing exposures (%)**	**93.62%**	**89.97%**

(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)	31/12/2023	31/12/2022
Numerator	Impairment adjustments of foreclosed assets (1)	224,441	250,804
Denominator	Gross value of foreclosed assets (1)	346,942	416,924
=	**Coverage of foreclosed assets (%)**	**64.69%**	**60.16%**

(1) Source: Note 3.5.6.2 to the financial statements.

COVERAGE RATE OF THE ALLOCATED LAND:

Definition: ratio between the value corrections for land impairment (included since the origination of the loan) and the gross adjudicated value of land.

Relevance: to monitor the extent to which provisions associated with land cover the gross value of these assets.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	Land value adjustments (1)	127,259	149,000
Denominator	Gross value of land (1)	174,630	219,511
=	**Foreclosed land coverage ratio (%)**	**72.87%**	**67.88%**

(1) Source: Note 3.5.6.2 to the financial statements.

COVERAGE RATIO OF DISTRESSED ASSETS:

Definition: ratio between allowances for non-performing risks and foreclosed assets to problem exposure (MAR as defined and calculated above).

Relevance: to monitor the extent to which provisions associated with non-performing loans and foreclosed properties cover the gross value of such exposure.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	(a) Coverage of non-performing exposures (2)	452,449	445,892
	(b) Impairment adjustments of foreclosed assets (1)	224,441	250,804
	(a) + (b) Coverage of problem assets	676,890	696,696
Denominator	Distressed assets (2)	830,240	912,547
=	**Coverage rate of distressed assets (%)**	**81.53%**	**76.35%**

(1) Source: note 3.5.6.2 to the financial statements
(2) Source: APM. See definition and calculation above.

NET DISTRESSED ASSETS TO TOTAL ASSETS:

Definition: ratio of distressed assets net of hedges (MAR as defined and calculated above) to total assets.

Relevance: to measure the weight of problem assets, after deducting the provisions linked to those assets, on the balance sheet.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
Numerator	(a) Problem assets (1)	830,240	912,547
	(b) Coverage of problem assets (1)	676,890	696,696
	(a) - (b) Problem assets net of coverage	153,350	215,851
Denominator	Total assets (2)	54,516,480	54,636,092
=	**Net distressed assets to total assets (%)**	**0.28%**	**0.40%**

(1) Source: APM. See definition and calculation above.
(2) Source: consolidated balance sheet in the financial statements.

APMs related to business volume

RETAIL DEPOSITS:

Definition: The sum of demand savings and traditional time deposits excluding mortgage bonds and repurchase agreements recorded under customer deposits in the consolidated balance sheet.

Relevance: indicator of retail funding on the balance sheet.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Demand deposits (1)	32,331,054	35,575,488
+	Term deposits (1)	2,366,689	2,813,720
-	Mortgage-backed bonds (including nominal amount and share premium)	945,954	1,014,436
	Nominal value of mortgage covered bonds (1)	1,006,026	1,081,026
	Mortgage-backed bond issue premium (2)	(60,072)	(66,590)
	Term deposits (excluding mortgage-backed bonds)	1,420,735	1,799,284
=	**Retail deposits**	**33,751,789**	**37,374,772**

(1) Source: Note 19.3 to the financial statements.
(2) Represents the difference between the nominal value of a security and the price at which it was issued. In this particular case, multi-issuer bonds (those where several entities participate in the total issue) were issued below par, at a cost below the nominal value.

ASSET MANAGEMENT AND INSURANCE:

Definition: sum of assets under management in investment companies and funds (including third-party funds, but excluding the assets of funds that invest in Ibercaja Gestión funds), pension plans and insurance.

Relevance: this indicator is significant because of the importance for Ibercaja of off-balance sheet savings as a source of the Group's income.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Investment companies and funds (1)	23,657,462	19,064,189
+	Pension funds (1)	6,391,689	5,790,240
+	Insurance products (2)	7,705,027	6,786,701
=	**Asset management and insurance**	**37,754,178**	**31,641,130**

(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)	31/12/2023	31/12/2022
+	Retail deposits (1)	33,751,789	37,374,772
+	Asset management and insurance (2)	37,754,178	31,641,130
=	**Total retail funds**	**71,505,967**	**69,015,902**

(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)	31/12/2023	31/12/2022
+	Loans and advances to customers ex impaired assets and reverse repos (1)	28,611,777	29,237,441
+	Total retail funds (2)	71,505,967	69,015,902
=	**Retail business volume**	**100,117,744**	**98,253,343**

(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)	31/12/2023	31/12/2022
Numerator	(a) Net loans and advances to customers (1)	29,344,694	30,900,520
	(b) Reverse repurchase agreements (2)	702,327	1,613,345
	(a) – (b) Net loans ex reverse repos	28,642,366	29,287,175
Denominator	Retail deposits (3)	33,751,789	37,374,772
=	**LTD (%)**	**84.86%**	**78.36%**

(1) Source: consolidated balance sheet in the financial statements.
(2) Source: 11.4 in the financial statements.
(3) Source: APM. See definition and calculation above.

AVAILABLE LIQUIDITY:

Definition: sum of cash and central banks, available on policy, eligible off-policy assets and other marketable assets not eligible by the Central Bank, in accordance with the criteria established in the Bank of Spain's official statement LQ 2.2.

Relevance: to calculate the volume of our available assets in the event of an outflow of customer deposits.

	(THOUSANDS OF EUROS)	31/12/2023	31/12/2022
+	Cash and central banks	1,792,730	1,351,694
+	Available in policy	6,494,859	5,798,903
+	Eligible assets not included in the policy	3,498,954	5,838,121
+	Other marketable assets not eligible by the Central Bank	347,533	356,274
=	**Available liquidity**	**12,134,076**	**13,344,992**

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)	31/12/2023	31/12/2022
Numerator	Available liquidity (1)	12,134,076	13,344,992
Denominator	Total assets (2)	54,516,480	54,636,093
=	**Available liquidity**	**22.26%**	**24.43%**

(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)	31/12/2023	31/12/2022
+	Available liquidity (1)	12,134,076	13,344,992
+	Mortgage bond issuance capacity (2)	8,179,659	6,880,460
=	**Available liquidity**	**20,313,735**	**20,225,452**

(1) Source: APM. See its definition and calculation explained above.
(2) Source: Note 3.8.2 to the financial statements.

Appendices

Appendix A. Requirements of Spanish Law 11/2018 regarding non-financial information and diversity

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
GENERAL	Reporting framework Materiality analysis	–	Ibercaja Banco Group (*)	3-1 3-2 3-3	3. Key points of this document	
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 (*)	2-1 2-2 2-6	4.1 Description, shareholding and organisational structure 4.3 Economic and financial environment 4.4. Corporate governance 4.5. Business Model and Strategic Plan 2021-2023 9. Business outlook and projections	
POLICIES	A description of the group's policies with respect to such issues, including 1) the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts. 2) the verification and control procedures, including what measures have been taken.	–	Ibercaja Banco Group (*)	2-23	See the detail of non-financial policies in the following blocks: 3. Key points of this document 6.1. Sustainability strategy 6.2 Our contribution to the Sustainable Development Goals 6.4 Commitment to our people 6.5 Commitment to the environment 6.8 Commitment to society 6.9 Human rights 6.10 Anti-corruption and bribery	

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
ST, MT and LT RISKS	The main risks related to aspects linked to the group's activities, including, where relevant and proportionate, its business relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each topic. Must include information on the impacts that have been detected and a breakdown of these, in particular on the main short-, medium- and long-term risks	–	Ibercaja Banco Group (*)	2-12 3-3	6.3. Commitment to customers 7. Risk Management Appendix F. 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 Global Reporting Initiative standards, 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	See the detail of the KPIs reported in the following blocks: 3. Key points of this document 6.1. Sustainability strategy 6.3. Commitment to customers 6.4. Commitment to our people 6.5. Commitment to the environment 7. Risk management Appendix D. Additional non-financial information and GRI content Appendix E. Implementation of the Principles for Responsible Banking UNEP-FI Appendix F. Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)	
TAXONOMY	Reporting requirements under Regulation (EU) 2020/852 on eligibility and alignment Indicators		Ibercaja Banco Group (*)		Appendix D	

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
ENVIRONMENTAL MATTERS	General environmental: 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; 2) Resources dedicated to the prevention of environmental risks; 3) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (E.g. derived from the Environmental Liability Law)	YES	Ibercaja Banco Group (*)	2-12 2-23 3-3 201-2 Note 27.1 Regional Governments	6.5. Commitment to the environment 7. Risk management Appendix E. Implementation of the Principles for Responsible Banking UNEP-FI Appendix F. Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)	
	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	YES	Ibercaja Banco Group (*)	3-3 305-5	6.5. Commitment to the environment 7. Risk management Appendix E. Implementation of the Principles for Responsible Banking UNEP-FI Appendix F. Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)	
	Circular economy and waste management: Circular economy. Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste.	YES	Ibercaja Banco Group (*)	301-1	6.5. Commitment to the environment Appendix D. Additional non-financial information and GRI content	
	Actions to combat food waste.	NO				

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AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
ENVIRONMENTAL MATTERS	Sustainable use of resources: The consumption of water and water supply according to local constraints.	NO				
	Consumption of raw materials and measures taken to improve the efficiency of their use.	YES	Ibercaja Banco Group (*)	3-3 301-1 301-2	6.5. Commitment to the environment Appendix D. Additional non-financial information and GRI content	
	Consumption, direct and indirect, of energy, measures taken to improve energy efficiency and use of renewable energies.	YES	Ibercaja Banco Group (*)	3-3 302-1	6.5 Commitment to the environment Appendix D. Additional non-financial information and GRI content	
	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 (*)	3-3 305-1 305-2 305-3 305-4 305-5	6.5. Commitment to the environment Appendix D. Additional non-financial information and GRI content	

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
ENVIRONMENTAL MATTERS	Measures adopted to adapt to the consequences of climate change.	YES	Ibercaja Banco Group (*)	3-3 201-2	6.5 Commitment to the environment 7. Risk management Appendix E. Implementation of the Principles for Responsible Banking UNEP-FI Appendix F. Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)	
	Voluntary medium- and long-term reduction targets to reduce greenhouse gas emissions and the means implemented to for that purpose.	YES	Ibercaja Banco Group (*)	2-23 3-3	6.5 Commitment to the environment 7. Risk management Appendix D. Additional non-financial information and GRI content Appendix E. Implementation of the Principles for Responsible Banking UNEP-FI Appendix F. Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)	
	Protection of biodiversity 1) Measures taken to preserve or restore biodiversity. 2) Impacts caused by activities or operations in protected areas.	NO				

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
SOCIAL AND PERSONNEL ASPECTS	Employment 1) Total number and distribution of employees by gender, age, country and job category	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	2-7 3-3 405-1	6.4 Commitment to our people Appendix D. Additional non-financial information and GRI content	
	(2) Total number and distribution of types of employment contracts, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and job category, number of dismissals by gender, age and job category	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	2-7 401-1 405-1	6.4 Commitment to our people Appendix D. Additional non-financial information and GRI content	
	(3) Average remuneration and its trend broken down by gender, age and job category or equal value	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	405-1	4.4. Corporate Governance 6.4. Commitment to our people	
	4) Salary gap, the remuneration of equal jobs or the average remuneration in the company, the average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term pension savings plans and any other payments, broken down by gender, implementation of policies for disconnection from work, employees with disabilities	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	3-3 2-19 2-20 405-1	4.4. Corporate Governance 6.4. Commitment to our people	

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
SOCIAL AND PERSONNEL ASPECTS	Organisation of work: 1) Organisation of working time; 2) Number of hours of absenteeism; 3) Measures to facilitate work-life balance and to encourage both parents to be co-responsible in exercising this balance.	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	3-3 401-3 403-2	6.4 Commitment to our people	
	Health and safety: 1) Health and safety conditions at work. 2) Occupational accidents, particularly their frequency and severity; occupational diseases, (3) Occupational illnesses broken down by gender.	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	3-3 403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8	6.4 Commitment to our people	
	Social relations: 1) Organisation of social dialogue, including procedures for informing, consulting and negotiating with personnel; 2) Percentage of employees covered by collective bargaining agreements by country; 3) The balance of collective agreements, particularly in the field of health and safety at work.	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	3-3 403-1 403-4 404-1	6.4. Commitment to our people	
	Training: 1) Policies implemented in training; 2) The total number of training hours by job categories.	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	3-3 404-1 404-2	6.4. Commitment to our people	The average number of training hours per employee in 2023 is 72 (16% less than in 2022, due to the impact of regulatory training). 100% of permanent employees receive regular performance and career development assessments

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
SOCIAL AND PERSONNEL ASPECTS	Universal accessibility for persons with disability.	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	3- 3	6.3. Commitment to customers 6.4. Commitment to our people 6.8. Commitment to society Appendix E. Implementation of the Principles for Responsible Banking UNEP-FI	
	Equality: 1) Measures adopted to foster equal treatment and opportunities between women and men; 2) 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; 3) The policy against all types of discrimination and, as applicable, management of diversity.	YES	Ibercaja Banco S.A (93.2% of the Group's total workforce)	3- 3	6.4. Commitment to our people	

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
HUMAN RIGHTS	1) Implementation of human rights due diligence procedures; 2) Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses; 3) Complaints for cases of human rights violations; 4) 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; 5) The elimination of discrimination in employment and occupations; 6) The elimination of forced or compulsory work; 7) The effective abolition of child labour.	YES	Ibercaja Banco Group (*)	2-23 3-3 406-1 407-1 408-1 409-1	6.4. Commitment to our people 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. In 2023, the Institution was not subject to any sanctions or involved in any criminal proceedings or similar incidents that could infringe on human rights.

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
CORRUPTION AND BRIBERY	1) Measures taken to prevent corruption and bribery; 2) Measures to combat the blocking of capital, contributions to foundations and not-for-profit organisations.	YES	Ibercaja Banco Group (*)	3-3 2-23 2-27	6.10. Fight against corruption and bribery	

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

AREAS	CONTENT	MATERIAL TOPIC (YES/NO)	SCOPE/ PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL REMARKS
COMPANY-RELATED MATTERS	Company commitments to sustainable development: 1) The impact of the company's activity on local employment and development; 2) The impact of the company's activity on local communities and the territory; 3) Relationships with local community actors and the types of dialogue with them; 4) Partnership or sponsorship actions.	YES	Ibercaja Banco Group (*)	3-3 2-29	6.8 Contribution to society	
	Subcontracting and suppliers: (1) Inclusion of social, gender equality and environmental issues in the procurement policy; 2) Consideration in relations with suppliers and subcontractors of their social and environmental responsibility; 3) Systems of supervision and audits and results thereof.	YES	Ibercaja Banco Group (*)	2-6 3-3	6.7. Commitment to suppliers	
	Consumers: 1) Measures for consumer health and safety; 2) Complaint systems, complaints received and their resolution.	YES	Ibercaja Banco Group (*)	2-26 3-3	6.3 Commitment to customers	
	Tax information: 1) Profits country by country; 2) Income tax paid; 3) Public grants received.	YES	Ibercaja Banco Group (*)	3-3 201-4 207-1 207-4	6.8.11. Tax information	

(*) 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	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.**	4.2; 4.4; 6.1; 6.2; 6.3; 6.4; 6.6; 6.7; 6.8; 6.9; Appendix E	2-7, 2-23, 401-2, 403-1, 403-2, 408-1, 409-1
	2. Businesses must make sure that they are not complicit in human rights abuses.	4.2; 4.4; 6.1; 6.2; 6.3; 6.4 6.6; 6.7; 6.8; 6.9; Appendix E	2-7, 2-23, 401-2, 403-1, 403-2 408-1, 409-1,
Employment rules and standards	**3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.**	6.4	2-30, 401-2
	4. Businesses should support the elimination of all forms of forced or compulsory labour.	6.1; 6.4; 6.7	Ibercaja does not undertake its activity in developing countries.
	5. Companies should support the effective abolition of child labour.	6.1; 6.4; 6.7	Ibercaja does not undertake its activity in developing countries.
	6. Businesses should support the elimination of discrimination in respect of employment and occupation.	4.4; 6.4; 6.8	2-7, 403-1, 403-2, 404-1,

	PRINCIPLE OF THE GLOBAL COMPACT	REPORT CHAPTERS	GRI CORRESPONDENCE
Environment	**7. Companies must maintain a preventive approach that favours the environment.**	6.1; 6.2; 6.3; 6.5; 6.8; Appendix E; Appendix F; Appendix D	301-1, 302-4, 305-1, 305-2, 305-3, 305-5
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	1; 6.1; 6.2; 6.3; 6.4; 6.5; 6.7; 6.8; Appendix E; Appendix F	301-1, 302-4, 305-1, 305-2, 305-3, 305-5
	9. Companies must favour the development and proliferation of technologies that respect the environment.	6.1; 6.3; 6.5; 6.8	301-1, 302-4
Anti-corruption	**10. Businesses should work against corruption in all its forms, including extorsion and bribery.**	4.4; 6.3; 6.7; 6.10; 7; Appendix C; Appendix E	2-23, 2-26 205-2, 205-3

Appendix C – GRI Table of contents

1,

GRI STANDARD	CONTENT	CHAPTER OR DIRECT RESPONSE
GRI 1: Foundation 2023	**Reporting framework** **Materiality analysis**	Ibercaja has presented the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 using the GRI Standards as a reference.
GRI 2: General Disclosures 2023		
	2-1 Organisational details	4.1, 4.5.1, 4.5.3, 4.5.4, Appendix E See Note 1.1 of the Consolidated financial statements at 31 December 2023.
	2-2 Entities included in the organisation's sustainability reports	3, 4.1, 4.5.3, 4.5.4 See Consolidated Financial Statements at 31 December 2023.
	2-3 Reporting period, frequency and contact point	Ibercaja has presented the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 using the GRI Standards as a reference. This report is annual. For any further information on this report, please contact Ibercaja's corporate responsibility email rsc@bercaja.es This report is expected to be published in the first quarter of 2024
	2-4 Restatements of information	The possible changes in the criteria applied with respect to the previous report, when they are significant, are reflected in the corresponding section and in the GRI indicators table.
	2-5 External assurance	3, Appendix E, Appendix G
	2-6 Activities, value chain and other business relationships	1, 4.1, 4.2, 4.5.1, 4.5.2, 4.5.3, 5.1, 5.2, 6.3, 6.4, 8
	2-7 Employees	6.4 Appendix D
	2-8 Workers who are not employees	Ibercaja Banco carries out most of its activities using its own staff, with investees that collaborate in maintenance, editing, logistics and other works. There were no significant changes in the organisation's workforce.
	2-11 Chair of the highest governance body	4.4 In 2023, the Chairman of Ibercaja Banco did not have any executive functions.
	2-12 Role of the highest governing body in overseeing the management of impacts	6.1, 6.5, Appendix E, Appendix F, 4.4, 7
	2-13 Delegation of responsibility for managing impacts	4.4, 6.5, Appendix F
	2-14 Role of the highest governing body in sustainability reporting	3, 4.4
	2-15 Conflicts of interest	4.2, 6.10
	2-16 Communication of critical concerns	4.2, 6.3
	2-19 Remuneration policies	4.4, 6.4
	2-20 Process to determine remuneration	4.4, 6.4
	2-22 Statement on sustainable development strategy	1

	2-23 Policy commitments	4.2, 4.4, 6.1, 6.4, 6.5, 6.9, 6.10, Appendix E
	2-24 Embedding policy commitments	6.1, 6.3
	2-25 Processes to remediate negative impacts	3, 7
	2-26 Mechanisms for seeking advice and raising concerns	Ibercaja has a specific and independent ethical channel for reporting possible breaches of the Code and queries on its interpretation. Also included on the corporate website is an email address (rsc@ibercaja.es) to which anyone can send queries about the Bank's Code of Ethics. 6.3
	2-27 Compliance with laws and regulations	**In 2023, the Group has received no sanctions or fines issued in final proceedings for any breach of legislation or regulations, nor is it aware of any claims, files, lawsuits or litigation relating to social and economic areas.** **It should be noted that, in 2023, the appeal lodged against the €5,000,000 penalty imposed by the Governing Council of the Bank of Spain for inaccurate submission of the information to be reported to the Bank of Spain in the statement of "Interest rates on loan operations in Spain with the resident private sector", included in Annex 9 of Circular 5/2012 of the Bank of Spain, was rejected, and a monetary loss for that amount was recognised. This sanction is not final and an appeal has been lodged against it with the Administrative Appeals Chamber of the National High Court.** 6.9, 6.10
	2-28 Membership of associations	2, 6.2
	2-29 Approach to stakeholder engagement	3, 4.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.11
	2-30 Collective bargaining agreements	100% of Ibercaja Banco employees are covered by Collective Agreements and represented on formal committees. 6.4
GRI 3: Material Topics 2023	**3-1 Process to determine material topics**	3, Appendix E
	3-2 List of material topics	3
	3-3 Management of material topics	3

Ethical conduct, integrity and culture

GRI 3: Material Topics 2023	**3-3 Management of material topics**	4.4, 6.10, 6.11, 7
GRI 206: Anti-competitive Behaviour 2016	**206-1: Legal actions for anti-competitive behaviour, anti-trust and monopoly practices**	In 2023, 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 competition.
GRI 408: Child labour	**408-1: Operations and suppliers at significant risk for incidents of child labour**	Ibercaja has not identified any centres or suppliers likely to have significant risks in relation to child exploitation. Moreover, all suppliers, when doing business with us, accept the Bank's Code of Ethics and Supplier Code of Conduct, which explicitly states zero tolerance for incidents of child exploitation. 6.9
GRI 409: Forced or compulsory labour	**409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour**	Ibercaja has not identified any centres or suppliers likely to have significant risks in relation to forced labour. Moreover, all suppliers, when entering into business with us, accept the Bank's Code of Ethics and Supplier Code of Conduct, which explicitly states zero tolerance for forced labour. 6.9
GRI 415: Public Policy 2016	**415-1 Political contributions**	Ibercaja does not accept or offer contributions to political parties and/or representatives.

Transparency in customer relations and communication with the GDIs

GRI 3: Material Topics 2023	**3-3 Management of material topics**	4.4. Internal rules and control bodies, 4.5.3, 6.3, 6.11
GRI 417: Marketing and labelling	**417-1: Requirements for product and service information and labelling**	4.5.3
	417-2: Cases of breaches related with information and the labelling of products and services	In 2023, 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 with marketing notifications	In 2023, 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.

Excellence, professionalism and customer support

GRI 3: Material Topics 2023	**3-3 Management of material topics**	4.5.3, 6.3, 6.11 In 2012, the Bank was the first Spanish bank to earn 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.
GRI 416 Customer Health and Safety 2016	**416-2: Cases of non-compliance related to the health and safety impacts of the product and services categories**	During 2023 no significant penalties or fines were received relating to the health and safety impacts of the product and service categories

Digital transformation and cybersecurity

GRI 3: Material Topics 2023	**3-3 Management of material topics**	3, 4.5.2 Goals and Strategies

Risk management and Regulatory Compliance

GRI 3: Material Topics 2023	**3-3 Management of material topics**	6.8.11, 6.10, 7
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 in this realm with the aim of reporting tax information on a cash basis, through the CECA Total Tax Contribution report and a specific report by Ibercaja.
	207-4 Country-by-country reporting	6.8.11 The Company does not currently have any permanent establishments in other countries and is therefore not required to issue this report.

Economic performance and value creation

GRI 3-3: Management of material topics	**3-3 Management of material topics**	5.1, 5.3, 6.1, 6.3, 6.5, Appendix E, Appendix F, Appendix D
GRI 201: Economic performance 2016	**201-1 Direct economic value generated and distributed**	Appendix D
	201-2 Financial implications and other risks and opportunities arising from climate change	6.1, 6.3, 6.5, Appendix E, Appendix F
	201-3 Obligations of the defined benefit plan and other retirement plans	100% of serving employees are included in the Pension Plan. 6.8.11
	201-4 Financial assistance received from government	Ibercaja did not receive any type of aid from the Government.
	FS 6: Breakdown of the portfolio for each line of business, by specific region, size (microenterprise, SME, large company) and sector.	4.5.3, 4.5.4
	FS 8: Monetary value of products and services designed to offer a specific environmental benefit for each line of business broken down by objectives.	Appendix D
	FS 14: Initiatives to improve access to financial services to disadvantaged people.	4.5.3, Appendix D
	FS 13: Accessibility in unpopulated areas or in marginalised zones	In 2023, Ibercaja provided services in 100 towns as the only company present and 23% of branches provides service in towns with fewer than 1,000 inhabitants.

Data Protection

GRI 3-3: Management of material topics 2023	**3-3 Management of material topics**	4.4. Internal rules and control bodies, 6.3
GRI 418: Customer privacy 2016	**418-1: Claims based on violations of customer privacy and loss of customer data**	In 2023, there were 577 case files relating to GDPR and 3,381 online advertising unsubscribes. During 2023, no significant penalties or fines were received of a definitive nature with regard to data protection.

The Bank's Corporate Governance policy

GRI 3: Material Topics 2023	**3-3 Management of material topics**	4.4, 6.1, 6.11, 7
GRI 205: Anti-corruption 2016	**205-1: Operations assessed for risks related to corruption**	6.10., Appendix D
	205-2: Communication and training on anti-corruption policies and procedures	100% of Ibercaja Banco's current workforce has received training in criminal risk prevention, including the crime of corruption and bribery.
	205-3: Confirmed cases of corruption and measures taken	During 2023, no cases of corruption arose.

Responsible supplier relations and partnership building		
GRI 3: Material Topics 2023	3-3 Management of material topics	6.7
GRI 204: Procurement practices	GRI 204: Procurement practices	The percentage of purchases from local suppliers is 98.3%.
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Ibercaja has not identified any centres or suppliers likely to have significant risks in relation to the right to freedom of association and collective bargaining. 6.9

Risk Management of Climate Change and other ESG risks		
GRI 3: Material Topics 2023	3-3 Management of material topics	6.1, 6.5, 7
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Appendix D
	305-2: Energy indirect (Scope 2) GHG emissions.	Appendix D
	305-3: Other indirect (Scope 3) GHG emissions	Appendix D
	305-5 Reduction of GHG emissions	Appendix D, 6.5

Financial products with high social and/or environmental value		
GRI 3: Material Topics 2023	3-3 Management of material topics	4.5.3, 4.5.4
	FS 10: Percentage and number of companies in the portfolio with which they have interacted in social or environmental matters	Appendix D
	FS 11: Percentage of assets subject to positive or negative social or environmental analysis.	Appendix D

Internal Environmental Management		
GRI 3: Material Topics 2022	3-3 Management of material topics	6.1, 6.5
GRI 301: Topics 2016	301-1: Materials used by weight or volume	6.5, Appendix D
	301-2: Recycled input materials used	6.5, Appendix D
GRI 302: Energy	302-1: Energy consumption within the organisation	6.5, Appendix D
	302-4 Reduction of energy consumption	6.5, Appendix D
	302-3: Energy intensity	Appendix D
306: Waste 2020	306-3: Waste generated	Appendix D

Non-discrimination, Diversity and work-life balance

GRI 3: Material Topics 2023	3-3 Management of material topics	4.4, 6.4, Diversity, equality and work-life balance, 6.9
GRI 401: Employment 2016	401-3 Parental leave	6.4
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	6.4 Diversity, equality and work-life balance, Appendix D
GRI 406: Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	There were no incidents of discrimination and, therefore, no corrective actions in 2023. 6.9

Attracting, retaining and developing talent

GRI 3: Material Topics 2023	3-3 Management of material topics	6.4
GRI 401: Employment 2016	401-1: New employee recruitments and staff turnover	Appendix D
	401-2: Benefits for full-time employees that are not given to part-time or temporary employees	6.4
GRI 402: Labour/management relations 2016	402-1: Minimum notice periods for operational changes	That stipulated in the prevailing legislation applies with regard to minimum advance notice period(s) relating to organisational changes, including if these notices are specific in the collective bargaining agreements.
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	6.4. Occupational health and prevention
	403-2 Hazard identification, risk assessment and the investigation of incidents	6.4. Occupational health and prevention
	403-3 Occupational health services	6.4. Occupational health and prevention
	403-4 Worker participation, consultation and communication on occupational health and safety	6.4. Occupational health and prevention
	403-5 Training of workers on health and safety at work	6.4. Occupational health and prevention
	403-6 Promoting the health of workers	6.4. Occupational health and prevention The information reported relates to Ibercaja Banco's own personnel. In relation with the workers of the investees that collaborate in maintenance, editing, logistics and other works, they are not covered by the Ibercaja Banco prevention service. However, the risks associated with their work position are assessed and adequate measures are taken to preserve health and safety
	403-7 Prevention and mitigation of the impacts on the health and safety of workers directly linked with commercial relations	6.4. Occupational health and prevention The information reported relates to Ibercaja Banco's own personnel. There are currently no external workers linked with commercial relations.
	403-8 Coverage of the occupational health and safety management system	6.4. Occupational health and prevention Ibercaja Banco has its own prevention service. However, no health and safety management system currently exists. In 2023, the Bank was awarded the AENOR SIGOS healthy company certification.

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 2023 was 72 hours
	404-2: Programmes to improve employee aptitudes and transition assistance programmes	6.4. Cultivating talent
	404-3: Percentage of employees who receive periodic evaluations of professional performance and development	100% of permanent employees receive regular performance and career development assessments.

Commitment to society and respect for human rights

GRI 3: Material Topics 2023	**3-3 Management of material topics**	1, 4.3, 4.5.1, 4.5.3, 6.4, 6.8. 6.9
GRI 202: Market Presence 2016	**202-1: Ratios of standard entry level wage by gender compared to local minimum wage**	The range of the relationships between the standard initial salary and the minimum local salary in places in which significant activities are performed: 149%
	202-2: Proportion of senior executives recruited in the local community.	Ibercaja Banco recruits 100% of its employees in Spain and 100% of senior executives are Spanish nationals.
GRI 203: Indirect economic impacts 2016	**203-1: Infrastructure investments and services supported**	Appendix D

Appendix D – Additional non-financial information, GRI content and Taxonomy information

2-7, 3-3, 201-1, 203-1, 205-1, 305-1, 305-2, 305-3, 305-5, 301-1, 301-2, 302-1, 302-4, 401-1, FS8, FS10, FS11, FS14, 302-3, 306-3

GRI 201-1

THOUSANDS OF EUROS	2021	2022*	2023
Gross income	952,260	943,648	1,186,464
Net profit/(loss) discontinued operations	0	0	0
Gains or (-) losses on the derecognition of net non-financial assets and equity interests	(5,199)	5,720	(303)
Gains/(losses) non-current assets held for sale	5,885	2,152	3,896
Economic value generated	**952,946**	**951,520**	1,190,057
Dividends	98,140	121,272	182,626
Other general administrative expenses	150,896	164,628	168,488
Staff costs	375,183	329,712	371,992
Corporation tax and contributions and other taxes	81,958	72,423	87,003
Economic value distributed	706,177	688,035	810,109
Economic value withheld (VEG-VED)	246,769	263,485	379,948

- 2022 is restated under IFRS17

GRI 205-1

SUMMARY OF REVIEWS CONDUCTED	2021	2022	2023
Distribution Network Audit	274 (*)	143 (*)	137 (*)
Credit Risk Audit and Modelling	13	37	37
Financial Auditing and Regulatory Reporting Auditor (**)	33	27	31
Systems Audit	32	15	15
TOTAL	**352**	**222**	**220**

BRANCH AUDITS	2021	2022	2023
Revised branches	254 (*)	127 (*)	117 (*)
Percentage of the average number of branches	24.42%	13.76%	12.96%

(*) Continuous audit process across the entire Branch Network.
(**) In 2021 the reviews carried out by the Technical Supervision and Quality Unit are included, which in 2022 were integrated into the Financial Audit and Regulatory Reporting Unit.

2-7, 405-1

The following tables present the distribution of Ibercaja Banco's workforce at 31 December 2023 according to gender, professional category, age, location and type of contract.

2023 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	613	319	932	47
Middle managers	454	450	904	49
Technicians	777	971	1,748	47
Clerical staff	504	539	1,043	43
TOTAL	**2,348**	**2,279**	**4,627**	**47**

2022 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	602	315	917	47
Middle managers	444	444	888	48
Technicians	705	853	1,558	47
Clerical staff	512	590	1,102	45
TOTAL	**2,263**	**2,202**	**4,465**	**47**

2021 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	549	250	799	47
Middle managers	540	496	1,036	47
Technicians	700	843	1,543	46
Clerical staff	561	648	1,209	46
TOTAL	**2,350**	**2,237**	**4,587**	**47**

2020 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	626	270	896	48
Middle managers	593	529	1,122	47
Technicians	731	843	1,574	46
Clerical staff	715	748	1,463	48
TOTAL	**2,665**	**2,390**	**5,055**	**47**

** Job categories are defined as:
EXECUTIVES: up to branch managers
MIDDLE MANAGERS: up to assistant managers-officers
TECHNICIANS: specialised branch office roles and Head Office Technicians/Experts
CLERICAL STAFF: branch network and Head Office employees

2023 AGE	MEN	WOMEN	TOTAL
21-30 YEARS	255	235	490
31-40 YEARS	175	159	334
41-50 YEARS	890	951	1,841
51-60 YEARS	1,011	929	1,940
61-70 YEARS	17	5	22
TOTAL	**2,348**	**2,279**	**4,627**

2022 AGE	MEN	WOMEN	TOTAL
21-30 YEARS	177	167	344
31-40 YEARS	213	204	417
41-50 YEARS	973	1,013	1,986
51-60 YEARS	888	815	1,703
61-70 YEARS	12	3	15
TOTAL	**2,263**	**2,202**	**4,465**

2021 AGE	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	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**

** Age classification is defined in 10-year bands.

2023 - GENDER	PERMANENT	TEMPORARY	TOTAL
MEN	2,228	120	2,348
WOMEN	2,155	124	2,279
TOTAL	**4,383**	**244**	**4,627**

2022 - GENDER	PERMANENT	TEMPORARY	TOTAL
MEN	2,170	93	2,263
WOMEN	2,109	93	2,202
TOTAL	**4,279**	**186**	**4,465**

2021 - GENDER	PERMANENT	TEMPORARY	TOTAL
MEN	2.258	92	2.350
WOMEN	2.158	79	2.237
TOTAL	**4.416**	**171**	**4.587**

2020 - GENDER	PERMANENT	TEMPORARY	TOTAL
MEN	2,590	75	2,665
WOMEN	2,329	61	2,390
TOTAL	**4,919**	**136**	**5,055**

** The classification by type of contract is the one in which the employee was on 31 December.
P:permanent contracts
T: temporary contracts

2023 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	15	5	20
GR.1 LEVEL II	25	12	37
GR.1 LEVEL III	314	139	453
GR.1 LEVEL IV	468	253	721
GR.1 LEVEL V	373	344	717
GR.1 LEVEL VI	252	315	567
GR.1 LEVEL VII	240	272	512
GR.1 LEVEL VIII	289	533	822
GR.1 LEVEL IX	94	158	252
GR.1 LEVEL X	34	31	65
GR.1 LEVEL XI	46	29	75
GR.1 LEVEL XII	186	187	373
GR.1 LEVEL XIII			
GR.1 LEVEL XIV			
GR.2 LEVEL I	1		1
GR.2 LEVEL II	10	1	11
GR.2 LEVEL IV	1		1
TOTAL	**2,348**	**2,279**	**4,627**

2022 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	15	4	19
GR.1 LEVEL II	24	12	36
GR.1 LEVEL III	302	124	426
GR.1 LEVEL IV	452	249	701
GR.1 LEVEL V	375	322	697
GR.1 LEVEL VI	238	302	540
GR.1 LEVEL VII	224	263	487
GR.1 LEVEL VIII	324	556	880
GR.1 LEVEL IX	104	183	287
GR.1 LEVEL X	32	40	72
GR.1 LEVEL XI	20	19	39
GR.1 LEVEL XII	69	47	116
GR.1 LEVEL XIII	72	80	152
GR.1 LEVEL XIV			
GR.2 LEVEL I	1		1
GR.2 LEVEL II	10	1	11
GR.2 LEVEL IV	1		1
TOTAL	2,263	2,202	4,465

2021 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	16	4	20
GR.1 LEVEL II	35	11	46
GR.1 LEVEL III	288	121	409
GR.1 LEVEL IV	491	254	745
GR.1 LEVEL V	394	322	716
GR.1 LEVEL VI	233	275	508
GR.1 LEVEL VII	264	299	563
GR.1 LEVEL VIII	320	561	881
GR.1 LEVEL IX	124	178	302
GR.1 LEVEL X	40	91	131
GR.1 LEVEL XI	29	34	63
GR.1 LEVEL XII	48	38	86
GR.1 LEVEL XIII	39	24	63
GR.1 LEVEL XIV	15	23	38
GR.2 LEVEL I	3		3
GR.2 LEVEL II	10	2	12
GR.2 LEVEL IV	1		1
TOTAL	2,350	2,237	4,587

2020 PROFESSIONAL LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	16	4	20
GR.1 LEVEL II	42	12	54
GR.1 LEVEL III	332	119	451
GR.1 LEVEL IV	571	263	834
GR.1 LEVEL V	439	353	792
GR.1 LEVEL VI	268	272	540
GR.1 LEVEL VII	304	334	638
GR.1 LEVEL VIII	358	621	979
GR.1 LEVEL IX	114	176	290
GR.1 LEVEL X	95	131	226
GR.1 LEVEL XI	24	35	59
GR.1 LEVEL XII	44	44	88
GR.1 LEVEL XIII	22	14	36
GR.1 LEVEL XIV	13	9	22
GR.2 LEVEL I	4		4
GR.2 LEVEL II	18	3	21
GR.2 LEVEL IV	1		1
TOTAL	2,665	2,390	5,055

** The classification is according to the professional categories of the agreement.

2023 – AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	16	18	34
TERR. DIV. ARAGON	617	588	1.205
TERR. DIV. MEDITERRANEAN COAST	287	269	556
TERR. DIV. EXTREMADURA AND SOUTH	184	187	371
TERR. DIV. MADRID AND NORTHWEST	353	435	788
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	263	284	547
CENTRAL UNITS	436	386	822
CORPORATE BANKING DEPARTMENT	192	112	304
TOTAL	2,348	2,279	4,627

2022 – AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	11	10	21
TERR. DIV. ARAGON	608	573	1,181
TERR. DIV. MEDITERRANEAN COAST	270	264	534
TERR. DIV. EXTREMADURA AND SOUTH	178	188	366
TERR. DIV. MADRID AND NORTHWEST	352	432	784
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	263	270	533
CENTRAL UNITS	394	362	756
CORPORATE BANKING DEPARTMENT	187	103	290
TOTAL	2,263	2,202	4,465

2021 – AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	11	12	23
TERR. DIV. ARAGON	638	589	1,227
TERR. DIV. MEDITERRANEAN COAST	290	268	558
TERR. DIV. EXTREMADURA AND SOUTH	185	189	374
TERR. DIV. MADRID AND NORTHWEST	369	435	804
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	273	277	550
CENTRAL UNITS	404	368	772
CORPORATE BANKING DEPARTMENT	180	99	279
TOTAL	**2,350**	**2,237**	**4,587**

2020 – AREAS	GENDER		TOTAL
	MEN	WOMEN	
BRANCH NETWORK DEPARTMENT	16	19	35
TERR. DIV. ARAGON	805	638	1,443
TERR. DIV. MEDITERRANEAN COAST	351	291	642
TERR. DIV. EXTREMADURA AND SOUTH	226	215	441
TERR. DIV. MADRID AND NORTHWEST	475	499	974
TERR. DIV. RIOJA, BURGOS AND GUADALAJARA	352	331	683
CENTRAL UNITS	440	397	837
TOTAL	**2,665**	**2,390**	**5,055**

** Classification by location is the organisation by Territorial Divisions of the Bank.

- TERRITORIAL DIVISION OF ARAGON; AUTONOMOUS REGION OF ARAGON
- TERRITORIAL DIVISION OF MEDITERRANEAN COAST; AUTONOMOUS REGION OF ANDALUSIA, BALEARIC ISLANDS, CASTILLA LA MANCHA, CATALONIA, VALENCIA AND REGION OF MURCIA
- TERRITORIAL DIVISION EXTREMADURA AND SOUTH; AUTONOMOUS REGION OF ANDALUSIA, CANARY ISLANDS AND EXTREMADURA
- TERRITORIAL DIVISION OF MADRID AND NORTHWEST; AUTONOMOUS REGIONS OF CASTILLA LA MANCHA, CASTILLA Y LEON, GALICIA, MADRID AND PRINCIPALITY OF ASTURIAS

TERRITORIAL DIVISION OF RIOJA, BURGOS AND GUADALAJAR; AUTONOMOUS REGIONS OF CANTABRIA, CASTILLA LA MANCHA, CASTILLA LEON, LA RIOJA, FORAL DE NAVARRA AND PAIS VASCO.

The following tables present the distribution of the workforce of Ibercaja in 2023 by gender, job category, age, location and type of contract in terms of average number of days.

AVERAGE NUMBER OF DAYS WORKED BY GENDER, TYPE OF CONTRACT AND OCCUPATIONAL CATEGORY

2023	PERMANENT			TEMPORARY		
	M	F	TOTAL	M	F	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	100%	100%	100%	0%	0%	0%
Clerical staff	77.97%	78.15%	78.06%	22.03%	21.85%	21.94%
TOTAL	**95.33%**	**94.79%**	**95.07%**	**4.67%**	**5.21%**	**4.93%**

*There is one employee hired on a part-time basis

2022	PERMANENT			TEMPORARY		
	M	F	TOTAL	M	F	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	100.00%	100%	100.00%	0%	0%	0%
Clerical staff	80.58%	85.83%	83.38%	19.42%	14.17%	16.62%
TOTAL	**95.60%**	**96.17%**	**95.88%**	**4.40%**	**3.83%**	**4.12%**

*There is one employee hired on a part-time basis

2021	PERMANENT			TEMPORARY		
	M	F	TOTAL	M	F	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	99.92%	100%	99.96%	0.08%	0%	0.04%
Clerical staff	85.88%	87.29%	86.61%	14.12%	12.71%	13.39%
TOTAL	**96.26%**	**96.07%**	**96.17%**	**3.74%**	**3.93%**	**3.83%**

2020	PERMANENT			TEMPORARY		
	M	F	TOTAL	M	F	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	99.93%	100%	99.97%	0.07%	0%	0.03%
Clerical staff	87.27%	87.92%	87.61%	12.73%	12.08%	12.39%
TOTAL	**96.41%**	**95.98%**	**96.21%**	**3.59%**	**4.02%**	**3.79%**

** Job categories are defined as:
EXECUTIVES: up to branch managers
MIDDLE MANAGERS: up to assistant managers-officers
TECHNICIANS: specialised branch office roles and Head Office Technicians/Experts
CLERICAL STAFF: branch network and Head Office employees

AVERAGE NUMBER OF DAYS BY GENDER, TYPE OF CONTRACT AND AGE RANGE

2023	PERMANENT		TOTAL	TEMPORARY		TOTAL
	M	F		M	F	
21-30 YEARS	53.25%	46.29%	49.88%	46.75%	53.71%	50.12%
31-40 YEARS	98.21%	97.55%	97.89%	1.79%	2.45%	2.11%
41-50 YEARS	100.00%	100.00%	100.00%	0%	0%	0%
51-60 YEARS	100.00%	100.00%	100.00%	0%	0%	0%
61-70 YEARS	100.00%	100.00%	100.00%	0%	0%	0%
Total	**95.33%**	**94.79%**	**95.07%**	**4.67%**	**5.21%**	**4.93%**

2022	PERMANENT		TOTAL	TEMPORARY		TOTAL
	M	F		M	F	
21-30 YEARS	40.87%	46.38%	43.53%	59.13%	53.62%	56.47%
31-40 YEARS	98.14%	98.82%	98.47%	1.86%	1.18%	1.53%
41-50 YEARS	100.00%	99.88%	99.90%	0%	0.12%	0.10%
51-60 YEARS	99.94%	100.00%	99.97%	0.06%	0%	0.03%
61-70 YEARS	100.00%	100.00%	100.00%	0%	0%	0%
Total	**95.60%**	**96.17%**	**95.88%**	**4.40%**	**3.83%**	**4.12%**

2021	PERMANENT		TOTAL	TEMPORARY		TOTAL
	M	F		M	F	
21-30 YEARS	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	100.00%	99.94%	99.95%	0%	0.06%	0.05%
51-60 YEARS	99.91%	100.00%	99.95%	0.09%	0%	0.05%
61-70 YEARS	100.00%	100.00%	100.00%	0%	0%	0%
Total	**96.26%**	**96.07%**	**96.17%**	**3.74%**	**3.93%**	**3.83%**

2020	PERMANENT		TOTAL	TEMPORARY		TOTAL
	M	F		M	F	
21-30 YEARS	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	100.00%	99.86%	99.93%	0%	0.14%	0.07%
51-60 YEARS	99.92%	100.00%	99.95%	0.08%	0%	0.05%
61-70 YEARS	100.00%	100.00%	100.00%	0%	0%	0%
Total	**96.41%**	**95.98%**	**96.21%**	**3.59%**	**4.02%**	**3.79%**

** Age classification is defined in 10-year bands.

In 2023, the **permanent workforce** increased by 104 employees. The **churn rate** of permanent employees was 6.30% in 2023.

CHURN NUMBER AND RATE (INCOMING AND OUTGOING EMPLOYEES)

2023	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21-30 YEARS	76	3.41%	60	2.78%	136	3.10%
31-40 YEARS	22	0.99%	20	0.93%	42	0.96%
41-50 YEARS	21	0.94%	37	1.72%	58	1.32%
51-60 YEARS	20	0.90%	19	0.88%	39	0.89%
61-70 YEARS	1	0.04%		0.00%	1	0.02%
Total	**140**	**6.28%**	**136**	**6.31%**	**276**	**6.30%**

2022	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21-30 YEARS	55	2.53%	43	2.04%	98	2.29%
31-40 YEARS	13	0.60%	15	0.71%	28	0.65%
41-50 YEARS	22	1.01%	26	1.23%	48	1.12%
51-60 YEARS	150	6.91%	95	4.50%	245	5.73%
61-70 YEARS	6	0.28%		0.00%	6	0.14%
Total	**246**	**11.34%**	**179**	**8.49%**	**425**	**9.93%**

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%**

The **hiring rate** of permanent employees was 4.33% in 2023.

NUMBER AND RATE OF NEW HIRES (INCOMING EMPLOYEES)

2023	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21-30 YEARS	69	3.10%	51	2.37%	120	2.74%
31-40 YEARS	13	0.58%	14	0.65%	27	0.62%
41-50 YEARS	9	0.40%	16	0.74%	25	0.57%
51-60 YEARS	8	0.36%	10	0.46%	18	0.41%
61-70 YEARS	0	0.00%	0	0.00%	0	0
Total	**99**	**4.44%**	**91**	**4.22%**	**190**	**4.33%**

2022	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21-30 YEARS	52	2.40%	38	1.80%	90	2.10%
31-40 YEARS	10	0.46%	11	0.52%	21	0.49%
41-50 YEARS	11	0.51%	13	0.62%	24	0.56%
51-60 YEARS	6	0.28%	3	0.14%	9	0.21%
61-70 YEARS		0.00%		0.00%	0	0
Total	**79**	**3.64%**	**65**	**3.08%**	**144**	**3.37%**

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%**

A total of 21 people were laid off due to dismissal or termination of contract, with an average age of 47, and none of them was aged under 35 or had children aged under 12.

2023 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	2	1	3	51
Middle managers	2	1	3	41
Technicians	2	2	4	47
Clerical staff	7	4	11	48
Total	**13**	**8**	**21**	**47**

2022 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	26	7	33	57
Middle managers	18	14	32	57
Technicians	30	30	60	57
Clerical staff	65	43	108	56
Total	**139**	**94**	**233**	**57**

2021 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	58	20	78	57
Middle managers	58	17	75	57
Technicians	42	47	89	57
Clerical staff	195	102	297	57
Total	**353**	**186**	**539**	**57**

2020 JOB CATEGORY	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	2		2	48
Middle managers	1	2	3	38
Technicians	1	2	3	42
Clerical staff	6	1	7	52
Total	**10**	**5**	**15**	**47**

301-1, 301-2, 302-1, 302-3 CONSUMPTION

CONSUMPTION

WATER CONSUMPTION (m3)	2023	2022	2021
Water Consumption - Central Building	9,749.00	13,104.00	12,515.00
Water consumption - Branch network	25,741.03	25,900.91	26,419.47
Total water consumption	35,490.03	39,004.91	38,934.47
Average water consumption per employee and year (Bank)	7.76	8.69	7.93

Specific observations: The table does not include water from the catchment and discharge wells used for the air conditioning system at the Headquarters.
General remarks: The average number of employees is used to calculate the ratio per employee

ENERGY CONSUMPTION (Gj)	2023	2022	2021
Electricity - headquarters	26,312.64	27,347.66	28,850.71
Electricity - branch network (*)	70,771,66	81,191.08	92,132.60
Total electricity consumption	97,084,30	108,538.74	120,983.31
Average electricity consumption per employee and year	21.23	24.19	24.64
Diesel - central building	73.85	73.85	73.85
Diesel - branch network	1,732.48	2,489.18	3,017.86
Natural Gas - branch network	1,604.6	3,638.26	3,743.32
Total fuel consumption	3,410.93	6,201,29	6,835.03
Average consumption of diesel and natural gas per employee/ year - Bank	0.75	1.38	1.39

PAPER CONSUMPTION Tm	2023	2022	2021
DIN A4 white - Bank	1.41	4.5	9.03
Recycled DIN A4 - Bank	208.98	188.15	224.92
Total DIN A4 - Bank	210.39	192.65	233.95
DIN A3 - Bank	0.13	0.28	0.33
Envelopes	44.19	42.82	54.25
Rolls	48.80	47.43	59.10
Average total A4 paper consumption per employee - Bank	0.046	0.04	0.05
Total paper consumption	**303.51**	**283.18**	**347.63**

Specific observations on envelopes: Indicator based on the most commonly used envelope size (115x225)

(*) Remarks on branch network electricity consumption: the 2023 study of electricity consumption in branches was carried out in the period between October 2022 and November 2023. In 2023, the 2022 electricity consumption data and the 2021 and 2022 natural gas data have been updated.

305-1, 305-2, 305-3, 305-5

EMISSION LEVEL IN t CO2e	2023	2022	2021
Emissions associated with diesel consumption (Bank total)	133.07	187.88	236.92
Emissions associated with natural gas consumption (Bank total)	81.32	184.39	189.71
Emissions associated with total fuel consumption in buildings	214.39	372.27	426.63
Emissions associated with electricity consumption (Central Building)	0	0	0
Emissions associated with electricity consumption (Branch network)	56.72	0	0
Emissions associated with transport using own vehicles	72.19	72.92	58.31
Emissions associated with fluorinated gas leaks (Bank total)	491.16	543.73	346.99
Emissions associated with the transport for business trips (car)	797.90	768.55	687.06
Emissions associated with the transport for courier services	30.26	30.24	31.16
Total emissions of CO_2	**1662.62**	**1787.71**	**1550.15**
Total emissions of CO_2 per employee	0.36	0.40	0.32

Specific observations: The Ibercaja Banco Operational Carbon Footprint Report is prepared in accordance with the Greenhouse Gas Protocol. The emission factors used to calculate Scope 1 and 2 emissions are those provided by the Ministry for Ecological Transition and Demographic Challenge. The GHG Protocol (Green House Gas Protocol) is used to record scope 3 emissions.

100% of electricity supplied by ENDESA is generated from renewable energy sources. This energy is accredited through guarantees of origin by the CNMC (National Commission on Markets and Competition).

Note: the quantification of the 2022 GHG inventory has been updated with the results of the verification carried out on Ibercaja Banco, S.A.'s 2022 carbon footprint, following the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, and published in the Independent Review Report dated 3 July 2023.

TABLE OF CO_2 EMISSIONS – SCOPES 1, 2 and 3

SCOPE	EMITTING SOURCE	EMISSIONS (Tn $CO_{2\ eq}$)		
		2023	2022	2021
1	**Fuel consumption in buildings**	214,39	367,77	426,63
1	**Leakage of fluorinated gases**	491,16	543,73	346,99
1	**Fuel consumption of own vehicles**	72,19	72,92	58,31
2	**Electricity consumption**	57	0	0
TOTAL EMISSIONS, SCOPE 1+2 (Tn $CO_{2\ eq}$)		**834,46**	**984,42**	**831,93**

SCOPE	EMITTING SOURCE	EMISSIONS (Tn CO_2 eq)		
		2023	2022	2021
3	**Employees travelling for work purposes (car)**	797.90	768.55	687,06
3	**Courier service**	30.26	30.24	31,16
TOTAL EMISSIONS, SCOPE 3 (Tn CO_2 eq)		**828,16**	**798.79**	**718.22**

SCOPES	EMISSIONS (Tn CO2 eq) 2023	2022	2021
SCOPE 1 (tCO_{2e})	777.74	984.42	831.93
SCOPE 2 (tCO_{2e})	56.72	0	0
SCOPE 3 (tCO_{2e})	828.16	798.79	718.22
TOTAL, SCOPE 1, 2 & 3 EMISSIONS (t CO2e)	**1,662.62**	**1,783.21**	**1,550.15**

Note: the quantification of the 2022 GHG inventory has been updated with the results of the verification carried out on Ibercaja Banco, S.A.'s 2022 carbon footprint, following the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, and published in the Independent Review Report dated 3 July 2023.

306-3

	2023	2022	2021
Total, non-hazardous waste (t)	191.63	205.00	251.56
Total, hazardous waste (t)	4.64	5.99	10.08
Paper destroyed confidentially (tn) (*)	35.88	216.47	242.92

(*) The amount of documentation officially destroyed in each year corresponds to the amount in custody in the previous year.
Confidential Destruction is certified according to UNE-EN 15713 - Secure destruction of confidential material, Code of best practices. In 2023, there has been no purge of documents in custody.

FS14

CHANNEL OF RELATIONSHIP WITH CUSTOMERS	2019	2020	2021	2022	2023
% over-the-counter transactions	12.78%	9.53%	10.01%	8.49%	7.84%
% transactions performed via distance banking	72.03%	75.96%	74.27%	73.96%	74.14%
% transactions carried out at ATM	4.18%	2.98%	2.76%	2.72%	2.52%
% transactions carried out at POS	10.86%	11.33%	12.97%	14.83%	15.50%
% operations performed on updater	0.15%	0.03%	0	0	0
Active digital banking users per month	765,585	842,486	878,818	914,418	950,941
Active mobile banking users per month	432,211	521,551	603,409	675,562	729,641
Active mobile payment users per month	86,040	213,765	322,975	388,797	421,797
Total visits to ibercaja.es homepage	26,375,480	28,008,266	25,779,055	34,729,503	36,392,368

FS8

PARTICIPATED COMPANY	ENVIRONMENTAL PROJECT	INVESTMENT IBERCAJA			QUANTITATIVE INDICATOR
		2021	2022	2023	
Rioja Nueva Economía, S.A.	Bio-diesel plant in Calahorra and wind farm	5,592	4,627	4,627	Biodiesel plant with a capacity of 250,000 tonnes/year).
Solavanti	Photovoltaic projects	6,030	-	-	Total installed capacity of 44.46 Mw
Foresta Project	Forest plantations in Extremadura	5,000	5,226	5,444	Forest plantation of 640 ha. (reservoir of 232,545 trees)
Total investment Ibercaja		**16,622**	**9,853**	**10,071**	

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 homogeneous information, this stake is not included in the data for 2020.

FS10, FS11

IBERCAJA'S INVESTMENTS IN COMPANIES IN WHICH CSR IS SIGNIFICANT (THOUSANDS OF EUROS)	2021	2022	2023
Amounts	103,646	96,699	96,365
Companies	20	19	19
% of total equity interests	45%	45%	44%

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BUSINESS SHAREHOLDINGS	2021 INVESTMENT PAID	2021 DIRECT WEALTH GENERATION	2021 JOB CREATION	2022 INVESTMENT PAID	2022 DIRECT WEALTH GENERATION	2022 JOB CREATION	2023 INVESTMENT PAID	2023 DIRECT WEALTH GENERATION	2023 JOB CREATION
	Thousands of euros	Thousands of euros	Direct and indirect	Thousands of euros	Thousands of euros	Direct and indirect	Thousands of euros	Thousands of euros	Direct and indirect
Tourism sector	67,463	1,331	13,603	67,463	41,326	13,941	67,463	40,875	13,947
Food and agriculture industry	1,306	9,127	1,057	1,306	4,677	1,139	1,306	6,565	1,053
Other sectors	8,523	3,403	26,446	8,523	3,494	38,514	8,523	5,007	32,025
Totals	**77,292**	**13,861**	**41,106**	**77,292**	**49,497**	**53,593**	**77,292**	**52,447**	**47,025**

Investment in strategic sectors (thousands of euros)	2021	2022	2023
Amounts	74,911	74,733	74,181

INFORMATION ON THE TAXONOMY REGULATION (EU) 2020/852

a) Context

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

In accordance with Article 8 of the Regulation, Ibercaja, being subject to Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards disclosure of information, non-financial and diversity information by certain large companies and groups (hereinafter "NFRD"), must disclose how and to what extent its activities are associated with sustainable economic activities.

The disclosure obligations for financial institutions subject to the NFRD have been increased compared to the previous year, with the publication of Regulation (EU) 2023/2486 of 27 June 2023, supplementing the Taxonomy Regulation with regard to the technical screening criteria for determining whether an activity contributes substantially to the environmental objectives for the protection of water and marine resources, the transition to a circular economy, pollution prevention and ecosystem protection. They also include requirements for determining whether the activity does no significant harm (DNSH) to the other environmental objectives. Following the Regulation's implementation schedule, and in accordance with Article 5 of the Regulation, financial firms are required to disclose the proportion of their assets covered against exposures to eligible and non-eligible economic activities under the Taxonomy for the four environmental objectives as of 1 January 2024.

Also, for the objectives of mitigating and adapting to climate change, the requirement is added, for certain financial institutions, to disclose the proportion of assets that finance economic activities that comply with the Taxonomy as provided for in Regulation (EU) 2021/2178.

b) Reporting scope

Regulation 2021/2178 specifies the content and presentation of the information to be disclosed on eligibility for the six objectives of the Taxonomy and the alignment of the different economic activities with the two climate objectives of adaptation and mitigation. In accordance with Article 10 of the Regulation, financial institutions must disclose information on key performance indicators, covering the period from 1 January 2023 to 31 December 2023, in accordance with the templates set out in the Appendices. Financial institutions must also complement these quantitative results with the qualitative information set out in Annex XI to the Regulation.

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

The ultimate decision-making body responsible for defining the operating segments is the Group's Management Committee. The Group has concluded that there are no distinct segments as the results of its activities are not examined on an independent basis. All strategic, commercial and regulatory analysis is carried out at the Group level.

Based on the provisions of the previous paragraph, Ibercaja Group discloses quantitative Taxonomy information in accordance with the templates in Appendices V and VI, applying the prudential consolidation perimeter, in line with the reporting requirements of financial institutions in Regulation (EU) 575/2013 and the Implementing Regulation of the Commission (EU) 2021/451 (FINREP). With these templates, the Bank collects information on its banking activity, the asset management services of Ibercaja Gestión and Ibercaja Pension, as well as the discretionary portfolio management service provided by the Bank. Outside the scope of prudential consolidation, it also reports information on the Group's insurance business, in accordance with Annex X of the Regulation.

c) Process of calculating key performance indicators

The Taxonomy Regulation sets out the criteria that financial institutions should apply to determine whether an exposure can be classified as sustainable. To this end, the Regulation includes a list of economic activities that can potentially contribute to one or more of the established environmental objectives. In this context, an activity is considered eligible when it is included in this list of activities. In addition, for an activity to be considered aligned with the Taxonomy, it must meet the technical selection criteria for substantial contributing to one of the six objectives, must not cause any significant harm to the rest of the objectives, and must comply with minimum social and human rights safeguards.

In accordance with the provisions of Delegated Regulation (EU) 2021/2139 and in line with the nature of Ibercaja Group's business model, the Bank discloses the Green Asset Ratio (GAR), which shows the exposures related to activities aligned with the Taxonomy as a proportion of the Bank's total assets.

The GAR indicator has been developed in accordance with Annexes V and VI to Regulation 2021/2139 and includes the following templates:

- Template 0: Summary of key performance indicators. It includes the main results of the rest of the templates in Annex VI, breaking down the indicators according to the turnover and CapEx of the counterparties.
- Template 1: Assets for the calculation of the Green Asset Ratio (GAR). Information is reported in absolute value on the on and off-balance sheet assets used for the calculation of the GAR ratio, specifying eligibility and alignment with the different objectives of the Taxonomy for each asset category.
- Template 2: GAR: Information by sector. The information on financial firms subject to NFRD on alignment with climate objectives is broken down by NACE sector.
- Template 3: Key performance indicator of the GAR stock view. The information on the template 1 balance sheet is reported in relative values in stock terms.
- Template 4: Key performance indicator of the GAR flow view. The information on the template 1 balance sheet is reported in relative values in flow terms.

- Template 5: Key result indicator for off-balance sheet exposures according to template 1. Specifically, the data corresponding to financial guarantees and assets under management are reported based on turnover and CapEx, both in a stock and a flow view.

Annex XI to Delegated Regulation (EU) 2121/2178 on qualitative disclosures includes the disclosure of a consolidated group-wide key performance indicator. The annex specifies that "Financial institutions must disclose additional or complementary information on the strategies of the financial company and the weight in their total activity of the financing of economic activities that comply with the Taxonomy". In this regard, and in line with the nature of the Bank's business model, the Ibercaja Group discloses the consolidated indicators of its banking segment, which give 1.50% based on revenues and 1.61% based on the CapEx of counterparties.

For the calculation of the eligibility and alignment data of the reported exposures, the activities associated with such exposures have been categorised according to the technical selection criteria to determine the conditions under which the activities are considered to contribute substantially to the Climate Change Mitigation and Adaptation objectives set out in Annexes I and II of Delegated Regulation (EU) 2021/2139.

The information about these exposures has been obtained from the analysis of available counterparty data in the company's systems for each asset class. The Bank has based the evaluation of the eligibility and alignment of exposures on actual reported data. The information on non-financial entities has been based on data published in 2022 since, at the date of the report, data for 2023 has yet not been published. Information on alignment with the Taxonomy of financial institutions is also not currently available.

In this regard, Ibercaja is committed to improving the quality and availability of data, so it will continue to work internally and on agreements with data providers to be able to include greater granularity of information on exposures to financial and non-financial institutions in future years.

Delegated Regulation 2023/2486 requires financial and non-financial institutions to report the eligibility of their activities with regard to the four non-climate environmental objectives. This information will be disclosed by non-financial entities for the first time in 2024, for the 2023 reporting period. As set out in the Commission's communications, the disclosure of information related to the eligibility of financial undertakings must be based on actual information, provided by the financial or non-financial undertaking, in accordance with Article 8(4) of the Delegated Disclosure Act. Taking into account that the use of estimates is not permitted in mandatory reporting under the Taxonomy delegated acts, Ibercaja has assumed a 0% eligibility for these environmental targets. The Ibercaja Group continues to make its best efforts to have this information available as soon as possible and be able to provide actual eligibility and alignment data.

In view of the lack of the information described in the previous paragraph, Ibercaja has assumed 0% eligibility for the new activities with respect to the climate change mitigation and adaptation objectives included in Delegated Regulation 2023/2485. As more information becomes available in future years on the eligibility of non-financial companies, this ratio is expected to increase.

In accordance with the provisions of article 7 of Delegated Regulation (EU) 2121/2178, the following exclusions have been applied in calculating the indicators previously detailed:

a. Exposures to central governments, central banks and supranational issuers have been excluded from the calculation of the numerator and denominator.
b. Derivatives have been excluded from the numerator.
c. Exposures of companies that are not required to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU have been excluded from the numerator.

Below is the detail of the portfolios included in the 2023 Taxonomy report:

Portfolio type	Characteristics of the report
Investment portfolio	The eligibility and alignment for the climate objectives of the Group's own investments is reported according to the actual data provided by the issuers.
Loan portfolio – Business segment	The eligibility and alignment, with respect to climate objectives, of financing operations without a specific purpose is disclosed based on the actual data reported by counterparties. Regarding the reporting of information on financing operations with a specific purpose, work is ongoing to be able to demonstrate compliance with the technical selection criteria, the DNSH and the minimum safeguards, and so report their eligibility and alignment.
Loan Portfolio – Retail (Mortgages)	Eligibility and alignment with respect to the climate change mitigation objective is only disclosed for collateral properties in the mortgage portfolio that have an Energy Performance Certificate (EPC) issued. Therefore, no information is reported for collateral properties with an estimated EPC or without information. Along the same lines, in order to comply with the DNSH criterion for the Taxonomy's climate change adaptation objective, as provided for in Annex I of Delegated Regulation (EU) 2021/2139, the Bank carries out an assessment of the physical risks associated with each of the properties, which is considered a binding requirement for complying with this criterion.
Loan portfolio - Retail (Loans to individuals not linked to mortgages)	In 2023, Ibercaja has worked to collect data and information on vehicle financing activities and loans for the renovation of existing buildings. Once these developments are completed, Ibercaja will be able to begin reporting the alignment of these operations.
Assets under management	Off-balance sheet exposures include information on eligibility and alignment with respect to the climate objectives of the asset manager and pension fund manager of the Ibercaja Group. Template 5 reports the information in stock and flow view. Investments in third-party managers have been excluded from the total reported due to the fact that the Bank does not have underlying data for the investments. Thus, an amount of €2,490 million has been excluded from all the tables since the level of granularity required by the template cannot be provided.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	523.27	1.50%	1.61%	74.05%	29.62%	25.95%

		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	77.61	1.10%	1.10%	72.86%	43.07%	27.14%
	Trading book*	-	-	-			
	Financial guarantees	0.00	0.00%	0.06%			
	Assets under management	25.99	0.23%	0.75%			
	Fees and commissions income**	-	-	-			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a (1) of the CRR
**Fees and commissions income from services other than lending and AuM
Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
***% of assets covered by the KPI over banks' total assets
****based on the Turnover KPI of the counterparty
*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Note 1: Across the reporting templates: cells shaded in black should not be reported.
Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs´inclusion in these KPIs will only apply subject to a positive result of an impact assessment

1. Covered assets Stock (Revenue)

			Disclosure reference date T													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	<u>**GAR - Covered assets in both numerator and denominator**</u>															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	20,888.8	17,971.8	523.3	–	0.0	0.1	0.3	–	–	–	17,972.0	523.3	–	0.0	0.1
2	**Financial undertakings**	841.6	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	718.6	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	573.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	140.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	4.9	–	–		–	–	–	–		–	–	–		–	–
7	Other financial corporations	123.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	0.0	–	–		–	–	–	–		–	–	–		–	–
16	of which insurance undertakings	119.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	5.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	114.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20	**Non-financial undertakings**	316.0	69.5	33.4	–	–	0.1	0.3	–	–	–	69.8	33.4	–	–	0.1

		Disclosure reference date T														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
21	Loans and advances	312.3	68.7	33.0	–	–	–	–	–	–	–	68.7	33.0	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	3.6	0.8	0.5	–	0.0	0.1	0.3	–	–	–	1.0	0.5	–	0.0	0.1
24	**Households**	19,377.0	17,555.2	489.8	–	–	–	–	–	–	–	17,555.2	489.8	–	–	–
25	of which loans collateralised by residential immovable property	17,245.4	17,245.4	489.8	–	–	–	–	–	–	–	17,245.4	489.8	–	–	–
26	of which building renovation loans	286.4	286.4	–	–	–	–	–	–	–	–	286.4	–	–	–	–
27	of which motor vehicle loans	23.4	23.4	–	–	–	–					23.4	–	–	–	–
28	**Local governments financing**	7.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	7.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	347.0	347.0	–	–	–	–	–	–	–	–	347.0	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	13,923.8	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	8,955.8														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	8,533.7														
35	Loans and advances	8,358.8														
36	of which loans collateralised by commercial immovable property	767.6														
37	of which building renovation loans	522.0														
38	Debt securities	23.7														
39	Equity instruments	151.1														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	33.6														

			Disclosure reference date T													
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
41	Loans and advances	4.0														
42	Debt securities	25.3														
43	Equity instruments	4.2														
44	**Derivatives**	179.4														
45	**On demand interbank loans**	168.5														
46	**Cash and cash-related assets**	285.6														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	4,334.5														
48	**Total GAR assets**	34,812.6	17,971.8	523.3	–	0.0	0.1	0.3	–	–	–	17,972.0	523.3	–	0.0	0.1
49	**Assets not covered for GAR calculation**	12,196.7														
50	**Central governments and Supranational issuers**	10.651.7														
51	**Central banks exposure**	1,545.0														
52	**Trading book**	–														
53	**Total assets**	47,009.3	17,971.8	523.3	–	0.0	0.1	0.3	–	–	–	17,972.0	523.3	–	0.0	0.1
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	12.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	11,334.9	53.2	16.8	–	–	9.8	64.3	9.2	–	1.5	117.4	26.0	–	–	11.3
56	Of which debt securities	9,517.3	15.5	7.3	–	–	2.3	29.2	9.1	–	1.5	44.7	16.4	–	–	3.8
57	Of which equity instruments	1,817.6	37.6	9.5	–	–	7.5	35.1	0.1	–	0.0	72.7	9.6	–	–	7.5

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).

2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.

3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations

4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure

1. Covered assets Stock (CAPEX)

		Disclosure reference date T														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	20,888.8	17,994.9	560.6	–	–	0.0	0.1	–	–	–	17,995.0	560.6	–	–	0.0
2	**Financial undertakings**	841.6	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	718.6	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	573.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	140.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	4.9	–	–		–	–	–	–		–	–	–		–	–
7	Other financial corporations	123.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	0.0	–	–		–	–	–	–		–	–	–		–	–
16	of which insurance undertakings	119.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	5.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	114.0	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20	**Non-financial undertakings**	316.0	92.7	70.7	–	–	0.0	0.1	–	–	–	92.8	70.8	–	–	0.0

		Disclosure reference date T														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
21	Loans and advances	312.3	91.7	69.8	–	–	–	–	–	–	–	91.7	69.8	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	3.6	1.0	0.9	–	–	0.0	0.1	–	–	–	1.0	1.0	–	–	0.0
24	**Households**	19,377.0	17,555.2	489.8	–	–	–	–	–	–	–	17,555.2	489.8	–	–	–
25	of which loans collateralised by residential immovable property	17,245.4	17,245.4	489.8	–	–	–	–	–	–	–	17,245.4	489.8	–	–	–
26	of which building renovation loans	286.4	286.4	–	–	–	–	–	–	–	–	286.4	–	–	–	–
27	of which motor vehicle loans	23.4	23.4	–	–	–	–					23.4	–	–	–	–
28	**Local governments financing**	7.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	7.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	347.0	347.0	–	–	–	–	–	–	–	–	347.0	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	13,923.8	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	8,955.8														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	8,533.7														
35	Loans and advances	8,358.8														
36	of which loans collateralised by commercial immovable property	767.6														
37	of which building renovation loans	522.0														
38	Debt securities	23.7														
39	Equity instruments	151.1														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	33.6														

		Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
41	Loans and advances	4.0														
42	Debt securities	25.3														
43	Equity instruments	4.2														
44	**Derivatives**	179.4														
45	**On demand interbank loans**	168.5														
46	**Cash and cash-related assets**	285.6														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	4,334.5														
48	**Total GAR assets**	34,812.6	17,994.9	560.6	–	–	0.0	0.1	–	–	–	17,995.0	560.6	–	–	0.0
49	**Assets not covered for GAR calculation**	12,196.7														
50	**Central governments and Supranational issuers**	10,651.7														
51	**Central banks exposure**	1,545.0														
52	**Trading book**	–														
53	**Total assets**	47.009.3	17.994.9	560.6	–	–	0.0	0.1	–	–	–	17,995.0	560.6	–	–	0.0
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	12.3	0.0	0.0	–	–	–	–	–	–	–	0.0	0.0	–	–	–
55	Assets under management	11,334.9	26.1	19.5	–	–	2.3	126.6	65.2	–	–	152.7	84.7	–	–	2.3
56	Of which debt securities	9,517.3	14.2	14.4	–	–	1.9	117.2	65.1	–	–	131.4	79.5	–	–	1.9
57	Of which equity instruments	1.817.6	11.9	5.1	–	–	0.4	9.4	0.1	–	–	21.3	5.2	–	–	0.4

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).

2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.

3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations

4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure

2. GAR sector information (Revenue)

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	**1011**	1.7	—			1.7	—			1.7	—		
2	**1013**	2.2	—			2.2	—			2.2	—		
3	**1039**	13.5	—			13.5	—			13.5	—		
4	**1711**	6.0	2.2			6.0	—			6.0	2.2		
5	**2013**	5.0	1.1			5.0	—			5.0	1.1		
6	**2410**	2.5	—			2.5	—			2.5	—		
7	**2442**	4.0	—			4.0	—			4.0	—		
8	**3020**	24.9	19.0			24.9	—			24.9	19.0		
9	**3511**	0.3	—			0.3	—			0.3	—		
10	**3512**	0.3	—			0.3	—			0.3	—		
11	**3811**	0.9	—			0.9	—			0.9	—		
12	**4120**	1.6	0.2			1.6	—			1.6	0.2		
13	**4212**	1.8	—			1.8	—			1.8	—		
14	**4321**	7.0	—			7.0	—			7.0	—		
15	**4643**	4.7	—			4.7	—			4.7	—		

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
16	**4711**	63.3	—			63.3	—			63.3	—		
17	**4719**	39.6	—			39.6	—			39.6	—		
18	**4771**	11.3	—			11.3	—			11.3	—		
19	**4950**	0.2	—			0.2	—			0.2	—		
20	**5110**	8.4	—			8.4	—			8.4	—		
21	**5223**	—	—			—	—			—	—		
22	**6120**	0.3	0.0			0.3	—			0.3	0.0		
23	**6202**	1.3	0.0			1.3	—			1.3	0.0		
24	**6209**	25.5	4.5			25.5	—			25.5	4.5		
25	**6420**	55.2	5.8			55.2	—			55.2	5.8		
26	**6492**	0.2	—			0.2	—			0.2	—		
27	**6499**	0.7	—			0.7	—			0.7	—		
28	**6920**	18.5	—			18.5	—			18.5	—		
29	**7112**	15.1	0.7			15.1	—			15.1	0.7		
30	**7490**	0.1	0.0			0.1	—			0.1	0.0		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

2. GAR sector information (CAPEX)

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	**1011**	1.7	–			1.7	–			1.7	–		
2	**1013**	2.2	–			2.2	–			2.2	–		
3	**1039**	13.5	–			13.5	–			13.5	–		
4	**1711**	6.0	2.8			6.0	–			6.0	2.8		
5	**2013**	5.0	0.8			5.0	–			5.0	0.8		
6	**2410**	2.5	–			2.5	–			2.5	–		
7	**2442**	4.0	–			4.0	–			4.0	–		
8	**3020**	24.9	21.7			24.9	–			24.9	21.7		
9	**3511**	0.3	0.0			0.3	–			0.3	0.0		
10	**3512**	0.3	–			0.3	–			0.3	–		
11	**3811**	0.9	–			0.9	–			0.9	–		
12	**4120**	1.6	0.1			1.6	–			1.6	0.1		
13	**4212**	1.8	–			1.8	–			1.8	–		
14	**4321**	7.0	–			7.0	–			7.0	–		
15	**4643**	4.7	–			4.7	–			4.7	–		

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
16	**4711**	63.3	–			63.3	–			63.3	–		
17	**4719**	39.6	–			39.6	–			39.6	–		
18	**4771**	11.3	0.0			11.3	–			11.3	0.0		
19	**4950**	0.2	–			0.2	–			0.2	–		
20	**5110**	8.4	–			8.4	–			8.4	–		
21	**5223**	–	–			–	–			–	–		
22	**6120**	0.3	0.0			0.3	–			0.3	0.0		
23	**6202**	1.3	0.0			1.3	–			1.3	0.0		
24	**6209**	25.5	5.9			25.5	–			25.5	5.9		
25	**6420**	55.2	39.4			55.2	–			55.2	39.4		
26	**6492**	0.2	–			0.2	–			0.2	–		
27	**6499**	0.7	–			0.7	–			0.7	–		
28	**6920**	18.5	0.0			18.5	–			18.5	0.0		
29	**7112**	15.1	–			15.1	–			15.1	–		
30	**7490**	0.1	0.0			0.1	–			0.1	0.0		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

3. GAR KPI stock (Revenue)

	% (compared to total covered assets in the denominator)	Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	86.0%	2.5%	–	–	0.0%	0.0%	–	–	–	86.0%	2.5%	–	–	0.0%	44.4%
2	**Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.8%
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.5%
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.2%
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	0.0%
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	0.0%

% (compared to total covered assets in the denominator)		Disclosure reference date T															Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	0.2%
20	**Non-financial undertakings**	22.0%	10.6%	–	–	0.0%	0.1%	–	–	–	22.1%	10.6%	–	–	0.0%	0.7%
21	Loans and advances	22.0%	10.6%	–	–	–	–	–	–	–	22.0%	10.6%	–	–	–	0.7%
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	20.9%	12.4%		0.0%	3.5%	7.0%	–		–	27.9%	12.4%		0.0%	3.5%	0.0%
24	**Households**	90.6%	2.5%	–	–	–	–	–	–	–	90.6%	2.5%	–	–	–	41.2%
25	of which loans collateralised by residential immovable property	100.0%	2.8%	–	–	–	–	–	–	–	100.0%	2.8%	–	–	–	36.7%
26	of which building renovation loans	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.6%
27	of which motor vehicle loans	100.0%	–	–	–	–					100.0%	–	–	–	–	0.0%
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.7%
32	**Total GAR assets**	51.6%	1.5%	–	0.0%	0.0%	0.0%	–	–	–	51.6%	1.5%	–	–	0.0%	74.1%

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
2. Information on the GAR (green asset ratio of "eligible" activities) shall be accompanied with information on the proportion of total assets covered by the GAR
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets
4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

3. GAR KPI stock (CAPEX)

% (compared to total covered assets in the denominator)		Disclosure reference date T															Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	86.1%	2.7%	–	–	0.0%	0.0%	–	–	–	86.1%	2.7%	–	–	0.0%	44.4%
2	**Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.8%
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.5%
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.2%
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	0.0%
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	0.0%

	% (compared to total covered assets in the denominator)	Disclosure reference date T														Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	0.2%
20	**Non-financial undertakings**	29.3%	22.4%	–	–	0.0%	0.0%	–	–	–	29.3%	22.4%	–	–	0.0%	0.7%
21	Loans and advances	29.4%	22.4%	–	–	–	–	–	–	–	29.4%	22.4%	–	–	–	0.7%
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	26.3%	24.8%		–	0.8%	2.5%	–		–	28.8%	27.3%		–	0.8%	0.0%
24	**Households**	90.6%	2.5%	–	–	–	–	–	–	–	90.6%	2.5%	–	–	–	41.2%
25	of which loans collateralised by residential immovable property	100.0%	2.8%	–	–	–	–	–	–	–	100.0%	2.8%	–	–	–	36.7%
26	of which building renovation loans	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.6%
27	of which motor vehicle loans	100.0%	–	–	–	–					100.0%	–	–	–	–	0.0%
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.7%
32	**Total GAR assets**	51.7%	1.6%	–	–	0.0%	0.0%	–	–	–	51.7%	1.6%	–	–	0.0%	74.1%

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
2. Information on the GAR (green asset ratio of "eligible" activities) shall be accompanied with information on the proportion of total assets covered by the GAR
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets

4. GAR KPI flow (Revenue)

	% (compared to total covered assets in the denominator)	Disclosure reference date T														Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66.0%	2.7%	–	–	–	0.0%	–	–	–	66.0%	2.7%	–	–	0.0%	29.8%
2	**Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.1%
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.1%
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5.4%
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.7%
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–

% (compared to total covered assets in the denominator)		Disclosure reference date T														Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
20	**Non-financial undertakings**	7.1%	4.6%	–	–	–	–	–	–	–	7.5%	4.6%	–	–	–	0.8%
21	Loans and advances	6.9%	4.6%	–	–	–	–	–	–	–	6.9%	4.6%	–	–	–	0.7%
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	38.4%	–		–	–	36.0%	–		–	74.4%	–		–	–	0.0%
24	**Households**	85.3%	3.4%	–	–	–	–	–	–	–	85.3%	3.4%	–	–	–	22.4%
25	of which loans collateralised by residential immovable property	100.0%	4.1%	–	–	–	–	–	–	–	100.0%	4.1%	–	–	–	18.8%
26	of which building renovation loans	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.2%
27	of which motor vehicle loans	100.0%	–	–	–	–					100.0%	–	–	–	–	0.1%
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.5%
32	**Total GAR assets**	27.0%	1.1%	–	–	–	–	–	–	–	27.0%	1.1%	–	–	–	72.9%

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

4. GAR KPI flow (CAPEX)

	% (compared to total covered assets in the denominator)	Disclosure reference date T														Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	<u>**GAR - Covered assets in both numerator and denominator**</u>															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66.0%	2.7%	–	–	–	0.0%	–	–	–	66.0%	2.7%	–	–	–	29.8%
2	**Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.1%
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.1%
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5.4%
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.7%
6	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–

% (compared to total covered assets in the denominator)		Disclosure reference date T														Proportion of total assets covered
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
20	**Non-financial undertakings**	5.5%	5.0%	–	–	–	–	–	–	–	5.6%	5.0%	–	–	–	0.8%
21	Loans and advances	5.5%	5.1%	–	–	–	–	–	–	–	5.5%	5.1%	–	–	–	0.7%
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	8.8%	–		–	–	8.7%	–		–	17.5%	–		–	–	0.0%
24	**Households**	85.3%	3.4%	–	–	–	–	–	–	–	85.3%	3.4%	–	–	–	22.4%
25	of which loans collateralised by residential immovable property	100.0%	4.1%	–	–	–	–	–	–	–	100.0%	4.1%	–	–	–	18.8%
26	of which building renovation loans	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.2%
27	of which motor vehicle loans	100.0%	–	–	–	–					100.0%	–	–	–	–	0.1%
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.5%
32	**Total GAR assets**	27.0%	1.1%	–	–	–	0.0%	–	–	–	27.0%	1.1%	–	–	–	72.9%

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

5. KPI off-balance sheet exposures (STOCK REV)

% (compared to total covered assets in the denominator)		Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	0.5%	0.1%	–	–	0.1%	0.6%	0.1%	–	0.0%	1.0%	0.2%	–	–	0.1%

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures

5. KPI off-balance sheet exposures (FLOW REV)

% (compared to total covered assets in the denominator)		Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	0.4%	0.0%	–	–	–	0.4%	–	–	–	0.8%	0.0%	–	–	–

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures

5. KPI off-balance sheet exposures (STOCK CAPEX)

	% (compared to total covered assets in the denominator)	Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.1%	0.1%	–	–	–	–	–	–	–	0.1%	0.1%	–	–	–
2	Assets under management (AuM KPI)	0.2%	0.2%	–	–	0.0%	1.1%	0.6%	–	–	1.3%	0.7%	–	–	0.0%

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures

5. KPI off-balance sheet exposures (FLOW CAPEX)

% (compared to total covered assets in the denominator)		Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Assets under management (AuM KPI)	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures

In addition, due to the relevance of the insurance segment within the Group, information related to the insurance business of the Ibercaja Vida company, the business of which is mainly based on life insurance, is included, in accordance with the provisions of Annexes IX and X of Delegated Regulation 2121/2178.

The report includes information on the insurer's investments that are in line with the Taxonomy, both in terms of counterparties' turnover and CapEx, as well as a breakdown of the key performance indicator by climate objective. Thus, Ibercaja Vida's percentage of aligned investments is 2.08% of revenues and 3.12% of CapEx.

Ibercaja does not disclose the first template in Appendix X, related to the key performance indicator for non-life insurance underwriting, due to the immateriality of this type of product within the Group's insurance company catalogue.

Below is the template showing the investments of insurance and reinsurance undertakings that finance activities aligned with the Taxonomy or that are associated with these activities compared to the total investments:

Appendix X template

The weighted average value of all investments by insurance or reinsurance undertakings in financing economic activities that are taxonomy-compliant or linked to such activities, relative to the value of total assets covered by the KPI, with the following weightings for investments in companies: On the basis of turnover: % CapEx:%	2.08% 3.12%		The weighted average value of all investments by insurance or reinsurance undertakings in financing taxonomy-compliant or related economic activities, with the following weightings for investments in companies: On the basis of turnover: [monetary amount] CapEx: [monetary amount]	56,752,862.70 85,396,951.51
The percentage of assets covered by the KPI in relation to the total investments of insurance or reinsurance undertakings (total assets under management). Except for investments in sovereign entities. Coverage ratio: %	36.56%		The monetary value of the assets covered by the KPI. Except for investments in sovereign entities. Coverage: [monetary amount]	2,734,155,762.30

Additional and supplemental disclosures: breakdown of the denominator of the key performance indicator			
The percentage of derivatives as a proportion of total assets covered by the key performance indicator. X%	0.07%	The monetary value of derivatives. [monetary amount]	1,884,678.14
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU in the total assets covered by the key performance indicator: Non-financial undertakings: Financial undertakings:	17.94% 2.48%	Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU: Non-financial undertakings: [monetary amount] Financial undertakings: [monetary amount]	490,384,465.74 67,853,711.64
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU in the total assets covered by the key performance indicator: Non-financial undertakings: Financial undertakings:	17.94% 2.48%	Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU: Non-financial undertakings: [monetary amount] Financial undertakings: [monetary amount]	490,384,465.74 67,853,711.64
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU in the total assets covered by the key performance indicator: Non-financial undertakings: X% Financial undertakings: X%	40.01% 26.34%	Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU: Non-financial undertakings: [monetary amount] Financial undertakings: [monetary amount]	1,093,962,014.07 720,220,875.63
The proportion of exposures to other counterparties and assets in the total assets covered by the key performance indicator: X%	13.16%	Value of exposures to other counterparties and assets: [monetary amount]	359,850,016.81
The proportion of investments by insurance or reinsurance undertakings, other than investments related to life insurance contracts, to finance activities that comply with or are linked to the taxonomy, where the risk of the investment is borne by policyholders: X%	62.69%	Value of investments by insurance or reinsurance undertakings, other than investments related to life insurance contracts, to finance activities that comply with or are linked to the taxonomy, where the risk of the investment is borne by policyholders: [monetary amount]	1,714,083,354.33
The value of all investments to finance economic activities not eligible under the taxonomy as a proportion of the value of total assets covered by the key performance indicator: X%	92.63% 89.39%	Value of all investments to finance economic activities that are not eligible under the taxonomy: [monetary amount]	2,532,636,563.46 2,444,155,908.06
The value of all investments to finance economic activities eligible under the taxonomy, but that are not taxonomy-compliant, as a proportion of the value of total assets covered by the key performance indicator: X%	5.29% 7.48%	Value of all investments to finance economic activities that are eligible under the taxonomy, but that are not taxonomy-compliant: [monetary amount]	144,766,336.14 204,602,902.74

Additional and supplemental disclosures: breakdown of the numerator of the key performance indicator			
The proportion of exposures that are taxonomy-compliant in relation to financial and non-financial undertakings subject to Article 19a in the total assets covered by the key performance indicator: Non-financial undertakings: On the basis of turnover:% CapEx:% Financial undertakings: On the basis of turnover:% CapEx:%	2.08%	Value of taxonomy-compliant exposures in relation to financial and non-financial undertakings subject to Article 19a: Non-financial undertakings: On the basis of turnover: [monetary amount] CapEx: [monetary amount] Financial undertakings: On the basis of turnover: [monetary amount] CapEx: [monetary amount]	56,752,862.70
	3.12%		85,366,762.37
	0.00%		0.00
	0.001%		30,189.14
The proportion of investments by insurance or reinsurance undertakings, other than investments related to life insurance contracts, to finance activities that comply with or are linked to the taxonomy, where the risk of the investment is borne by policyholders: On the basis of turnover:% CapEx:%	13.24%	Value of investments by insurance or reinsurance undertakings, other than investments related to life insurance contracts, to finance activities that comply with or are linked to the taxonomy, where the risk of the investment is borne by policyholders: On the basis of turnover: [monetary amount] CapEx: [monetary amount]	7,514,410.21
	21.73%		18,557,546.35
The proportion of exposures that are taxonomy-compliant in relation to other counterparties and assets in the total assets covered by the key performance indicator: On the basis of turnover:% CapEx:%	0.00%	The proportion of exposures that are taxonomy-compliant in relation to other counterparties and assets in the total assets covered by the key performance indicator: On the basis of turnover: [monetary amount] CapEx: [monetary amount]	0.00
	0.00%		0.00

Breakdown of the numerator of the key performance indicator by environmental objective				
Taxonomy-compliant activities, provided that the assessment of social guarantees and absence of significant harm is positive:				
1) Climate change mitigation	Turnover:% CapEx:%	2.03%	Transition activities: A% (turnover; CapEx) Facilitating activities: B% (turnover; CapEx)	0.010%
				0.815%
		2.90%		0.060%
				1.654%
2) Adaptation to climate change	Turnover:% CapEx:%	0.05%	Facilitating activities: B% (turnover; CapEx)	0.003%
		0.23%		0.000%
3) Sustainable use and protection of water and marine resources	Turnover:% CapEx:%	-	Facilitating activities: B% (turnover; CapEx)	-
4) Transition to a circular economy	Turnover:% CapEx:%	-	Facilitating activities: B% (turnover; CapEx)	-
5) Pollution prevention and control	Turnover:% CapEx:%	-	Facilitating activities: B% (turnover; CapEx)	-
6) Protection and restoration of biodiversity and ecosystems	Turnover:% CapEx:%	-	Facilitating activities: B% (turnover; CapEx)	-

d) Reporting on indicators in the Annex XII template (nuclear and gas)

In addition, this year's Taxonomy report includes the disclosure of specific information on the alignment of activities related to fossil gas and nuclear energy in accordance with Article 2 and the templates in Annex XII of Regulation (EU) 2022/1214.

However, due to the nature of its business model and environment, Ibercaja's banking activity is mainly focused on the retail segment, so no exposures have been identified in its loan portfolio to counterparties subject to the NFRD Directive and with activities linked to nuclear energy and fossil gas.

The following is the first template of Annex XII on qualitative information about Ibercaja's exposure to activities related to the nuclear and gas sectors:

Template in Annex XII to Regulation (EU) 2022/1214

ACTIVITIES RELATED TO NUCLEAR ENERGY AND FOSSIL GAS	
Activities related to nuclear energy	
Ibercaja conducts, finances or has exposures to the research, development, demonstration and implementation of innovative electricity generation facilities that produce energy from nuclear processes with minimal fuel cycle waste.	NO
Ibercaja conducts, finances or has exposures to the construction and safe operation of new nuclear facilities to produce electricity or heat for processes, including facilities for urban heating purposes or industrial processes such as hydrogen production, as well as their safety improvements, using the best available technologies.	NO
Ibercaja conducts, finances or has exposures to the safe operation of existing nuclear facilities that produce electricity or heat for processes, including facilities for urban heating or industrial processes such as hydrogen production, using nuclear energy, as well as their safety improvements.	NO
Fossil gas activities	
Ibercaja carries out, finances or has exposures to the construction or operation of electricity generation facilities that produce electricity from fossil gas fuels.	NO
Ibercaja carries out, finances or has exposures to the construction, renovation and operation of combined cooling, heat and power facilities that use fossil gas fuels.	NO
Ibercaja carries out, finances or has exposures to the construction, renovation and operation of combined heat and power facilities that use fossil gas fuels.	NO

The Ibercaja Group will include the Taxonomy alignment of these activities in future reports if the exposure proves to be more significant in the future.

Appendix E. Implementation of the Principles for Responsible Banking UNEP-FI

2-1, 2-5, 2-12, 2-23, 3-1, 3-3, 201-2

In November 2019, Ibercaja signed up to the **United Nations Principles for Responsible Banking**, thus becoming part of a global coalition of banks whose aim is to promote and encourage the sustainable development of the economy, aligning the actions of banks with the achievement of the Sustainable Development Goals and the Paris Agreement on climate change.

In signing these Principles, **we commit to promoting sustainability in our business**, aligning the strategy with long-term objectives that not only enable economic growth, but also address and help to respond to social and environmental challenges, as we identify our greatest potential contribution.

Among the commitments we have made is to report on the Bank's progress in implementing the Principles. Since 2020, following the signing of these Principles, this report has been included in the Directors' Report, in accordance with the model established by UNEP-FI. This 2023 Directors' Report presents a transparent report on the progress made in the fourth year of implementing the principles.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Ibercaja Banco, S.A., is a national banking entity belonging to the financial sector and specialised in the business of individuals and companies. It is an Institution set up with the goal of generating value for its customers, shareholders and society in general, guided by its Corporate Purpose: "Help people build their life story because it will be our story." Ibercaja Banco's headquarters are located in the province of Zaragoza (Spain).

It upholds its social and territorial commitment in its genes, seeking to maximise the benefit for its shareholder foundations: Fundación Bancaria Ibercaja (88.04% of share capital), Fundación Caja Inmaculada (4.73%), Fundación Caja Badajoz (3.90%) and Fundación Bancaria Caja Círculo (3.33%).

With around 5,000 employees and more than 2.5 million customers, it undertakes all its business in Spain and its corporate purpose is to carry out all manner of activities, transactions, acts, contracts and services related to the banking business in general. The Bank is the head of a group of subsidiaries, the most important of which are those of the Financial Group, comprising companies specialising in investment funds, savings and pension plans, bancassurance and leasing/renting.

The Ibercaja Group, with a balance of €54,516 million, is the tenth largest in terms of asset volume in the Spanish banking system [1]. The Bank is developing a "universal banking" model to meet all the financial needs of its customers. It has a wide range of banking and financial products and services, with a particular focus on first home mortgages, SME financing, asset management and life-savings and risk insurance products. The retail nature of the business is reflected in the balance sheet structure and the low risk profile.

On a national scale, the Group has a market share of 2.5% in household and non-financial enterprise loans, 3.5% [2] in the segment of residential property purchases by individuals, and 2.4% in household and corporate deposits.

Links and references

Chapter 4 of this Directors' Report.

Ibercaja Corporate Website

[1]. Source: Bank of Spain.

Principle 1: Alignment

Strategy alignment
Strategy alignment
Does your corporate strategy identify and reflect sustainability as a strategic priority for your bank?
☒ Yes ☐ No

Describe how your bank has aligned and/or plans to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the pertinent national and regional frameworks.
Does your bank also reference any of the following reporting frameworks or regulatory requirements regarding sustainability in its strategic priorities or in policies to implement them?
☐ UN Guiding Principles on Business and Human Rights
☐ International Labour Organization fundamental conventions
☒ UN Global Compact
☐ UN Declaration on the Rights of Indigenous Peoples
☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD, Pillar III, Law 11/2018
☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones ------------------------
☐ None of the above

As shown in its Sustainability Policy, Ibercaja firmly believes that its plans and actions should help ensure well-balanced economic growth, social cohesion and environmental protection, pursuant to its Corporate Purpose. It is therefore firmly committed to the Sustainable Development Goals of the 2030 Agenda and is a signatory to the United Nations Global Compact and the United Nations Principles for Responsible Banking.

Ibercaja is aware that financial action serves as a lever for sustainable and inclusive development, reducing the negative impacts of environmental, social and governance factors.

In 2018, it carried out a materiality analysis of the SDGs to find those in which it has the greater capacity to expand its impact and to launch new projects. Establishing the purpose of each SDG for the Bank, in 2023 the actions already underway in the Bank were analysed, and their progress and scope were assessed. As a result, we continue to prioritise seven SDGs to focus on their progress and align our business strategy: 3, 4, 5, 8, 9, 13 and 17.

The Bank is also aligned with the objectives of the Paris Agreement and is a signatory to the Spanish financial sector's Collective Commitment to Climate Action and of the Net Zero Banking Alliance (NZBA). In this regard, it continues to make progress in the analysis to measure the carbon footprint of its portfolio and reduce the climate impact of its financial activity, which is why the Bank joined the Partnership for Carbon Accounting Financials (PCAF) in 2022 to work on its commitment to achieve emission neutrality of its loan books and investment portfolios by 2050 or earlier. Ibercaja also adhered to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the aim of disclosing climate risks in a consistent, clear and comparable manner.

Responding to its corporate purpose and in line with the IN02 Purpose and Sustainability, included in the "Challenge 2023" Strategic Plan, Ibercaja focuses on offering all its customers a wide range of sustainable financing and investment products and on developing broad social action, with its own programmes and through its shareholder Foundations. The objectives driving these initiatives are:

Links and references

Chapters 4.5, 6.1, 6.2, 6.3, 6.5, 7.6, Appendix F to this Management Report.

Ibercaja Corporate Website

Principle 1: Alignment

- Foster the employability of young people.
- Promote the integration of people with disabilities into the labour market.
- Support the financial stability of senior citizens.
- Respond to the needs of society in situations of greater vulnerability.
- Promote the transition to a low-carbon economy and preserve the environment and natural resources.
- Reduce exposure to climate risks.

The product offer and social actions are regularly reviewed and evaluated to adjust the Bank's tendencies to the social segments and projects in which it contributes most to achieving sustainable and inclusive growth.

Links and references

Chapters 4.5, 6.1, 6.2, 6.3, 6.5, 7.6, Appendix F to this Management Report.

Ibercaja Corporate Website

Principle 2: Impact and target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact analysis (Key Step 1)
Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting The impact analysis shall be updated regularly[2] and fulfil the following requirements/elements (a-d)[3]:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographical areas in which the bank operates (as described in point 1.1) have been taken into account in the impact analysis. Please also describe which areas have not yet been included, and why.

In order to achieve sustainable development for all so as to promote a fairer, more inclusive and environmentally friendly society, it is essential to take into account social, environmental and good governance aspects within the business. Coinciding with the last strategic cycle, in 2021 Ibercaja carried out a materiality study, consulting its main stakeholders (customers, employees, society, suppliers, opinion leaders, etc.) on the most relevant aspects that could influence Ibercaja's capacity to create economic, social and environmental value.

In this way, Ibercaja was able to identify the issues that are of high importance to both the Bank and its stakeholders: transparency and compliance with standards and regulations, security of customers and protection of their personal data, development of the business in accordance with best practices in matters of integrity, ethics and corporate governance, and the commitment to integrate all ESG factors into the business and risk management, mainly climate risks.

On the basis of this analysis, the Bank carried out an analysis of the positive or negative impacts associated with these material issues. In 2023, this analysis has been updated and the importance of these impacts for Ibercaja has been assessed. The matters classified as "very high priority" coincide with the Bank's strategic objectives, including ESG risk management, specifically climate risk management, and maintaining a personalised, quality service to meet the expectations of all customers.

In the area of ESG risk management, Ibercaja carries out and annually updates an analysis of the potential climate, physical and transition impacts on the main business areas of the Ibercaja Group, analysing the products and services offered to all individuals and assessing the potential impacts of climate risks on the loan portfolio, including the business, developer and retail segments.

The assessment of the impact of climate risk in this individual customer segment focuses on the mortgage portfolio, and not on the consumption portfolio, since, due to the type of financing and average maturity, it is not considered relevant for the purposes of exposure to climate risks, which manifest themselves more intensely in the medium and long term. For the corporate segment, the climate impact analysis does not include financing to public bodies, such as municipalities, states or provincial councils, financial institutions or credit institutions. This shows Ibercaja's commitment to protect the environment and fight against climate change, taking into account the environmental impact both of its own facilities and of its financial activity.

Ibercaja also strives to get to know each customer in depth, helping and supporting those who may be in situations of greater financial vulnerability to expand or adapt their range of products and services and meet all their needs.

Links and references

Chapters 3, 6.3, 7.6 and Appendix F of this Directors' Report.

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[2]. This means that when an initial impact analysis has been carried out in an earlier period, the information should be appropriately updated, the scope should be broadened, and the quality of the impact analysis should be improved over time.
[3]. Additional guidance can be found in the interactive guide on impact analysis and target setting.

Principle 2: Impact and target setting

b) Portfolio composition: Has your bank considered the composition of its portfolio (in%) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope:
i) By sectors and industries[4] for business, corporate and investment banking portfolios (i.e., sector exposure or industry breakdown in%), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.
If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

The analysis carried out in 2023 of climate risk impacts on Ibercaja's banking business focuses on the loan portfolio, concentrating on the geographical areas and segments that account for the majority of revenues and assets in this business. Apart from reverse repurchase agreements and impaired assets, the composition of loans and advances to customers is based on three segments:

- Credit to households accounts for more than 70% of loans and advances to customers. The main component of this financing relates to loans for the purchase of housing, since consumer credit and other financing to households does not reach 6% of total financing.
- About 30% of business-related credit is spread between financing for productive activities and real estate development.
- Financing to the public sector and other bodies accounts for less than 5% of loans and advances to customers.

Consequently, the analysis of the predisposition to risks associated with climate change has been carried out on the retail segment (mortgage portfolio) and the corporate segment (productive activities and real estate developments) of the credit portfolio. In this way, the predisposition to transition risk of these three portfolios has been assessed, as well as the possibility of being impacted by physical, acute and chronic risks.

The products and services that Ibercaja makes available to private customers have been evaluated, focusing on two segments: young and old. At Ibercaja, these groups make up 47.23% of the Bank's customer base, 23.23% of its customers being under the age of 35 and 24.00% over the age of 65.

Ibercaja is aware of the circumstances that both groups face to achieve financial stability and autonomy in the management of their savings, which is why it focuses its efforts on analysing potential sources of vulnerability and promoting the financial skills of all its customers. In this environment, with significant changes resulting from depopulation in many of the Bank's areas of operation, digital progress and the possible gaps it may cause, Ibercaja continues to work on adapting its way of interacting with customers.

Links and references

Chapters 5.2 and 6.3 of this Directors' Report.

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[4]. Key sectors in relation to different impact areas, i.e., sectors with particularly strong positive and negative impacts are especially relevant in this case.

Principle 2: Impact and target setting

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your customers operate?5 Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.
This step aims to put your bank's portfolio impacts into the context of society's needs.

Ibercaja's activity is carried out entirely in Spain and its portfolio of customers represents more than 5% of the national population. The dual materiality study carried out in 2021 on its main stakeholders (customers, ownership and investors, employees, suppliers, society, competitors and reference entities, Public Administrations, media and opinion leaders) is therefore considered to be representative of the company and the geographical area in which Ibercaja operates.

For this materiality study, Ibercaja first identified 90 specific topics, grouped into 15 material topics, based on a double analysis:

- Internal analysis of the essential pillars on which the relevance of the Bank's materiality is based ("Challenge 2023" Strategic Plan and the Sustainability Roadmap) and other commitments made with respect to its stakeholders, such as the Code of Ethics, the Corporate Purpose or the mission, vision and values that guide Ibercaja's activity.

- External analysis of the main regulatory requirements and recommendations in the field of ESG and sustainable finance.

In this context, climate risk management is one of the priority issues and is therefore considered a significant aspect of Ibercaja's strategic planning. In 2023, the Bank developed an analysis of climate impacts on the mortgage portfolio, productive activities and real estate developments, and reviewed its exposure to physical and transition risks, while identifying business challenges and opportunities in accompanying its customers in the climate transition:

- Financing of renovations to improve the energy efficiency of buildings, accompanied by public aid from the Government of Spain.

- Investment in new technologies and financing in facilities and machinery to increase the energy efficiency of current production systems and reduce greenhouse gas emissions.

- Support in the transition to renewable energy sources.

- Promotion of the construction of housing with "sustainable" energy certificates.

The provision of quality services has a positive impact and is of high importance for Ibercaja's stakeholders, who value not only excellence in the provision and quality of services, but also the promotion of proximity and solutions adapted to all kinds of customers. Specifically, Ibercaja has a wide range of products that respond to the main challenges faced by its youngest and oldest customers:

- Financing of the first major expenses to help the youngest: housing, education, etc.

- Promotion of savings with different terms, depending on the goals of each customer.

- Investment in personalised care for the older customers, giving them adequate access to the financial system through different means.

- Aid to cover the care costs of the elderly.

- Agreements and collaboration with other public and private bodies and organisations to guarantee and promote the above initiatives.

Links and references

Chapters 3, 6.3, 7.6 and Appendix F of this Directors' Report.

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[5]. Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Principle 2: Impact and target setting

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritise to pursue your target setting strategy (see 2.2)6? Please disclose.

The analysis of areas of impact carried out, taking into account the study of materiality carried out among Ibercaja's stakeholders, shows that climate change is a key impact area for Ibercaja, along with other environmental, social and governance (ESG) risks.

Two of the potential positive impacts are reducing exposure to climate change risks and supporting and accompanying customers to achieve a transition to a low-carbon economy.

Ibercaja continues to make progress in identifying these risks (for example, by drawing up a climate risk map based on the three scenarios proposed by the Network for Greening the Financial System (NGFS)) and measuring, managing and monitoring them. Ibercaja also has a wide range of products with ESG characteristics that adapt to the financing and investment needs, as well as to the risk profiles of current and potential customers of the Bank.

This analysis also identifies inefficient management of environmental risks and increasing difficulty in responding to regulatory requirements and managing exposure to highly carbon-intensive sectors as potential negative impacts. Ibercaja therefore has an ambitious, robust and transversal climate risk management plan and integrates environmental aspects, with a special focus on climate factors, into the Group's strategy. This commitment is endorsed in the Sustainability Policy, approved in 2020.

Consequently, since 2021, the Bank has been calculating financed carbon emissions using the PCAF methodology, with the aim of using this calculation as a basis for target setting. Ibercaja has identified the mortgage portfolio and the energy sector as two of its priority sectors when establishing decarbonisation pathways and targets for 2030 and 2050. Likewise, it identifies the iron and steel production subsector, within the manufacturing industry, as a priority in the establishment of decarbonisation targets for 2030.

Another of the very high priority topics identified in Ibercaja's materiality study is the excellence, professionalism and support it provides to all its customers.

In this regard, the impact analysis has allowed the provision of unique services to its customers to be identified as a positive impact, but it has also shown insufficient investment in innovation to be a potential negative impact. In response to this, Ibercaja strives to offer quality, personalised, innovative customer care in order to maintain the quality of its services.

Specifically, Ibercaja continues to strive to develop a range of optimal financing and investment products for the young and old, as it considers them to be two groups that may, generally, have the most difficulty in accessing or using certain financial services, and who have a high weight in the Bank's customer portfolio.
Without forgetting the rest of society, Ibercaja provides different specialised and high-level training sessions with regard to these groups to all its employees. The Bank also promotes diversity, equality and work-life balance in its teams with the aim of increasing talent retention, an aspect that is also identified as having a positive impact.

In conclusion, the Bank considers two areas of impact and its capacity to contribute to them: climate change mitigation and financial inclusion.

Links and references

Chapters 3, 6.3, 7.6 and Appendix F of this Directors' Report.

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[6]. To prioritise the most significant impact areas, it will be important to add a qualitative layer to the quantitative analysis, as described in (a), (b) and (c), for example, through stakeholder engagement and greater geographic contextualisation.

Principle 2: Impact and target setting

(d) For these (min. two prioritised impact areas): **Performance measurement**: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.
If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (including indicators) you can use for setting targets in two areas of most significant impact

1. Climate change mitigation:

In 2021, Ibercaja joined the NZBA as one of its founding members, pursuing its goal of increasing its climate ambition and in line with one of the highest priority material issues for its stakeholders. Thus, the Bank committed to achieve its own and its portfolio's emission neutrality by 2050 at the latest.

In terms of its own emissions, in 2021 Ibercaja managed, for the first time, to offset its direct emissions (scope 1 and 2), referring to those of the previous year. It has continued to meet this challenge over recent years and achieved carbon neutrality for its own emissions before joining the NZBA initiative. To comply with this commitment, Ibercaja measures and monitors the following indicators annually:

- Carbon footprint of direct emissions (scope 1 and 2).
- Offset carbon footprint.

An analysis of Ibercaja's portfolio of productive activities was carried out in 2022 with the aim of prioritising sectors according to their contribution to the area of impact and advance towards achieving compliance with the NZBA guidelines.

Ibercaja has defined a series of indicators to measure the Bank's performance in these sectors on a yearly or half-yearly basis:

- Total carbon footprint financed by Ibercaja (scope 3).
- Emissions intensity per unit produced in sectors with decarbonisation targets.

2. Financial health & inclusion:
Meeting the needs of its customers is Ibercaja's priority, which is why it seeks, at all times and of its own accord, the best solutions to help them in the most difficult situations.

This challenge responds to Ibercaja's corporate purpose, "to help people build their life story", and is part its commitment to sustainability, demonstrating its concern for the social needs of the place where it operates.

Given that the young and old segments form very significant part of the Bank's customer base, in 2023 Ibercaja has expanded its commercial offer with products and services to provide these customers with solutions to their main needs, these segments often being more vulnerable and possibly in need of greater social support.

Links and references

Chapters 6.1, 6.3, 6.5 and Appendix F of this Directors' Report.

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EL BANCO DEL Vamos

Principle 2: Impact and target setting

Ibercaja assesses its contribution in the financial inclusion area of impact, through regular reviews of the products and services aimed at the two segments of individuals with the greatest weight in their customer portfolio, and potentially the most vulnerable within the financial system:

- Percentage of customers in the portfolio belonging to the young or old segment. At Ibercaja, these groups make up 47.23% of the Bank's customer base, 23.23% of its customers being under the age of 35 and 24.00% over the age of 65.
- Number of customers benefiting from these products or services; the number of customers covered by these segments is 810,679.
- Percentage of branches with personal attention; 91.9% of the branches have personal service/cashier.
- Number of hours of training or communications offered to young and old people to help their financial understanding; more than 255 training activities for young people and more than 7,100 senior citizens have participated in face-to-face or virtual training activities.

Links and references

Chapters 6.1, 6.3, 6.5 and Appendix F of this Directors' Report.

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Self-assessment:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?7

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☒ Yes	☐ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation
Financial health & inclusion

How recent is the data used and disclosed in the impact analysis?

☒ Up to 6 months prior to publication
☐ Up to 12 months prior to publication
☐ Up to 18 months prior to publication
☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

[7]. You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

Principle 2: Impact and target setting

2.2 Target Setting (Key Step 2)
Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets[8] have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with[9] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.
You can build upon the context items under 2.1.

1. Climate change mitigation:
Ibercaja, having joined the NZBA as a founding member, is committed to achieving neutrality in its own emissions and those of its portfolio by 2050 to meet the objectives of the Paris Agreement.

In 2023, for the third consecutive year, it has managed to offset the previous year's own emissions and has recalculated its decarbonisation targets for 2030, taking different scenarios as a reference depending on the productive sectors:

- Power generation and iron and steel sectors: Net Zero 2050 scenario of the IEA at global level.
- Residential Real Estate sector: The IEA's "Net Zero 2050" scenarios at global level and CRREM's "Global Decarbonisation Pathway 1.5°C" for Spain.

To this end, in 2022 the Bank joined PCAF, an international benchmark to facilitate the financial industry's alignment with the Paris Agreement and provide transparency in the calculation of greenhouse gas (GHG) emissions. In 2023, it has defined different decarbonisation pathways in order to achieve the intermediate objectives in the three sectors, following the guidelines and recommendations for financial institutions published by the Glasgow Financial Alliance for Net Zero (GFANZA).

Ibercaja works to be one of the leading institutions in helping its customers to succeed in their transition to zero net emissions, collaborating with the most intensive companies to jointly achieve a common goal. The Bank conducts its activity in line with the European Green Deal, the Global Compact and the Sustainable Development Goals of the 2030 Agenda, contributing in this case to SDG 7 ("Affordable and clean energy") and SDG 13 ("Climate action").

2. Financial health & inclusion:
Ibercaja is firmly committed to continuing to analyse needs and identify opportunities in developing business that accompanies its customers in the transition towards a sustainable economy and social cohesion.

For this reason, Ibercaja is a signatory of the 10 principles of the Global Compact and is firmly committed to the Sustainable Development Goals of the 2030 Agenda. In relation to this area of social impact, Ibercaja seeks to contribute mainly to SDG 4 ("Quality education"), SDG 8 ("Decent work and economic growth"), SDG 10 ("Reduced inequalities") and SDG 17 ("Partnerships to achieve the goals").

Links and references

Chapters 6.1, 6.3, 6.5 and Appendix F of this Directors' Report.

Ibercaja Corporate Website

[8]. Operational targets (concerning, for example, water consumption in office buildings, gender equality on the Bank's board of directors, or greenhouse gas emissions related to business travel) are not within the scope of the Principles for Responsible Banking.

[9]. Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities.

Principle 2: Impact and target setting

(b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline. You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritised climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Área de impacto	*Código Indicador*	*Respuesta*
Mitigación del cambio climático	...	
	...	
	...	

Área de impacto	*Código Indicador*	*Respuesta*
Salud financiera e inclusión	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these

1. Climate change mitigation:
Ibercaja began calculating its direct carbon footprint in 2016. Since then, it has reduced its emissions by 89%. In 2021, recording the 2020 scope 1 and 2 emissions, it managed to be neutral in its own emissions for the first time, thanks to ZeroCO2 projects and the transition to renewable sources for the electricity consumption of the entire Bank.
Regarding the emissions of its portfolio, Ibercaja began work on defining decarbonisation targets in 2022, but in 2023 it has continued to analyse its financed carbon footprint and adjust its targets, following the SBTi SDA methodology and taking its December 2021 portfolio as a baseline.
These targets have been drawn up considering the alignment of the starting point with the benchmark scenario, as well as other factors specific to each sector. In 2023, sector decarbonisation pathways have been defined following the guidelines and recommendations for financial institutions published by the Glasgow Financial Alliance for Net Zero (GFANZA).

2. Financial health & inclusion:
According to its corporate purpose, the mission of Ibercaja as a financial institution is to improve the quality of life of families and companies, helping them manage their finances with the goal of providing customers with an efficient service and personalised quality advice, and so help them reach their own goals.
Ibercaja carries out banking and financial activity following a responsible, friendly and sustainable business model. The “Challenge 2023” Strategic Plan has been developed within the framework of this mission, with one specific commercial strategy for younger customers and another for older customers.
So the challenge of seeking the best solutions for both groups has been there from the very start of the Strategic Plan that ends this year.

Links and references

Chapters 6.1, 6.3, 6.5 and Appendix F of this Directors' Report.

Ibercaja Corporate Website

Principle 2: Impact and target setting

c) SMART targets: (incl. key performance indicators (KPIs)[10]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

1. Climate change mitigation:
Since 2016, Ibercaja has been calculating its own emissions with the aim of achieving carbon neutrality (scopes 1 and 2), reducing its own carbon footprint and offsetting the emissions it generates in conducting its activity. This target was met, for the first time, for the emissions generated in 2020.

Since April 2021, when Ibercaja joined the NZBA initiative as a founding member, it has been committed to achieving the decarbonisation of its credit and investment portfolios by 2050, and so advance towards meeting the objectives of the Paris Agreement.

As a first step, Ibercaja has developed its 2030 decarbonisation targets for three of the most greenhouse gas emissions-intensive sectors: Electricity generation, iron and steel production and residential real estate.

Sector	Scenario	Scope covered	Metric	Baseline[1]	2030 objective
Electricity Generation	NZE 2050 (IEA)	1 and 2	kg CO_2 eq/ MWh	**68** (2021)	**61** (-10%)
Iron and Steel Production	NZE 2050 (IEA)	1 and 2	kg CO_2 eq/ t de acero	**966** (2021)	**869** (-10%)
Residential Real Estate	NZE 2050 (IEA) y CRREM 1,5º	1 and 2	kg CO_2 eq/ m²	**41** (2021)	**35** (-16%)

1) The published baseline for the intensity metrics could undergo changes because the data, information sources and methodologies are evolving constantly. However, Ibercaja is committed to maintaining decarbonisation targets linked to scenarios aligned with compliance with the Paris Agreement.

These interim decarbonisation targets are used as KPIs to monitor the overall goal of reaching net-zero emissions in its portfolio by 2050. Ibercaja is committed to expanding the list of sectors with decarbonisation targets during 2024.

2. Financial health & inclusion:
For Ibercaja, offering quality service and advice, with the customer as the centre of its financial activity, is one of the basic principles of its ethical culture. The Bank's activity is guided by the purpose of helping, accompanying and contributing to all people building their own life story. This commitment is even stronger for younger and older customers in response to the difficulty they often have in accessing and using certain basic financial services and because they are the groups with greatest weight in Ibercaja's customer portfolio: the two segments account for 46.69% of the Bank's customer base.

Consequently, the roadmap for Ibercaja's commercial offer seeks to promote inclusion and accessibility to all financial services for the groups of people with the greatest difficulties.
To this end, the Bank has worked throughout the "Challenge 2023" Strategic Plan to help young people with their first expenses, support their investment in education, provide them with savings accounts with different terms and make it easier for them to understand basic financial concepts. Older people also have a range of services focused on maintaining personalised attention and promoting their financial education. In order to monitor Ibercaja's work for these groups exhaustively, the Bank calculates and publishes different KPIs annually that measure the degree of alignment and effort linked to meeting the needs of its youngest and oldest customers. For example, the number of older customers who have a personal manager, the number of training sessions with content focused on the old or young, etc.

Links and references

Chapter 6.3, 6.5 and Appendix F of this Directors' Report.

Ibercaja Corporate Website

[10] Key Performance Indicators (KPIs) are indicators selected by the Bank for the purpose of monitoring progress towards objectives.

Principle 2: Impact and target setting

d) Action Plan: which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

1. Climate change mitigation:

The Bank achieves neutrality of its own emissions annually through different reforestation and forest conservation projects, as well as by maintaining green energy sources for the Bank's electricity consumption and replacing vehicles with others that have ZERO or ECO labels.

To achieve the interim decarbonisation targets in the three prioritised sectors, in 2023 Ibercaja has defined several decarbonisation pathways following the guidelines and recommendations for financial institutions published by the Glasgow Financial Alliance for Net Zero (GFANZA), and combining the following strategies:

- Financing or facilitating the development of climate solutions.
- Financing companies already aligned with decarbonisation.
- Financing companies with decarbonisation plans.
- Exiting from sectors and/or companies.

Specific targets have been set for each sector and the main lines of action of the decarbonisation strategy have been defined to achieve the 2030 targets:

- Residential Real Estate: The aim is to promote the financing of sustainable housing in the market and the renovation of housing in the portfolio that is considered unsustainable.

- Electricity generation: Compliance of the large companies in the portfolio with the decarbonisation plans will be monitored, and the full financing of renewable companies and financing of decarbonisation projects by cogeneration companies will be promoted.

- Iron and steel production: financing of projects related to decarbonisation, financing of large companies and SMEs already in Ibercaja's portfolio that are aligned with the emission neutrality objectives and, finally, monitoring of the decarbonisation plans of those that are significant in the portfolio due to their weight, are defined as a line of action.

In 2024, the Bank commits to defining new interim decarbonisation targets for other sectors and to publishing the decarbonisation plans to support them during 2025. Following this roadmap, Ibercaja will strive to meet the goal of achieving greenhouse gas neutrality in its portfolio by 2050.

Links and references

Chapter 6.3, 6.5 of this Directors' Report.

Ibercaja Corporate Website

Principle 2: Impact and target setting

2. Financial health & inclusion:
Ibercaja's business model focuses, among other things, on finding the best solutions for accompanying all its customers in their banking decisions or obligations. As a result of its business strategy and its link and commitment to the most vulnerable groups in this regard, although it focuses on the youngest and oldest people, it also develops different initiatives aimed at society as a whole:

a) Training:
To add to financial culture and bring it closer to the whole of society, Ibercaja has launched an education programme, with content and formats adapted to each target audience. Specifically, Ibercaja has designed a communication plan to explain basic financial concepts to its youngest customers and accompany them in the process of buying their first home. In addition, it makes training sessions available to all its customers so that they can learn how digital tools work and to promote remote access to all the banking services.

Caring for its older customers, the Bank also offers monthly individual training sessions to help them in their digitalisation process and facilitates a cycle of itinerant classrooms to bring financial education closer to senior citizens. Ibercaja also has numerous alliances and agreements with different organisations and companies to promote the financial and digital knowledge of all its customers and access to the financial system for society as a whole. In addition, in collaboration with the Ibercaja Foundation, it offers a specific line of training on sustainability.

b) Specialised commercial offer:
Responding to the needs of all its customers, Ibercaja offers a wide range of financing and investment products to fit each profile.

In relation to the most important groups in its customer base (young and old), which coincide with those who tend to have greater difficulties in accessing the financial system, the Bank continues to develop, enrich and specialise its commercial offer:

- It helps its customers to manage and process their income through a specialist company.
- It makes available the necessary resources for the care required by the elderly.
- It promotes savings among young people through products linked to different goals and time horizons.
- It facilitates access to financing to meet the first important expenses of young customers.

c) Communication and personalised service:
The Bank has different communication strategies to meet the needs of its customers:

- For senior profiles, the Bank has defined a decalogue of specialised customer service measures, including individualised communication channels, offices for face-to-face service and exclusive free telephone banking for this segment.
- Ibercaja promotes digital communication and access to all banking services, so young customers do not need to visit the branches. The Bank's app and digital banking are the channels most used in this segment.

d) Volunteering projects:
In addition to offering different alternatives as part of its banking business, Ibercaja promotes corporate volunteering activities among active workers and retired employees through its own activities or in collaboration with other institutions and entities.

Links and references

Chapter 6.3, 6.5 and 6.8 of this Directors' Report.

Ibercaja Corporate Website

Self-assessment:

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: **1. Climate change mitigation**	... second area of most significant impact: **2. Financial health & inclusion**	(If you are setting targets in more impact areas)... Your third (and subsequent) area(s) of impact:
Alignment	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Baseline	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
SMART targets	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Action Plan	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No

Principle 2: Impact and target setting

2.3 Target implementation and monitoring (Key Step 2)
For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary

1. Climate change mitigation:

To measure Ibercaja's progress and evaluate the action plans with respect to the objective of achieving carbon neutrality in its portfolio by 2050, the emission factors established by the PCAF on the different sectors of economic activity have been considered.

Ibercaja annually monitors the intensity of financed emissions:

It also compares the effectiveness of the defined decarbonisation plans in the three priority sectors against the intensity metrics of the base year:

Sector	Scenario	Scope covered	Metric	Baseline[1]	2030 objective
Electricity Generation	NZE 2050 (IEA)	1 and 2	kg CO_2 eq/ MWh	**68** (2021)	**61** (-10%)
Iron and Steel Production	NZE 2050 (IEA)	1 and 2	kg CO_2 eq/ t de acero	**966** (2021)	**869** (-10%)
Residential Real Estate	NZE 2050 (IEA) y CRREM 1,5°	1 and 2	kg CO_2 eq/ m^2	**41** (2021)	**35** (-16%)

1) The published baseline for the intensity metrics could undergo changes because the data, information sources and methodologies are evolving constantly. However, Ibercaja is committed to maintaining decarbonisation targets linked to scenarios aligned with compliance with the Paris Agreement.

The increase in the electricity generation portfolio's emissions intensity between 2021 and 2022 is due to the entry of new customers into the portfolio with an intensity factor above the portfolio's average, although it is committed to the decarbonisation of the sector, and to the increase in the intensity of combined-cycle electricity generation (+25% vs. 2021). Despite the increase, Ibercaja's energy portfolio continues to be in a privileged position in terms of its emissions intensity level, thanks to the Bank's significant support for counterparties engaged in the generation of electricity from renewable sources.

The reduction in emissions intensity in the iron and steel production and residential real estate portfolios is due to the high commitment of customers to decarbonisation and the Bank's work in developing and marketing products and services aimed at improving the energy efficiency of buildings.

Regarding its own emissions, Ibercaja began calculating its emissions in 2016 and achieved carbon neutrality for the first time in 2020. The bank is committed to maintaining this level of self-demand in the future:

Links and references

Chapters 6.1, 6.3, 6.5 and Appendix F of this Directors' Report.

Ibercaja Corporate Website

Sustainable impact on customers - Corporate Website | Ibercaja Banco

Principle 2: Impact and target setting

	(31/12/2022)	(31/12/2023)
Total financed footprint (scope 3, category 15)	1.53 $MtCO_2e/M€$	1.62 $MtCO_2e$

Ibercaja achieves neutrality of direct CO2 emissions that cannot be avoided through the purchase of green energy and support for forestry CO2 absorption projects. In 2023, the Bank offset 1,002 tonnes of CO2, which represents over 100% of its direct emissions (984 t CO2e) in 2022. In 2024, the Bank will calculate and offset its emissions in accordance with the parameters and criteria established by the Ministry for Ecological Transition (MITERD) to continue to be neutral in its own emissions.

2. Financial health & inclusion:
Ibercaja regularly monitors the progress and impact of its contribution to financial inclusion, focusing its analysis on the young and senior citizen segments. This commitment is adapted to the needs of its customers, so the KPIs are periodically adjusted to the aspects of greatest demand:

- In the case of older customers, the Bank focuses on adapting and improving its digital services so that everyone can use them. Nevertheless, it maintains personalised service for all those who require it.

- In the case of young people, financing their first home and financial education continue to be two key aspects.

	(31/12/2022)	(30/06/2023)
Training for older customers	5,400 customers (86 activities)	7,149 customers (17 activities)
Older customer digital channel users	111,000 customers	127,000 customers
Receipt of pension payments by old customers	+ 253.000 customers	+ 260,000 customers
Mortgages financed for young people	+ 1,960 transactions	+ 3,000 transactions
Financial education focused on young people	+ 150 contenidos	+ 227 contenidos
Telephone service for older customers	+ 30,000 customers (46,000 calls)	+ 28,000 customers (46,000 calls)
Older customers with a personal manager	69.32%	72.79%

Links and references

Chapters 6.1, 6.3, 6.5 and Appendix F of this Directors' Report.

Ibercaja Corporate Website

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers[11] in place to encourage sustainable practices?
☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?
☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities[12]). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.
This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Ibercaja's sustainable business strategy is based on reducing the negative impact of its environment, both of the Institution and its customers, through a strategy that allows Ibercaja to continue growing, improving its profitability and positioning and being recognised as an organisation that contributes value and improves the future of its social and environmental surroundings.
Based on this dual vision, a strategy differentiated by customer segments, needs and proposed solutions is proposed, leading to the identification of necessary capabilities. In this way, the strategy to be followed ends up being configured:

- Environmental Impact: promoting energy efficiency, circular economy and responsible consumption to reduce the impact on the environment and contribute to its recovery.
- Social Impact: support to the most vulnerable people and territories with the aim of helping them to take advantage of the opportunities of sustainable development.
- Good Governance: promoting responsible company behaviour in accordance with ethical principles that pursue development and well-being, with support in the training actions for the company of the Ibercaja Foundation.

The customer communication plan consists of four phases:

1. Information: Explaining the meaning of the SDGs and their relevance to sustainable development to all the Bank's customers with the aim of raising their awareness in order to achieve joint collaboration and progress. This communication was initiated internally in coordination with the training area, in order to ensure a complete and adequate transfer of information to the customers.

Links and references
Chapter 6.3 of this Directors' Report

Ibercaja Corporate Website

[11]. Customer engagement is a process of supporting customers in transitioning their business models to be aligned with sustainability goals, strategically accompanying them through a variety of customer relationship channels.

[12]. Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 3: Clients and Customers

2. Detection of needs and opportunities: Ibercaja collaborates with its customers, especially productive activities, by assessing their energy efficiency and analysing their exposure to climate risks. It also has agreements with specialised companies to facilitate the improvement of the energy efficiency of buildings, the management of public aid and the execution of works, both for private individuals and for productive activities.

3. Proposed solutions: Ibercaja has a wide range of commercial, investment and financing products that enable it to respond to the needs detected by its customers in general, and in relation to sustainable development in particular.

4. The fourth phase plans to offer **tools for calculating the carbon footprint** and solutions for offsetting it. Along these lines, agreements have been reached with different companies to offer services of assessment and the preparation of reports and improvement strategies, especially focused on productive activities.

Solutions to offset the carbon footprint have begun to materialise in different reforestation projects, but offering customers the opportunity to participate remains pending.

Links and references

Chapter 6.3 of this Directors' Report

Ibercaja Corporate Website

Principle 3: Clients and Customers

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

The commitment to activate the Corporate Purpose and integrate ESG aspects in business decisions was endorsed in the Sustainability Policy, approved by the Board of Directors in 2020, identifying the analysis of customer needs and identifying potential sustainable business opportunities as one of the pillars on which the Policy is based.

The Bank analyses the impact of environmental and social risks on customers and their financial activity in order to adapt the range of products and services to new needs, transparently communicating solutions that promote environmental responsibility.

It seeks to promote a sustainable business model by improving the energy efficiency of the housing finance portfolio. In this regard, Ibercaja aims to increase the percentage of A and B-rated homes in its portfolio by developing projects to improve the energy efficiency of homes and boosting its commercial offer of sustainable mortgages.

The Bank is committed to new specific financing products to facilitate improved energy efficiency and accessibility in the housing of individual owners and of homeowners' associations: Building +Sustainable (for homeowners' associations) and Home +Sustainable (for individual owners).

Over the course of the strategic plan, more than €100 million has been financed through these specific products to improve energy efficiency.

In 2023, Ibercaja has launched its new Mortgage +Sustainable, aimed at financing homes with an A or B energy rating, with nearly €80 million arranged since its launch in March.

In 2023, Ibercaja has also added the Renewable Energy Financing Loan to its range of sustainable products, aimed at facilitating production or self-consumption of electricity through companies' renewable energy sources. This product and Investment +Sustainable complete the range for productive activities to improve energy efficiency.

Links and references

Chapter 6.3 of this Directors' Report

Ibercaja Corporate Website

Principle 3: Clients and Customers

These products complement the offer of others with a social purpose aimed at supporting young people for their first major expenses and in particular to support their investment in education, such as the Youth Loan and the Ibercaja Postgraduate Masters Loan.
To encourage young people to save, specific products have been designed to help them save to achieve their goals and cover their needs at different times in life:

- Short term: Metas account
- Medium term: Contucasa account
- Long term: Pensumo

To support young people who want to take the step towards their first home, Ibercaja is a partner institution in programmes promoted by different autonomous regions to encourage and facilitate young people's access to their first home, as in the case of the My First Home programme of the Madrid and Castilla y León regions, and the Youth Housing Guarantee programme of the Andalusia region.

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

In 2023, the offer to older customers has been extended through a series of collaboration agreements with leading companies that allow us to offer them quality services. These include an alliance with Depencare, a company specialising in home care services for the elderly or dependent people, and the Dasit Telecare services whereby elderly people are constantly monitored and can quickly manage any incident they may have.

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

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

In this line of collaboration with public administrations and other private institutions, the collaboration agreement was maintained with the Community of Extremadura to promote energy efficiency in buildings and collaboration with IDAE to disseminate its programmes among customers and offer special financing operations in the efficiency programmes promoted by this institute. New collaboration agreements have also been signed with the Housing Agency of the regional government of Catalonia and the Public Works department of the regional government of Castilla-La Mancha.

Links and references

Chapter 6.3 of this Directors' Report

Ibercaja Corporate Website

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups13) you have identified as relevant in relation to the impact analysis and target setting process?

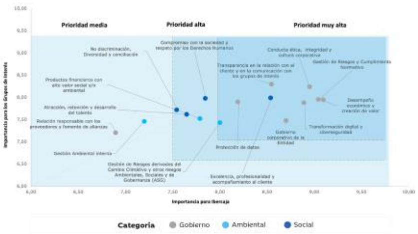
☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

In 2021 Ibercaja carried out its materiality study coinciding with the last "Challenge 2023" strategic cycle and with the aim of identifying the financial, economic, social and environmental matters that are priorities for its stakeholders and for its business, and thus determining what information should be reported and its correct dimensioning.

Before carrying out this materiality study, the priority stakeholders on which the analysis is based were identified: customers, owners and investors, employees, suppliers, society, competitors and benchmarks, public administrations, and the media and opinion influencers. Ibercaja defined the means of participation and interaction with each stakeholder and established that those matters with a high probability of generating a significant impact, both on the business and on the valuations and decisions of the stakeholders, would be considered relevant.

The results of the valuations are structured in a materiality matrix that reflects the priority of the 15 topics that are of high importance, both for the Bank and for its stakeholders:



Following the rationale described, in 2023 Ibercaja has updated the exercise, advancing in the requirements of the new GRI 3 – Material Issues 2021, for which it has carried out an analysis and assessment of the importance of the impacts, positive and negative, of these priority topics and the actions it is carrying out for their management.

Beyond this annual assessment, Ibercaja, being aware of the importance of communication and institutional relations with the various stakeholders, continuously coordinates and aligns with them on the dissemination of content, using the Bank's different internal and external communication channels: social media, suggestion boxes and telephone assistance.

Ibercaja Banco and the Group's subsidiaries have signed several initiatives, alliances and agreements with the aim of reinforcing their commitment to environmental, social and governance factors, increasing the transparency of their disclosures and supporting sustainable growth.

Links and references

Chapters 3 and 6.1 of this Directors' Report.

Ibercaja Corporate Website

[13] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organisations.

EL BANCO DEL Vamos

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance structure for implementation of the principles

Does your bank have a governance system in place that incorporates the PRB?
☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to)
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The Ibercaja Group's commitment to sustainable growth was endorsed with the approval, in December 2020 by the Ibercaja Bank Board of Directors, of the Sustainability Policy, a document that sets out this commitment and establishes the global action framework for sustainability, containing the commitments voluntarily undertaken by Ibercaja with its stakeholders to promote sustainable, inclusive and environmentally-friendly growth, with a long-term vision.

Ibercaja has a corporate governance structure diversified into different bodies to achieve efficient sustainability management, involving all the Group's business areas. Sustainability governance is based on the work of the functional areas, led by the Control Area and the Brand, Reputation and Sustainability Department.

The **Board of Directors** is conferred as the highest level body in the Bank's governance model, whose task is to ensure Ibercaja's progress in sustainability; it has reviewed and approved the elements necessary to advance in the Bank's sustainable and responsible approach. Ibercaja has a Code of Ethics (approved in 2018 by the Board of Directors), which contains the ethical principles that govern the actions of the Ibercaja Group, and a Corporate Purpose as the backbone of the strategy: "Help people build their life story because it will be our story".

In May 2023, the Board of Directors also approved the ESG Risk Governance Policy, which sets out roles and responsibilities for the definition, assessment, management and monitoring of ESG risks according to the model of three lines of defence. This Policy is applicable to all the entities that are part of the Ibercaja Group, involving all the areas that incorporate the principles defined in it in their daily activity.

The **Strategy Committee** has a special involvement in the definition and approval of the Strategic Plan, placing sustainability as one of its key enabling initiatives, and ensuring that there is a precise organisation for its implementation.

Approval of the proposed strategies and roadmaps is also the responsibility of the Strategy Committee, with the Board of Directors being ultimately responsible for approving and promoting the Bank's Sustainability Policy.

Links and references

Chapters 4.2, 6.1, 6.4, 6.5, 6.7, 7 and Appendix F of this Directors' Report.

Ibercaja Corporate Website

Principle 5: Governance & Culture

The **Reputation and Sustainability Committee**, at management level and chaired by the CEO, is in charge of validating and supervising the Bank's Sustainability Strategy, as well as monitoring and approving the measures necessary to advance in the integration of sustainability in Ibercaja. This Committee's functions also include monitoring implementation of the Principles for Responsible Banking, and it is defined as the body in charge of involving all of the Bank's areas responsible for ESG risk management.

Lastly, the **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 sustainability strategy is implemented by a broad cross-cutting team, in charge of responding to the challenges of the Purpose and Sustainability initiative in the new Challenge 2023 Strategic Plan. The Bank's Sustainability Policy responds to its commitment to sustainable and inclusive growth through the gradual undertaking of different courses of action guided by the various policies, plans and codes.

With regard to the remuneration system, Ibercaja's Remuneration Policy is consistent with the Sustainability Policy and with the principles and values of the Bank in the management of environmental, social and corporate governance risks and complies with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information relating to sustainability in the financial services sector, establishing a remuneration system based on equal opportunities and non-discrimination.

The corporate objectives in the 2023 variable remuneration scheme included the fulfilment of sustainability milestones related to the integration of climate risks, the definition of an ESG Information Model, the Action Plan for achieving decarbonisation targets and the sustainability communication strategy.

The Bank defines a long-term incentive with the objective of aligning the interests of certain of its key executives with the corporate strategy and with long-term value creation. These multi-annual objectives include:

- Percentage of female executives.
- CO2 emissions.
- Achievement of the major sustainability milestones contained in the "Challenge 2023" Strategic Plan.

In 2023, Ibercaja has also launched an incentive programme for the Renewable Energy Financing Loan product, aimed at legal entity customers, to promote sustainable financing and so align the Bank's corporate and commercial strategy with long-term value creation.

Links and references

Chapters 4.2, 6.1, 6.4, 6.5, 6.7, 7 and Appendix F of this Directors' Report.

Ibercaja Corporate Website

Principle 5: Governance & Culture

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

The sustainability project and the implementation of the PRBs is accompanied by a substantial employee training strategy. The People Area has implemented the last year of the strategic cycle (2023), setting up a new People Management Model that is boosting internal development, mobilising talent towards the Bank's major strategic challenges, developing an intense training programme and searching externally for profiles that are not available in the workforce.

The entire model is aligned with the Internal Culture Activation project through the Ibercaja "SOMOS" relationship model. A highlight of this management model is the launch and implementation of the new SOMOS internal portal, which supports all internal processes in the people area and is one of the main channels of internal communication and participation between Ibercaja and its workers.

To deploy the SOMOS relationship model, a series of corporate behaviours have been established that represent the backbone of the culture at Ibercaja. These essentials focus on internal activation of the corporate purpose, "Help people build their life story", through a common language and common behaviours. For this, it is essential to integrate these behaviours into key people management processes: on-boarding, job change, performance appraisal, internal events, recognitions, selection and hiring, training, etc.

Through the Career Development Plan, Ibercaja promotes the continuous development of the abilities and skills of its employees, identifying and responding to the current and future training needs of the Bank's different groups of people.

The training programmes and actions are aligned with Ibercaja's strategy. In 2023, staff continued to be supported with training in strategic areas, including sustainability and ESG risks, the integration of ESG factors in Credit Risk for Business Banking, Risks and Branding and specific training for the Control Department.

An Internal Sustainability Communication Plan has also been set up to help make Ibercaja's sustainability objectives known and internalised, thus fostering a "sustainability culture".

All internal management models are aligned with this purpose. Proof of this is that Ibercaja received the EFR (family-responsible company) certification in 2019 and, since 2007, has had an Environmental Management System, certified by the ISO 14001 Standard, which establishes annual environmental objectives, and defines the indicators for their monitoring.

Links and references

Chapters 4.2, 6.1, 6.4, of this Directors' Report.

Ibercaja Corporate Website

Principle 5: Governance & Culture

5.3 Policies and due diligence processes
Does your bank have policies in place that address environmental and social risks within your portfolio?14
Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Ibercaja's Corporate Purpose is established as the Bank's reason for being and forms the basis of its corporate strategy, aligning its efforts, and inspiring and mobilising action: "Help people build their life story because it will be our story." Consequently, the sustainability strategy's priorities include identification, management and control of environmental and governance risks for their progressive incorporation into the Bank's global risk framework. The following policies, plans and codes underpin the action on sustainability and the planning of actions:

- The Sustainability Policy (2020) is considered the framework for developing the sustainability strategy as it defines the sustainability principles and the Bank's commitments to its main stakeholders to promote sustainable and inclusive growth through the gradual undertaking of different courses of action.

- The Environmental Policy (2021) identifies environmental commitments and promotes good practices, in accordance with the principles set out in the Sustainability Policy.

- The ESG Risk Governance Policy (2023) demonstrates and formalises the governance, management and control of ESG risks and reinforces the Group's commitment to sustainable development.

- The ESG Exclusions Policies (2023) define the exclusion criteria for preventing any financing or investment operations that may be considered controversial due to their high environmental, social, ethical or reputational risk, in line with international and sector standards. In 2023, Ibercaja's Board of Directors approved different Policies relating to Ibercaja Banco's credit and securities portfolio.

- Ethics Management Model, comprising the Bank's Code of Ethics, the Ethics Management Manual, with the structure and functions necessary in the bank to put the Code into practice, and the Ethics Channel, as an independent communication channel for reporting possible breaches of the Code (approved by the Board of Directors).

- The Code of Conduct for suppliers, which informs these stakeholder of the Bank's commitment to sustainability and involves them in advancing in this regard.

- The FRC (Family Responsible Company) Plan, which contains the actions to be carried out to promote work-life balance, in accordance with the proactive management and continuous improvement required for FRC certification.

All the above elements have been developed over the years in line with the Principles of the UN Global Compact, of which Ibercaja has been a signatory since 2006, in accordance with the Principles for Responsible Banking, signed by the Bank in 2019, and aligned with the Sustainable Development Goals of the 2030 Agenda. These policies, plans and codes govern the actions of Ibercaja and its relationship with its customers and suppliers. In accordance with them, it identifies and monitors its exposure to environmental, social and good governance risks through several assessment exercises. All of these are detailed throughout this Directors' Report.

Links and references

Chapters 4.2, 6.1, 6.4, 6.5, 6.7, 7.6 and Appendix F of this Directors' Report

Ibercaja Corporate Website

[14] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment:

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?
☒ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

	Links and references
The information disclosed in the sections Impact Analysis [2.1], Target Setting [2.2], Target implementation and monitoring [2.3] and Governance Structure for Implementation of the Principles [5.1] has been assured by Ernst & Young Auditores, S.L., as an independent provider of assurance services, to the extent indicated in its Assurance Report	N/A

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?
☒ GRI
☐ SASB
☐ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☒ TCFD
☒ Other: Regulation 2020/852

	Links and references
1. The Management Report has been prepared in accordance with the GRI Standards for the period from 1 January to 31 December 2023 and shows the Bank's progress in accordance with the 2030 Agenda and the Sustainable Development Goals. 2. It reflects the Organisation's annual progress in implementing the ten principles of the UN Global Compact on human and labour rights, the environment and the fight against corruption in Appendix B. Thus, it responds to the requirements established for the preparation of the COP Progress Report, which is then updated on the Global Compact website. 3. It includes, in Appendix D, the TCFD Report, with the objective of disclosing in a consistent, comparable and clear way the effect that an economic activity has on the climate, in order to facilitate investors' decision making. 4. It details its exposures to sustainable economic activities, in accordance with Article 8 of Regulation 2020/852 in Appendix F.	Appendices B, C, D and F of this Directors' Report. Ibercaja Corporate Website

Principle 6: Transparency & Accountability

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[15], target setting[16] and governance structure for implementing the PRB)? Please describe briefly.

In 2023, Ibercaja continued to take important steps towards the effective implementation of the Principles of Responsible Banking: This mainly involved working on the Purpose and Sustainability initiative included in the 2021-2023 Strategic Plan. This plan represented a firm commitment by the Bank and has laid the foundations for governance and engagement of the entire organisation, under the leadership of the Board of Directors, the Chief Executive Officer and the Management Committee.

Work is currently under way to identify and actively manage climate and environmental risk, to develop and implement a responsible business strategy, to capture and improve ESG data and integrate it into systems, plus staff training and internal and external communication, as the main pillars for the integration of sustainability.

Looking ahead to the new 2024-2026 Strategic Plan, Ibercaja is aware that sustainability and its purpose of helping people will continue to guide the Bank's strategy and decision-making. The next steps in 2024:

- Continue working on compliance with regulatory requirements and the implementation of supervisory expectations, as well as transparency and active communication with stakeholders.
- Deepen the impact analysis, analysing specific sectors in line with the decarbonisation targets set and including the impact on nature and society.
- Continue to work with the areas involved in the development of the Transition Plan to achieve the targets for decarbonising the loan portfolio and promoting sustainable financing.
- Deepen and reinforce the ESG communication strategy to increase the impact on these stakeholders of the Ibercaja Group's commitment to sustainability in its environmental, social and good governance aspects.

Links and references

N/A

[15] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.
[16] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☒ Embedding PRB oversight into governance

☐ Gaining or maintaining momentum in the bank

☐ Getting Started: where to start and what to focus on in the beginning

☐ Conducting an impact analysis

☐ Assessing negative environmental and social impacts

☐ Choosing the right performance measurement methodology/ies

☒ Setting targets

☐ Other: ...

☒ Customer engagement

☐ Stakeholder engagement

☒ Data availability

☐ Data quality

☐ Access to resources

☐ Reporting

☐ Assurance

☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

Appendix F - Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

2-12, 2-13, 3-3, 201-2

> The aim of these recommendations is to develop a common, consistent, comparable and clear reporting framework to provide information on the effect that an economic activity has on the climate so as to facilitate decision-making among investors.

1. Introduction

Climate change is a reality and its effects on economic and social stability are already noticeable: its mitigation requires the commitment of all public and private actors, so as to achieve progress towards a carbon-free economy.

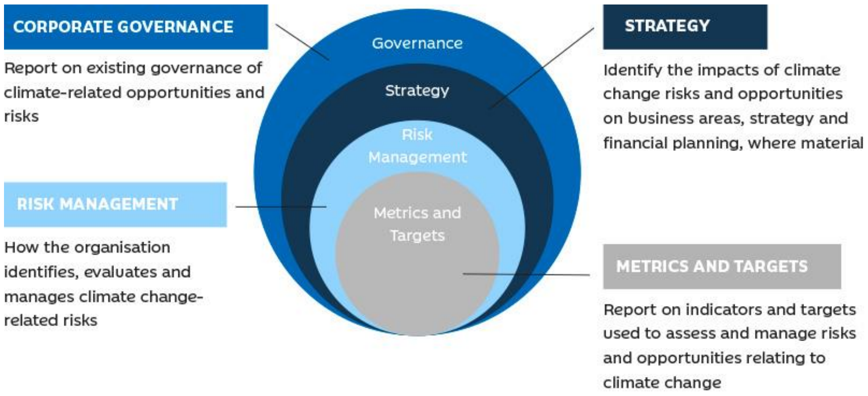
The increase in the average temperature of the planet as a result of the increasing emission of greenhouse gases is perceived as a real problem for the vast majority of society. According to the World Economic Forum (WEF), climate and environmental risks have become the central focus of perceptions of global risk for the next decade, mainly due to the perceived lack of preparedness to mitigate or adapt to their impacts.

The financial sector plays a key role in financing climate-resilient projects and transitioning to a more sustainable economy. Ibercaja is committed to supporting the most vulnerable undertakings in their transition to a low-carbon economy and to promoting the growth of those that integrate climate considerations into their strategy, risk management and business decision-making.

Accepting the materiality that climate change has for the financial sector, Ibercaja follows the recommendations of the **Task Force on Climate-Related Disclosures (TCFD)** to achieve transparent disclosure on climate matters and promotes financial decision-making linked to sustainable factors. Ibercaja joined TCFD in 2019, so in this Report, for the fifth consecutive year, it discloses in a consistent, reliable, comparable and clear way the effect that an economic activity has on the climate.

Four areas to report

IN ITS REPORT, THE TCFD RECOMMENDS REPORTING INFORMATION IN FOUR AREAS, WHICH DEFINE THE STRUCTURE OF THIS SECTION:



The Ibercaja Group, **committed from its origins to sustainability and guided by its corporate purpose**, focuses its effort on continually taking important steps, acquiring commitments that act as a lever in the fight against climate change.

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.

Additionally, with the aim of contributing to the Group's Net Zero strategy, in 2021 Ibercaja Gestión and Ibercaja Pensión joined the **Net Zero Asset Managers** (NZAM), an initiative promoted by Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI).

As a further show of its firm commitment to sustainability, Ibercaja has joined these initiatives with the aim of building a global economy of zero net emissions and meet the objectives of the Paris Agreement.

In 2022, with the aim of advancing in the identification and management of climate risk, the Bank joined the **Partnership for Carbon Accounting Financials** (PCAF) to work on its commitment to achieve emissions neutrality in its loan and investment portfolios by 2050 or earlier. PCAF acts as the international benchmark to facilitate the financial industry's alignment with the Paris Agreement and to transmit transparency in the calculation of greenhouse gas (GHG) emissions, establishing an international methodology to measure and disclose greenhouse gas emissions financed by financial and investment institutions.

In this context, Ibercaja uses the PCAF methodology (specifically, the SBTi SDA methodology) to calculate its financed carbon footprint, with the ultimate goal of establishing decarbonisation pathways to achieve zero emissions by 2050 and comply with NZBA guidelines. To this end, it commits to transition all operational and attributable GHG emissions from its loan book and investment portfolios to align with pathways towards net zero emissions by 2050.

Within the framework of the NZAM initiative, Ibercaja Gestión and Ibercaja Pensión have used the Paris Aligned Investment Initiative methodology: Net Zero Investment Framework (PAII NZIF).

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.

In response to the need to disclose climate information in financial reports, this Appendix summarises how Ibercaja is engaging in responding to the challenges arising from climate change, following the recommendations of the TCFD with regard to analysis, the implementing of measures, reporting, and what tools to use to assess these risks adequately.

Ibercaja is aware of the long road ahead, which is why it continues to work and move towards a sustainable future. It recognises the important role it plays as a financial institution in accompanying its customers and society in this direction, and shows its firm commitment to **continue progressing and disseminating the advances made in accordance with market needs**.

3. Definition of climate and environmental

In recent years, there has been an unprecedented institutional, social and business mobilisation to respond to major sustainability challenges and, in particular, to identify and manage environmental, social and governance (ESG) risks.

Environmental risks fall under ESG risks and should be understood as the financial risks posed by an institution's exposures to counterparties or invested assets. In this regard, they could potentially be affected by the negative impacts of natural 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 environmental risks, climate risks, defined as those that result, directly or indirectly, from the effects of climate change, have reached great significance in recent years due to the high probability that they will occur and their potential severe impact.

Classification of climate-related risks within ESG factors

The challenge that Ibercaja has taken on is to ensure that the business objectives promote sustainable development, preserving natural resources. To this end, it is making progress in integrating environmental aspects into its strategy, business model and risk management.

Ibercaja considers environmental risks, and specifically climate risks, as risk factors in the risk categories currently managed at the Bank. Due to the relevance of climate events, Ibercaja has made progress in assessing climate risks on its business model.

Climate risks are linked to the increase in the earth's temperature as a result of greenhouse gas emissions and, according to the indications of the TCFD, they are defined and categorised as:

a) Transition risks.

Transition risks are those associated with transitioning to a low-carbon economy in response to climate change. They relate to the financial losses that a company may suffer directly or indirectly when attempting to adjust to changes in policies or regulations, such as the establishment of limits on CO2 emissions or carbon taxes, as well as changes or advances in technology and changes in consumer preferences.

They fall into the following categories:

- **Policy and legal risks**. These risks arise from a failure to prevent or minimise adverse effects on climate, or from a failure to adapt to climate change. Institutional and policy actions for climate change mitigation continue to evolve, through:
  - Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change.
  - Policy actions that seek to promote adaptation to climate change.
- **Technological risk.** Meaning the ability of companies to adopt, or not, new climate-friendly technologies to replace more harmful ones currently in use. The development and use of emerging technologies, such as renewable energies, will affect the competitiveness of certain organisations, their production and distribution costs, and ultimately user demand for their products and services.
- **Market risk.** The ways in which markets can be affected by climate change are varied and complex. For instance, through shifts in the supply and demand for certain products, services or raw materials, largely due to the fact that both the market and consumers are increasingly shifting their preferences towards options viewed as being more sustainable.
- **Reputational risk.** Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy. Greenwashing activities that the Bank or its counterparties may engage in are also linked to reputational risk. The Bank's reputational risk could also be affected by its image associated with litigation for non-compliance with environmental regulations, by customers or suppliers who fail to comply with the ESG commitments adopted, and by misleading publicity in this regard

b) Physical risks.

Physical risks relate to the financial impact of a changing climate. They are those arising from the direct effects of climate change, such as increases in the frequency and intensity of extreme weather events or changes in the balance of ecosystems. Physical risks can have direct financial impacts directly and through our credit exposures, e.g. direct damage to assets or indirect impacts caused by interruptions in the production chain.

They fall into the following categories:

- **Acute risks**. Those that are event-driven, especially those related to weather events such as storms, floods, fires or heat waves, which can damage production facilities and disrupt value chains.
- **Chronic risks**. Those resulting from longer-term shifts in climate patterns, such as changes in temperature, sea level rise, loss of biodiversity and alterations in land and soil productivity. This can directly cause, for example, damage to goods or a decrease in productivity and can also indirectly lead to further incidents, such as the disruption of supply chains.

4. Governance Model

Ibercaja has developed a sound **sustainability governance model** reflected in an organisational structure with the direct engagement of the **Board of Directors**, as the highest level body, which promotes the Bank's positioning in sustainable development, with the assistance of the **Strategy Committee**.

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 this area.

In 2023, the Board of Directors approved the **ESG Risk Governance Policy**, which sets out roles and responsibilities for the definition, assessment, management and monitoring of ESG risks according to the model of three lines of defence. This Policy is applicable to all the entities that are part of the Ibercaja Group, involving all the areas that incorporate the principles defined in it in their daily activity.

In relation to the management and control of ESG risks, the Governing Bodies and Senior Management, within the scope of their respective roles, are responsible for establishing, approving and supervising implementation of the general business and risk strategy, together with an appropriate internal control and governance framework. In this way, climate risks are managed as risk factors integrated into the Bank's prudential risks, so the management framework established in each of them will apply.

In 2023, the undertakings in the Financial Group have promoted several actions related to governance, regulatory adaptation and the development of new policies and procedures with ESG criteria. The following are noteworthy examples:

- Preparation of due diligence policies regarding the principal adverse impacts on sustainability factors of Ibercaja Vida and Ibercaja Pension, in addition to the Ibercaja Banco and Ibercaja Gestión polices already in force.
- Development of procedures to measure and manage the principal adverse events (PAIs) in a cross-cutting way.
- Adhesion to Ibercaja Banco's ESG Risk Governance Policy.
- Periodic review of the rest of the ESG Policies in force (integration of ESG risks, exclusions, engagement, etc.).

Ibercaja Gestión developed procedures to avoid greenwashing practices and to calculate sustainable characteristics and percentage of investment in accordance with article 2.17 SFDR.

Board of Directors	Approve and promote the Sustainability Policy.
Strategy Committee	Oversee the Sustainability Policy. Report to the Board.
Reputation and Sustainability Committee	Validate and supervise the sustainability strategy and policy Ensure effective integration of the sustainability strategy into management
Brand, Reputation and Sustainability Department	Define, develop, coordinate and propose sustainability policy and strategy to the R&S Committee. Support the Areas in implementing them.

All areas of the Bank

They work to implement the Sustainability Strategy aligned with the UNEF FI Principles of Responsible Banking signed by Ibercaja Banco, which respond to supervisory expectations.

ESG Committee

Monitoring of ESG investment mandate.

Promote socially responsible investment (SRI).

Environment committee

Cross-cutting committee that oversees compliance with Ibercaja's Environmental Policy. For more information, see chapter 6.5 of this report.

a) Board of Directors

The **Board of Directors** has reviewed and approved the elements necessary to make progress in the sustainable and responsible planning of the Bank: in 2018 it approved the Code of Ethics, which contains the seven ethical principles that govern the actions of the Ibercaja Group. It also agreed and approved the **Corporate Purpose**, which focuses on a shared inspirational objective: **"Help people build their life story because it will be our story."**

On 11 December 2020, the Board of Directors, following a review by the Strategy Committee, approved the **Sustainability Policy**, an essential element as it establishes the Ibercaja Group's commitments and framework for action in the area of sustainability. With the support of the Strategy Committee, it also oversees the implementation of the Sustainability Policy, and is informed of progress on a regular basis. The Policy sets out the Bank's commitments to its main stakeholders and to the environment in its banking and financial activities.

Along these lines, **Ibercaja undertakes to**:

- Analyse the impact of climate change, detecting needs that the transition to a decarbonised economy may present, in order to respond with business solutions that support environmental sustainability.
- Analyse climatic and environmental risks, their impact on customers and their financial activity, for their gradual integration in compliance with the regulatory requirements.
- Transparently communicate the advances in environmental sustainability, raising awareness internally and externally to promote a sense of environmental responsibility.
- Assume and endorse the primary national and international commitments that help to protect the environment and fight against climate change, working on their implementation.

b) Strategy Committee and Board of Directors

The **Strategy Committee** has a special involvement in the definition and approval of the Strategic Plan, placing sustainability as one of its key enabling initiatives, and ensuring that there is a precise organisation for its implementation.

Approval of the proposed strategies and roadmaps is also the responsibility of the Strategy Committee, with the Board of Directors being ultimately responsible for approving and promoting the Bank's Sustainability Policy.

The Sustainability Policy is deployed through six strategic challenges, in which operational plans and annual milestones are defined, one of them being the management of climate and environmental risks. It defends a clear position on the importance of differentiating ourselves as a sustainable Bank, from three points of view: financially, socially, and environmentally.

b) Reputation and Sustainability Committee

The Reputation and Sustainability Committee, at management level and chaired by the CEO, is in charge of validating and supervising the Bank's Sustainability Strategy, as well as monitoring and approving the measures necessary to advance in the integration of sustainability in Ibercaja. This Committee's also has the task of monitoring implementation of the Principles for Responsible Banking, and it is defined as the body in charge of involving all of the Bank's areas responsible for managing climate change risks.

d) Brand, Reputation and Sustainability Department

The Brand, Reputation and Sustainability Department, reporting directly to the CEO, promotes, 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 tacking the challenges of the Purpose and Sustainability initiative of the new Challenge 2023 Strategic Plan, which is described in the following section of this chapter.

e) ESG Committee

The main function of the ESG Committee is to monitor the investment mandate in products catalogued as ESG. It is also responsible for continuing to promote Socially Responsible Investment (SRI) by expanding the number of investment products offered.

f) Environment committee

The Environment Committee, at executive level, is tasked with ensuring the compliance, supervising the efficiency and effectiveness of the Bank's environmental management system, and promoting awareness initiatives and environmental protection. Additionally, it is defined as the body that must review and approve the actions of Ibercaja's Environmental Policy.

In conclusion, the sustainability governance system is structured into various **governing bodies, divisions and committees** in order to integrate climate risks in a cross-cutting way, including all business areas and achieving efficient climate risk management. This governance is based on the work of all of Bank's the functional areas and the different working groups responsible for such matters, coordinated by the Brand, Reputation and Sustainability Department and the Reputation and Sustainability Committee.

Policy on Remuneration linked to sustainability[50]:

The impact of climate risk on the financial system is integrated into the strategic priorities for financial institutions and for their main stakeholders, which is why the inclusion of climate risk in remuneration frameworks is promoted. Remuneration Policies are important incentives for achieving goals and objectives in any organisation.

Ibercaja's Remuneration Policy is consistent with the Sustainability Policy and with the principles and values of the Bank in the management of environmental, social and corporate governance risks and complies with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information relating to sustainability in the financial services sector, establishing a remuneration system based on equal opportunities and non-discrimination.

The corporate objectives in the 2023 variable remuneration scheme included the fulfilment of sustainability milestones related to the integration of climate risks, the definition of an ESG Information Model, the Action Plan for achieving decarbonisation targets and the sustainability communication strategy.

[50] For more information on directors' remuneration, see chapter 4.4 of this report.

The Bank defines a long-term incentive with the objective of aligning the interests of certain of its key executives with the corporate strategy and with long-term value creation. These multi-annual objectives include:

- Percentage of female executives.
- CO2 emissions.
- Achievement of the major sustainability milestones contained in the "Challenge 2023" Strategic Plan.

In 2023, Ibercaja has also launched an incentive programme for the Renewable Energy Financing Loan product, aimed at legal entity customers, to promote sustainable financing and so align the Bank's corporate and commercial strategy with long-term value creation.

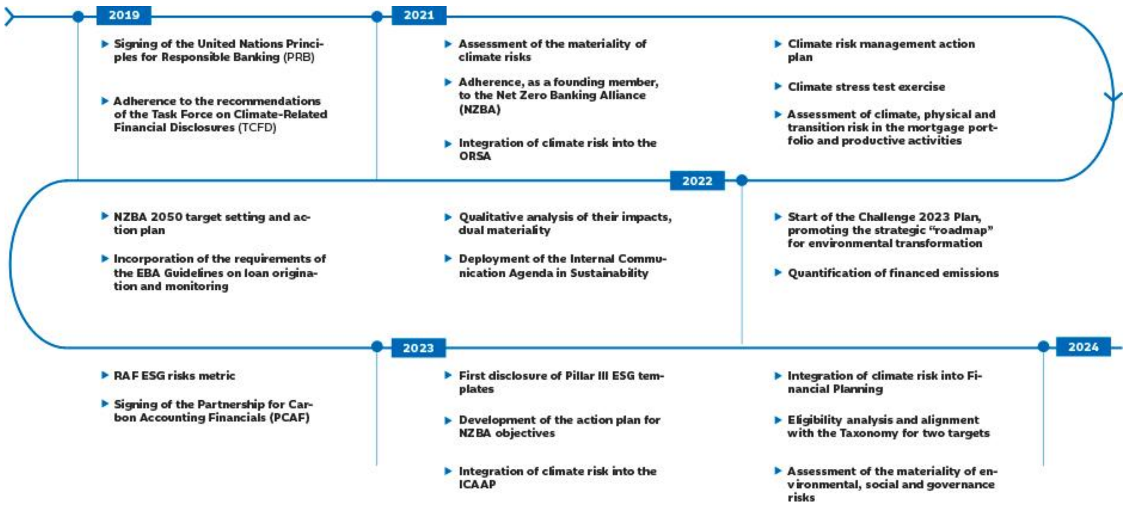
5. Strategy

The **Sustainability Policy** defines the **pillars of the strategy**, aligned with the Sustainable Development Goals (especially those that are a priority for Ibercaja)[51] in accordance with the Bank's commitment to sustainable development: This Policy refers to the milestone commitments voluntarily assumed by Ibercaja with its stakeholders to promote long-term sustainable, inclusive and environmentally-friendly growth.

As a result, the Bank has been working on the development of initiatives in response to European recommendations and normative and regulatory aspects regarding sustainability. Its aim is to respond in a timely manner to such requirements, being aware that climate change poses an urgent challenge while also representing a business opportunity in which Ibercaja can accompany its customers in the transition to a low-carbon economy.

[51] For more information, see chapter 6.1 of this report.

Roadmap of the work carried out on sustainability



> "Business objectives must drive sustainable development, integrating ESG aspects into strategy and decision making"

The cross-cutting **initiative, IN02 Purpose and Sustainability**, launched in 2021 as part of the **"Challenge 2023" Strategic Plan**, implements Ibercaja's global sustainability project, defining five lines of action to achieve the objective of activating the Corporate Purpose and incorporating ESG aspects into business decisions. These challenges cover 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 defined.

Main lines of action
Sustainability Policy

1 ESG RISK MANAGEMENT
Identify, manage, integrate

2 SUSTAINABLE BUSINESS DEVELOPMENT
Accompanying clients, integrating ESG into commercial strategy

3 EMPLOYEES
Training, efr, conciliation

4 TRANSPARENCY AND GOVERNANCE
Governance model, responsibilities, data and non-financial information

5 ENVIRONMENT AND SOCIETY
Environmental objectives, value chain, listening to social needs

In response to the commitment to align business strategy with the Principles for Responsible Banking and to meet the ECB's climate and environmental risk management expectations, in 2023 the Bank has updated the analysis of the impacts [52] that sustainability factors could have on Ibercaja's business, with the following objectives:

- Determine the **climatic, environment and social factors** that could have greater impact on Ibercaja's activity.
- Identifying **sectors and geographical areas** more vulnerable to the effects of climate change.
- Identifying **new climate change** adaptation needs; with special emphasis on how climate risks impact on the credit portfolio.
- Identify potential **emerging risks**.
- Identifying **business opportunities** for both segments.

RISKS > **IMPACT** > **CONSEQUENCE** > **NECESSITY**

[52] For more information, see chapter 6.3 of this report.

The **analysis of impacts** focuses on Ibercaja's main areas of activity, on the loan portfolio segments where the Bank's banking business is concentrated and on the economic sectors in which it has a greater presence. To date, the impact analysis has focused on the **retail segment** (mortgage portfolio) and **productive activities** (corporate portfolio), representing 58% and 19%, respectively, of the Bank's loan portfolio. In line with the goal of extending this impact analysis to the entire portfolio, in 2023 the impacts of transition have also been analysed in the **developer segment,** which represents around 4% of the loan portfolio.

The 2023 impact analysis has performed based on different exercises carried out during the year to measure the potential impact of climate risks:

a) Corporate portfolio:

The Bank proposed a metric for concentration of **climate transition risk**[53], considering the exposure of the productive activities segment to activity sectors with high CO2 emissions intensity (measured as tCO2eq./€ sales).

This analysis has allowed for a preliminary segmentation of the portfolio based on its predisposition to be impacted by transitional or physical risks. The results of the analysis show that more than 87% of Ibercaja's portfolio of productive activities has a low predisposition to climate transition risks, as it is associated with sectors with low emissions intensity. In this regard, the Bank has set interim decarbonisation targets for 2030 in three sectors, with the aim of achieving emissions neutrality of its entire portfolio by 2050 at the latest, in line with the commitments adopted after joining the NZBA.

The Bank has also assessed its exposure to **physical climate risks**, weighing the predisposition of different productive activities to adverse weather events, based on a qualitative analysis of the potential impact of physical risks on the portfolio of productive activities carried out by Ibercaja, and the location of the counterparties' headquarters, based on the assessment available in the ThinkHazard tool.

Using this methodology, Ibercaja has concluded that, in 2023, more than 90% of the portfolio of productive activities are not sensitive to extreme weather events, according to the nature of each economic activity.

[53] Based on the Partnership for Carbon Accounting Financials (PCAF) methodology and using the PCAF database to identify the most emission-intensive sectors.

b) Developer segment:

The analysis of impacts of **climate transition risks** on real estate development operations was made based on the Energy Performance Certificate of real estate developments in progress. According to this information, 98% of ongoing developments have been assigned a sustainable label (A or B).

c) Mortgage portfolio:

The update of the analysis of climate, **physical and transition** risk in the real estate collateral portfolio has been carried out again using the information provided by ST Analytics: the assessment of the portfolio's predisposition to physical climate risk impacts includes river and coastal flooding, fires, desertification and seismic and volcanic activity, and the climate transition risk analysis is based on the Energy Efficiency Certificate of real estate collateral.

The geographical distribution of the mortgage portfolio shows that the vast majority of the Bank's assets are not predisposed to physical risks related to weather or environmental events. In the analysis of climate transition risk, it has been observed that the ratings of the properties in Ibercaja's mortgage guarantee portfolio are slightly better than the national housing stock, with a higher percentage of homes rated as sustainable (categories A and B) standing out in the Bank's portfolio, so it is considered that the impact of transition risks on the mortgage portfolio is also limited.

> The Bank is aware of its role as a facilitator of the decarbonisation of the economy and therefore aims to support its customers in the transition to a low-carbon economy.

The main business opportunities arising in the most carbon-intensive industries are the financing of CapEx investments needed to improve the energy efficiency of machinery and installations. Also noteworthy are the financing opportunities that promote renewable energy sources or alternative sources, with loans for the establishment of photovoltaic or wind installations or for the development of new clean energy technologies, and sustainable mobility, as well as the offer of insurance ranges that minimise the risk of farms or production plants.

In the developer segment, the financing of renovations of homes to improve energy efficiency, and the provision of loans to developers for the construction of homes with “sustainable” energy certificates are presented as business opportunities.

Lastly, as a result of the analysis of the impact of climatic factors on Ibercaja’s retail segment, business opportunities related to physical risk continue to be identified for the Bank, including the following: the offer of ranges of insurance that cover the risk of damage to buildings resulting from natural disasters, which, although they do not represent a relevant risk for the Bank, could occasionally occur, and the possibility of financing infrastructures against natural disasters and their adaptation to possible consequences. Among the opportunities arising from the risk of transition, the financing of housing renovations to improve their efficiency is identified as an avenue to be explored, together with the potential public aid already announced by the Spanish government for this purpose.

Aside from those opportunities revealed from our analysis of impacts, other business opportunities have been identified for Ibercaja:

- **Financing of projects aimed at households and enterprises that** promote **renewable self-consumption, the use of ECO vehicles, the energy refurbishment of homes and the use of** low-consumption appliances.
- Offering **sustainable means of payment**, such as the use of **cards made from recyclable materials or mobile apps that allow customers to estimate the carbon footprint** of their purchases.
- Offering of **ESG-sensitive** investment funds and pension plans.
- Development of **mobile applications** that can offer the customer the measurement of the carbon footprint of the purchases made.

In addition, in response to the identification of these opportunities, during 2023 Ibercaja continues to work on the ESG business strategy, in which a series of short- and medium-term initiatives were developed, grouped into different blocks according to their subject matter. Examples of the blocks of sustainability initiatives are the promotion of mobility and sustainable buildings, aimed at the retail segment; support for the energy transition or minimisation of the use of limited natural resources, advice and access to specific financing lines for the Next Generation EU Funds, for the corporate segment; or sustainable investment for customers in the case of the Financial Group.

Lastly, in asset management, the entry into force and technical development of the new disclosure obligations for pension plans and investment funds through SFDR, as well as the commitments made in the NZAM initiative, have promoted implementation of measurement of principal adverse impacts (PIAs), the reporting of which is published annually on the Ibercaja Gestión and Ibercaja Pension corporate websites.

Both risks and impacts influence investment decision-making for the products disclosed under Article 8 of the SFDR, allowing Ibercaja to offer saving and investment solutions to its customers that contribute to the decarbonisation of our economy and the transition to a green economy.

6. Risk Management

The sustainability strategy designed by Ibercaja includes among its **priorities** the **identification, management and control** of climate and environment risks for their progressive incorporation into the global risk framework of the Bank[54], which is committed to contributing to the decarbonisation of the economy and promoting sustainable activities, in line with the Paris Agreement and the European Green Pact.

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 Division.
- Finance Area Division.
- Risk Control Department.
- Regulatory Compliance Department.
- Financial Group Area Department.
- Brand, Reputation and Sustainability Department.

This Group has worked on the **identification of potential climate risks**, their channels of transmission to the different risk categories and the qualitative assessment of their impact.

In 2021 and 2022, within the credit, operational, liquidity, market, reputational, business and underwriting risk areas, climate aspects were incorporated into the management frameworks and procedures of such risks, demonstrating the intention to take them into account in management and control activities. This work has continued in 2023, with the aim of achieving full integration of these aspects into our existing processes and governance structure.

The main phases of climate risk management on which Ibercaja has worked in the last year are the identification of risks, their measurement, their management and their monitoring or follow-up. This chapter describes the progress made by the Bank in 2023 in each of these four phases.

[54] For more information on the risk management framework, see chapter 7 of this report.

Main phases of climate risk management

a) Identification of climate-related risks

The development of the climate risk map is a first step in achieving a greater understanding of climate and environmental risks and their transmission channels to the risk categories.

Objectives:

- Advance understanding and appreciation of the characteristics and particularities of climate risks.
- Identify the main climate risks affecting the Ibercaja Group and how they are reflected in the existing risk categories.
- Make further progress in establishing and consolidating the management model for these risks based on three lines of defence at the Bank[55].

To this end, work has been carried out in coordination with the front lines of prudential risk, 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. In 2023, the second line has also participated in preparing the climate risk map by exhaustively reviewing all the conclusions.

In 2021, Ibercaja prepared, for the first time, an inventory of climatic events that could have an impact on risk categories through its counterparties and/or assets invested via certain transmission channels, and made a first approximation of their materiality and potential impact on prudential risks.

[55] For more information on the risk management model, see Note 3 of the Ibercaja Banco Group's Annual Report for the 2023 financial year.

In 2023, as part of Ibercaja's updating of the climate risk map, the inventory of climate events likely to materialise in the occurrence of the different previously defined risks was reviewed, aligning the climate events analysed in Ibercaja's Operational Risk Map with the climate events assessed in Operational Risk in the Climate Risk Map. As a result three new events were incorporated:

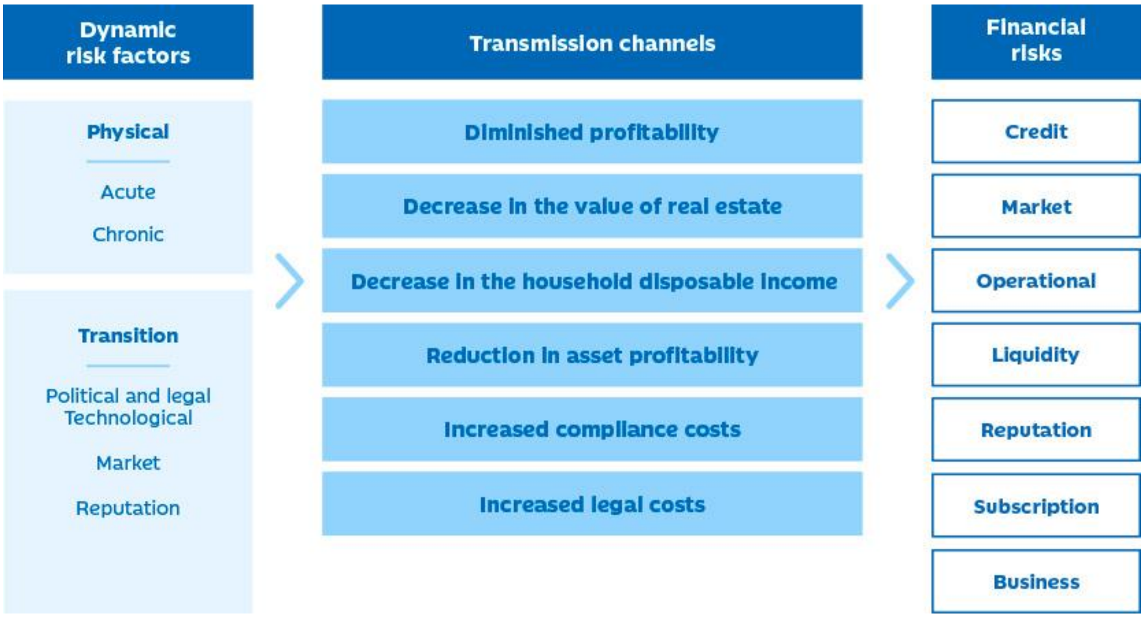
1. Greenwashing at Bank level.
2. Greenwashing at product level.
3. Incorrect advice on the marketing of financial products.

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
	Greenwashing at Bank level Greenwashing at product level

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

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.



Based on the events identified in the inventory, Ibercaja has carried out a qualitative assessment of the materiality of climate risks and their potential impact on traditional risks (credit, liquidity, market, operational, reputational, business and underwriting).

The following tables provide a qualitative description of how climate, physical and transitional risks may impact on the different risk categories.

Table 2. Expected potential impact of physical risks on prudential risks

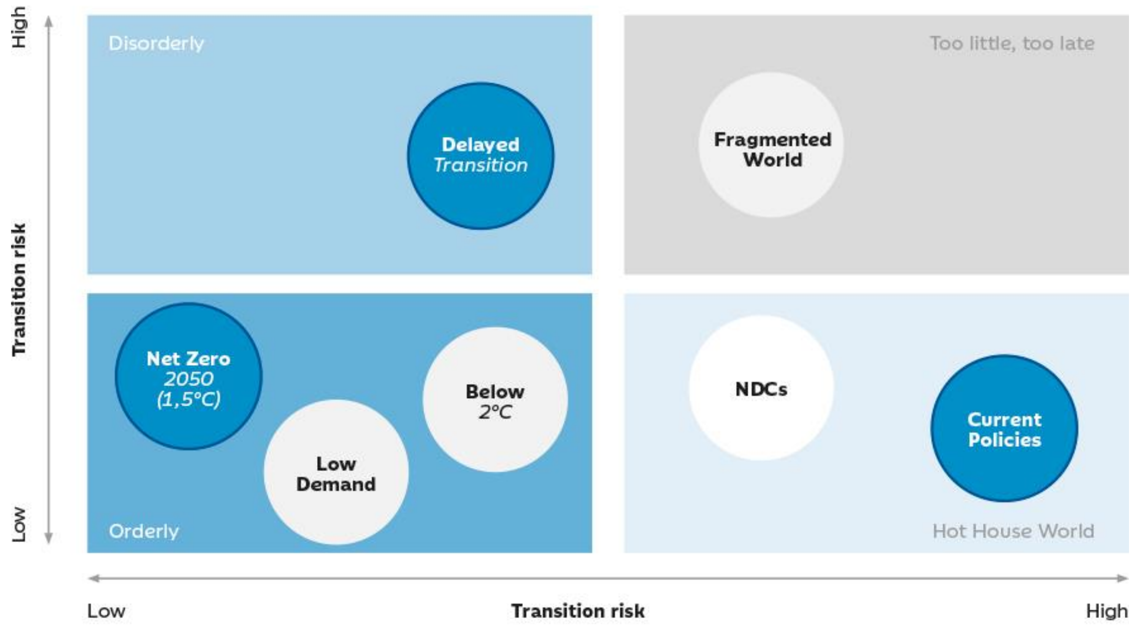
	Physical risks
TYPE OF RISK	DESCRIPTION OF IMPACT
Credit risk	In geographic areas affected by both extreme and chronic weather events, the value of real estate assets financed and/or used as collateral could be reduced if they are damaged, with potential repercussions at both PD and LGD level.
Market risk	Acute climate events that have an economic impact on listed companies or fixed income issues, or investments in companies or projects linked to polluting activities, such as the oil extraction sector, could have an impact on the price of their shares or issues.
Liquidity risk	Extreme weather events could lead to a sharp depreciation of real estate assets that serve as collateral, resulting in higher cost of funding. The withdrawal of deposits by customers who need to repair damage caused by these weather events could also have an impact on liquidity.
Reputational risk	Given the characteristics of reputational risk, the impact of physical risk on reputational risk is not considered material.
Operational risk	Damage to buildings caused by natural and/or climatic disasters that may result in damage or loss of assets or deterioration of data, materials, etc.
Underwriting risk	Changes in mortality and health trends in different population groups due to climate change, e.g. rising temperatures, may lead to an unforeseen increase in claims, both for the mortality and disability risk of the company's policyholders. An impact on mortality risk results in an increase in the Bank's underwriting risk.
Business risk	The occurrence of severe weather events over large areas may have an impact on the business environment resulting from severe damage to the Bank's assets.

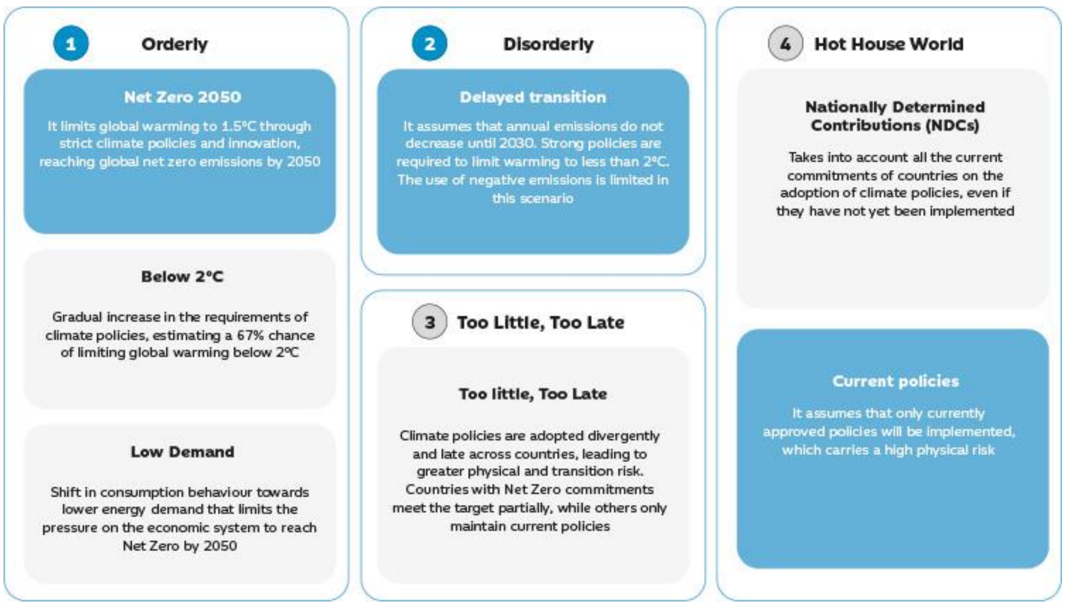
Table 3. Expected potential impact of transition risks on prudential risks.

	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 have an impact at PD and LGD level.
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.
Reputational risk	The financing of companies and projects in sectors of activity considered unsustainable could be perceived negatively by customers, markets and society, which might adversely impact the company's reputation or business. The creditworthiness and payment capacity of customers in these unsustainable sectors may also be affected.
Operational risk	Given the characteristics of operational risk, the impact on it of transition risk is not considered material.
Underwriting risk	Given the characteristics of underwriting risk, the impact of transition risk on underwriting risk is not considered material.
Business risk	Increased regulation, reporting and transparency obligations in the area of sustainability may generate a number of additional costs for the Bank, impacting its cost structure. Furthermore, a loss of reputation with the effect of losing customers and positioning the Bank as a result of not meeting stakeholder expectations could lead to a significant loss of brand value.

This assessment dives deeper into risk analysis by incorporating a qualitative assessment of the materiality of climatic factors in the prudential risk categories. The analysis discriminates between the potential impacts of physical and transition risks over various time horizons (short, medium and long term).

In 2023, the climate risk map has been enriched by considering three of the specific climate scenarios proposed by the Network for Greening the Financial System (NFGS)[56]: Net Zero 2050 scenario, Delayed Transition scenario and Current Policies scenario.





[56] NGFS is a network of central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for the role of central banks in climate change.

This is because, in 2023, the NGFS expanded its scope, incorporating two new aspects: the Low Demand scenario, as a new category within the orderly scenario, and the Fragmented World, within the fourth block called Too Little, Too Late.

In addition, in this latest update, the impacts of climate risks on the mortgage portfolio and of companies on credit risk have been differentiated for the first time, and the physical risks in carrying out the banking business have been evaluated.

As a result, three climate risk maps have been drawn up, one for each scenario analysed, having selected Net Zero 2050 as the base scenario for the assessment of the materiality of climate risks as it is considered the scenario with the greatest potential impact in the short term:

a. **Credit risk**: under these projections, the credit portfolio, and specifically the corporate segment, is estimated to be the most predisposed to be impacted by adverse weather events or changes in political, legal, market or social trends.

b. **Reputational risk**: the financing of undertakings and projects in sectors of activity considered unsustainable could be perceived negatively by customers, markets and society, which might adversely impact the undertaking's reputation or business.

c. **Market risk**: the Bank's market risk is low because the portfolio of bonds and shares in the group is limited, which means there is marginal impact on the management of customer operations in the market.

d. **Liquidity risk**: in the medium and long term, this could become more significant due to the possible impact of climate risk on the generation of cash flows, leading to a reduction in deposits in financial institutions.

e. **Operational risk**: as a result of the internal controls that the Bank has already established to avoid the consequences of climate change, it is estimated that the impact of transitional or physical risks is not material.

f. **Business risk**: for the first time this year, the potential impact of physical risks on the Bank's business environment has been analysed. The results show a non-material impact in general terms.

g. **Underwriting risk**: the potential impact of adverse weather events on changes in mortality and health trends in different population groups as a result of climate change is considered immaterial.

	Orderly Transition Scenario (Net Zero 2050)					
	Transition risk			Physical risk		
	ST	MT	LT	ST	MT	LT
CREDIT RISK						
CORPORATE SEGMENT						
MORTGAGE SEGMENT						
OTHER PRUDENTIAL RISKS						
REPUTATIONAL						
MARKET						
LIQUIDITY						
OPERATIONAL						
BUSINESS						
UNDERWRITING						

	Disorderly transition (Delayed transition)					
	Transition risk			Physical risk		
	ST	MT	LT	ST	MT	LT
CREDIT RISK						
CORPORATE SEGMENT						
MORTGAGE SEGMENT						
OTHER PRUDENTIAL RISKS						
REPUTATIONAL						
MARKET						
LIQUIDITY						
OPERATIONAL						
BUSINESS						
UNDERWRITING						

	Hot-House World scenario (Current policies)					
	Transition risk			Physical risk		
	ST	MT	LT	ST	MT	LT
CREDIT RISK						
CORPORATE SEGMENT						
MORTGAGE SEGMENT						
OTHER PRUDENTIAL RISKS						
REPUTATIONAL						
MARKET						
LIQUIDITY						
OPERATIONAL						
BUSINESS						
UNDERWRITING						

Low risk

Moderate-low risk

Moderate risk

Moderate-high risk

Low risk

Horizon:

ST	Short term: <4 years
MT	Medium term: 4-10 years
LT	Long term: >10 years

In 2023, Ibercaja has continued to work on the integration, identification, management and control of reputational risk, always aligned with operational risk because of the strong link between these two types of risk. In this process, the risks defined in 2022 in the reputational risk map have been analysed and updated to include a specific mention of the reputational risks associated with *greenwashing*, as defined in EBA/REP/2023/16[57]. These risks have been assessed by frontline managers in the 2023 risk assessment campaign.

With regard to the management and control of **operational risk**, the Bank has made progress in two ways. Firstly, the Operational Risk Map linked to the climate risk map is permanently updated with the progress achieved. This means that the operational risk assessment is kept up-to-date. Secondly, the Bank has created a Non-Financial Risk Control Unit, with specific functions in the field of ESG risk control. In 2023, this Unit has played an active role in the process of reviewing the climate risk inventories qualitatively assessed by the prudential risk frontline.

In 2023, Ibercaja has continued to analyse the impact of physical risks on its own-use or leased properties used by Ibercaja based on the data provided by ST Analytics in order to contribute to the definition of the Bank's continuity plan. The methodology defined by data provider for assessing flood risks in the Spanish provinces is based on the SNCZI definition of flood zones, to generate hazard maps, and on the evaluation of the potential adverse consequences associated with floods, with the aim of obtaining risk maps[58].

The Bank also carries out an exercise called Operational Risk VaR, which consists of an internal calculation methodology that Ibercaja uses to support the analysis and review of its operating results, in addition to the regulatory methodology for calculating capital by Operational Risk through the Standard Method (Basel II Pillar I). The Operational VaR methodology is based on the modelling of a distribution of operational losses based on the adjustment of frequency distributions and impacts using the frequency and impact data obtained in these self-assessment questionnaires. Therefore, it is a qualitative approach (self-assessment questionnaires) and a quantitative approach (result and quantitative assessment of the corresponding operational risk manager). The VaR exercise takes into account climate, physical and transition risks, in order to obtain the overall result of the analysis. In addition, the Bank obtains a specific VaR result associated with climate risk.

[57] EBA Progress Report on Greenwashing Monitoring and Supervision, 31 May 2023.
[58] Seismic and fire risks are not considered material as they do not offer conclusive results, and the risk of desertification is not considered as it is not deemed relevant to the Bank's operations

b) Measurement of climate-related risks:

In order to keep advancing in the measurement of climate risk, in 2023, Ibercaja has carried out other measuring exercises, differentiating between the business, retail and real estate development segments.

1. Measuring climate risk in the business segment:

In line with its commitment to work on the decarbonisation of the economy, in 2023 the Bank's exposure to the most carbon-intensive industries has been assessed, based on sector emissions data calculated and provided by PCAF, with the aim of segmenting Ibercaja's loan and securities portfolio in line with the CO_2[59] emissions intensity of counterparties, according to the economic sector to which they belong.

This analysis has made it possible to develop **two metrics for the concentration of transition risk in Credit Risk and Market Risk** using the indicator called Transition Climate Risk (CTR), which allows customers of productive activities to be classified according to their NACE, and they have been incorporated into the Bank's Risk Appetite Framework. Throughout 2023, the tracking of these metrics has been monitored.

Taking as a reference the previous metric for the portfolio of productive activities, Ibercaja has developed an internal methodology for quantifying economic capital needs due to transition climate risk in the loan portfolio of productive activities with credit risk, based on the counterparties with a greater exposure to transition risks and a lower financial capacity to adapt to a decarbonised economy.

Ibercaja has also assessed the exposure of its portfolio of productive activities to physical, acute or chronic risks, considering the most vulnerable sectors of activity, according to the EBA. The assessment is made, according to the average maturity of the operations contracted per customer, based on a heat map that determines the sensitivity to severe climate impacts in the short, medium and long term by NACE economic sectors, and the location of the headquarters of its counterparties, taking as a reference the assessment in the ThinkHazard tool.

To integrate the impacts of climate risks into the Bank's financial planning, Ibercaja has carried out an exercise to **quantify the impact of climate risks on the Budget and Business Plan**, by developing an alternative adverse climate scenario that integrates the impacts of climate risks of the Net Zero 2050 scenario developed by the NGFS, this being considered the scenario with the greatest potential impact in the short term.

[59] Database that identifies the emissions intensity, in the form tCO2eq./€M turnover, of the sectors of economic activity, according to the NACE national classification system, in Europe.

2. Measuring climate risk in the real estate development segment:

Ibercaja has extensively monitored the **transition climate risks in the real estate development segment**, through exercises carried out in 2023.

To assess the predisposition of this segment to transition risks and to analyse the resilience of our future mortgage portfolio to transition climate risks, the Energy Performance Certificate has been obtained for the real estate developments under way.

3. Measuring climate risks in the retail segment:

The Bank has updated a climate risk analysis for the real estate collateral portfolio, assessing the physical and transition climate risk, using as an input information provided by ST Analytics[60].
Firstly, the evolution of the potential **physical climate impacts** in the most relevant geographical areas for the real estate collateral portfolio as a result of forest fires, river or coastal flooding, desertification, volcanic or seismic activity was analysed; secondly, the development of the **energy certification ratings** of the homes in this portfolio was analysed in order to determine the predisposition to transition risks of the Bank's mortgage portfolio.

c) Management and monitoring of climate-related risks:

Regarding the **business segment**, Ibercaja has worked on **including ESG factors** in the acceptance and monitoring of credit risk, in line with the EBA Guidelines on the Arrangement and Monitoring of Loans, which defines the internal governance mechanisms and procedures of financial institutions in relation to loan transactions. In this regard, its acceptance policies include a reference to the consideration of ESG risks in the assessment of customers and transactions at credit risk, based on the completion of a qualitative **ESG questionnaire** at customer and transaction level, which is updated regularly, in order to collect and manage environmental, social and governance information on customers and transactions.

In this way, the Bank can assess the ESG risk, focusing on climate, of the customers and transactions that are part of the target group. The information is presented, where appropriate, according to the Bank's internal criteria, in the Loan Transaction Risk Report.

[60] The data provider 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.

The Bank has an **ESG Exclusions Policy on Credit Risk and an ESG Exclusions Policy on investment activities in Ibercaja's securities portfolio**, approved by the Board of Directors, which limit the impact of ESG factors on credit risk and the Bank's securities portfolio. Ibercaja's objective is to avoid any investment or financing operation that could be considered controversial due to its high environmental, social, ethical or reputational risk. The ESG Exclusions Policies set out a number of general and sector exclusions:

- The **general exclusions** limit a customer's access to financing, or investment in an undertaking, based on criteria that are cross-cutting and independent of economic sectors. These exclusions are linked to the protection of human rights, labour rights, according to the ILO, responsible business conduct, the OECD Guidelines for Multinational Enterprises and protected areas.
- **Sector exclusions** affect certain economic activities and are assessed at customer and transaction level. Regulated sectors include defence, mining, energy and agriculture.

With the aim of advancing in the analysis of our customers and in the integration of climate risks in credit risk management, Ibercaja has begun to work on preparing **decarbonisation forms** to monitor the transition plans of counterparties that carry out their activity in the sectors in which decarbonisation targets have been defined for 2030., to fulfil the commitments assumed following accession to the NZBA.

The Bank integrates climate risks as part of the Comprehensive Monitoring Principle within the **Credit Risk Monitoring Policy**. This principle applies to all counterparties to the Bank's productive activities and aims to identify the information necessary for regular monitoring of individually significant borrowers, including the global view in their transition climate risk (TCR) profiles.

In order to limit exposure to sectors with high transition climate risk, Ibercaja **has defined thresholds for the sector concentration metrics within the Risk Appetite Framework**, establishing limits on exposure to highly carbon-intensive sectors. The levels of Risk Appetite that the Bank is willing to assume in the execution of its business strategy have been set by establishing as a benchmark the maintenance of a diversified portfolio of loan investments, taking into account the distribution by sector of the Spanish economy and the average exposure to carbon-intensive sectors of the European banks that participated in the ECB's climate stress test exercise

Monitoring and follow-up of these metrics are subject to the governance established for the Group's Risk Appetite Framework, with regular assessment of the degree of compliance by the Control areas and reporting to the Bank's senior management and governing bodies.

Regarding the **real estate development** portfolio, in 2023, Ibercaja has begun to integrate information from the energy performance certificate of real estate development operations. The aim is to monitor the level of energy efficiency in ongoing developments and so advance in integrating and analysing climate risk in all its portfolios.

In relation to the **retail segment**, the Mortgage + Sustainable financing product has been integrated into the monitoring of the mortgage portfolio, and is included quarterly in the reports to the Global Risk Committee and Governing Bodies.

In addition, the Bank, in collaboration with external data providers and relying on internal data sources, collects information on the evaluation of training capabilities, aspects of shareholder continuity, aspects linked to the governing bodies and their commitments, etc. of its client portfolio.

With regard to **liquidity risk management**, a depreciation of non-sustainable bonds (analysing the difference in spreads between a green bond and a brown bond of the same equivalent issuer) continues to be applied in the liquidity self-assessment exercise, with the aim of integrating climate risks into this prudential risk.

In the management of **market risk,** Ibercaja developed, under the same methodology used for credit risk, a metric for the concentration of transition risk through the indicator called Transition Climate Risk (TCR) that allows the companies invested in to be classified by their activity and incorporated into the Bank's Risk Appetite Framework. Throughout 2023, the tracking of this metric has been monitored

7. Metrics and targets

In furtherance of its commitment to sustainability and the fight against climate change, Ibercaja aims to:

- **Accompany its customers on the path towards a decarbonised economy**, defining a commercial strategy that helps them to make purchasing and investment decisions that generate positive impacts on the environment.
- **Continue to promote socially responsible investment** by expanding the number of investment products and strengthening the Financial Group's positioning in SRI strategies[61].
- **Complete the financing offer with products with sustainable features** (especially climate change mitigation), thus meeting the needs of the environment and customers.

The new "Challenge 2023" Strategic Plan incorporates specific targets for sustainability and the fight against climate change, as well as indicators to monitor and evaluate them. In particular, it has set a target of achieving neutrality in operational Scope 1 and 2 emissions, which is being achieved by offsetting those emissions that could not be avoided.

In addition, within the Environmental Management System, the objectives set for the years 2021-2023 are to continue working to reduce emissions, to extend our environmental commitment to our suppliers and to promote the circular economy while improving levels of recycling.

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.

[61] For more information, see chapter 6.3 of this report.

- 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**.

a) Sustainable business

To be able to offer the best service to Ibercaja's customers, in accordance with the climate change criteria integrated and consolidated in the Bank, different financing, investment and savings products are made available in line with Ibercaja's commitment to climate change mitigation and the desire to achieve a CO2-neutral economy.

To this end, new financing products have been incorporated with the aim of offering loans to projects aimed at generation or self-consumption by companies, based on renewable energies, and to improve the energy efficiency in properties owned **by individuals, communities of owners and in productive activities**, including, among others: Renewable Energy Financing Loan, Photovoltaic Energy Leasing, Investment +Sustainable, Home +Sustainable and Building +Sustainable. The Bank also offers an advisory service, grant management, execution of works and financing, in collaboration with Acierta Asistencia, to help its customers in the area of the corporate milestone for climate change and, in particular, energy improvement in buildings.

Products and services focused on the business segment have been designed, related to Next Generation Funds, to support the transition towards a more sustainable economy, and, to reinforce this commitment, the "Let's move towards sustainability together" project was launched, in collaboration with the Ibercaja Foundation.

b) Financed footprint and decarbonisation targets

Having joined the NZBA initiative in 2021, Ibercaja is firmly committed to achieving emission neutrality for its loan book and investment portfolio by 2050 or before. It is also a member of the PCAF alliance, which sets the global standard for measuring and calculating the carbon footprint financed by institutions.

In 2022, the Bank calculated its baseline (2021) for three of the most material and emissions-intensive sectors in its loan portfolio, as well as the 2030 target. These sectors were identified after an assessment of the following criteria:

- NZBA's top sectors contributing to global warming by volume of GHG emissions worldwide[62].

- The sectors with the greatest relative weight in the selected perimeter of the Bank's credit portfolio, in order to ensure the relevance of the sectors to be decarbonised at the outset.
- The availability, quality and granularity of data as far as possible on the prioritised sectors.

- The availability of methodologies and scenarios.

Thus, decarbonisation targets were defined in the "Electricity generation", "Iron and steel production" and "Residential real estate" sectors. This year, the emission intensity for 2022 has been calculated, and thus the evolution of each of the sectors between the two years has been observed[63].

The methodology used has been modified and improved this year[64], and the baselines have been recalculated, adjusted for each sector, as well as the reduction percentage set for the Electricity Generation sector, aligning this objective with the national objectives for the sector. The calculation methodology used is based on the recommendations of the Net Zero Banking Alliance, as well as the Guide for the Setting of Climate Targets for Banks published by UNEP-FI.

The objectives defined by the Bank in 2030 for each sector are as shown in the following table:

Sector	Scenario	Scope covered	Metric	Baseline	Base year (2022)	2030 objective
Electricity Generation	NZE 2050 (IEA)	1 and 2	kg CO_2 eq. / MWh	**68** (2021)	**118** (+73%)	**61** (-10%)
Iron and Steel Production	NZE 2050 (IEA)	1 and 2	kg CO_2 eq. / t	**966** (2021)	**900** (-7%)	**869** (-10%)
Residential Real Estate	NZE 2050 (IEA) and CRREM 1, 5°	1 and 2	kg CO_2 / m^2	**41** (2021	**39** (-5%)	**35** (-16%)

In line with the table above, Ibercaja is committed to reducing by 10% the intensity of emissions financed by the Bank in the electricity generation sector (one of the most carbon-intensive industries at present).

62 Top 9 intensive sectors according to the NZBA: Agriculture, Aluminium, Coal, Cement, Power Generation, Iron & Steel, Oil & Gas, Real Estate and Transport.
63 For more information, see chapter 6.5 of this report
64 The published baseline for the intensity metrics could undergo changes because the data, information sources and methodologies are evolving constantly. However, Ibercaja is committed to maintaining decarbonisation targets linked to scenarios aligned with compliance with the Paris Agreement.

Ibercaja will also work to achieve a 10% reduction in emissions financed in the iron and steel production sector by 2030. The sector is currently working on the development of new, less emission-intensive iron and steel smelting and processing technologies, some of which are based on the electrification of production and the use of green hydrogen. As a result, the decarbonisation of industry is expected to accelerate in the decades between 2030 and 2050.

Lastly, the Bank is committed to reducing the emissions intensity of the residential real estate sector by 16% between 2021 and 2030 by improving the energy efficiency of housing and electrifying the energy demand of homes. By 2050, the emission neutrality target for the sector will be reached.

These objectives were defined by the Credit Risk Area, Business Banking Network, Marketing and Digital Strategy and Brand, Reputation and Sustainability divisions and approved by the Management Committee, and must be reviewed and, if necessary, modified, at least every five years, ensuring consistency with the latest advances in science, methodologies and scenarios

In 2023, the Bank has taken another step forwards in its commitment to sustainability by defining **a Transition Plan** to achieve the interim decarbonisation targets, following the guidelines and recommendations for financial institutions published by the Glasgow Financial Alliance for Net Zero (GFANZ)[65]. In the coming years, Ibercaja will continue to develop its climate transition plans and extend its objectives and plans to new sectors.

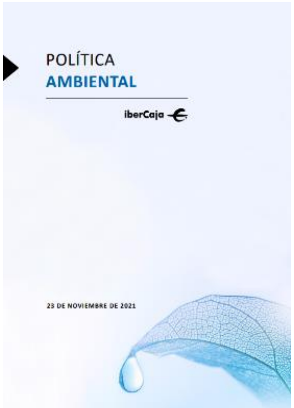
Ibercaja Gestión and Ibercaja Pensión have their own interim targets for achieving decarbonisation in their investments by 2050, within the NZAM framework, thus aligning their activity with the Bank's decarbonisation commitments.

To achieve the Net Zero targets, both entities have set interim targets for 2030:

- Coverage of 50% of their investments aligned with Net Zero.
- 50% reduction in GHG emissions.
- 70% of the financed emissions in material sectors will be subject to stewardship actions.

[65] GFANZ is a global coalition of financial institutions that has defined a framework adopted by the NZBA to guide the standardisation of Net Zero plans.

c) Internal environmental management



Since 2007, the Bank has had an **Environmental Management System**, which is certified by the ISO 14001 Standard, and which establishes annual environmental targets and defines the indicators for their monitoring. It also has an **Environmental Policy**, which is based on the observance of applicable law and regulations, preventing pollution and contamination, ensuring proper waste management, raising employee awareness regarding the responsible use of natural resources and disseminating good practices among customers and suppliers to raise levels of engagement.

In an important milestone for 2023, Ibercaja has recorded in the carbon footprint register of the Ministry of Ecological Transition and the Demographic Challenge (MITERD) the partial offsetting of its 2022 carbon footprint by acquiring, for the first time, absorption rights equivalent to 236 tonnes of CO_2 for the "Ribera del Duero CO_2 Management Forest" project.

Since 2016, the year in which Ibercaja began calculating its carbon footprint, it has reduced its emissions by 89%, including scopes 1, 2 and, partially, 3. This year, through this project and the Santa Maria project in the Brazilian Amazon, Ibercaja has offset 1,002 tons of CO2, representing over 100% of the 984 tonnes of direct CO2 emissions that the Bank produced and could not avoid last year. In this way, Ibercaja has managed to be carbon neutral in its own emissions (scope 1 and 2) since 2020.

In line with its strong commitment to protecting the planet, Ibercaja's environmental objective is to **promote the circular economy** through its own internal environmental management and **throughout the value chain**[66].

In this regard, Ibercaja obtained the **Aragon Circular Seal** in 2022. This Seal, awarded for the first time by the **Government of Aragon**, recognises the work carried out by companies, self-employed and local entities in favour of the circular economy, assessing the degree of implementation of circular economy principles within the management of the Bank, the impact on the value chain and its contribution to achieving a sustainable, decarbonised, resource-efficient and competitive economy in Aragon. It is currently working on its renewal in 2024.

In particular, the **engagement of the Bank's staff** in this management; **training** and information for staff in this area; the incorporation of **eco-design** criteria; **waste management**; **life cycle** analysis, product certifications and circularity **indicators** communication and **awareness-raising** in the value chain.

[66] For more information, see chapter 6.3 of this report.

d) ESG data

Ibercaja is aware of the **importance of non-financial data** in making progress in the metrics and targets needed to assess and manage climate-related risks and opportunities.

In the current context, **ESG data is part of the strategy** of banks, generating a growing **new demand from stakeholders for information** (regulation, supervisors, investors, customers, workers, society in general, etc.). The required ESG data must **be integrated into the information systems** of the institutions, as part of the **relevant data of the organisation**. Ibercaja is firmly committed to advancing in the capture of ESG data and so continues with the progressive **integration of this data into its business** model, highlighting the progress being made in its different areas. In this context, as part of its **2021-2023 Strategic Plan**, Ibercaja has **defined the strategy to be followed with regard to ESG data**, for its correct identification, prioritisation and integration into the Bank's data architecture. To this end, it was established as **a strategic milestone followed by the Board of Directors.**

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

By way of example, some of this non-financial data of customer companies, extracted from data providers and implemented in the Bank's systems, is related to the environment, such as the availability of environmental policies, waste management plan and breakdown of waste, pollutant emissions, water and energy consumption or ISO14001 certification, among others. In the social area, fields such as the wage gap, work-life balance measures, job creation, training, percentage of male and female employees, etc. stand out. Finally, fields related to the governance of its customers are included, such as number of directors, independent directors, remuneration of the Board or number of men and women on the Board, among others.

We currently receive a total of 122 types of non-financial information from our customer companies that are obliged to publish ESG information, which will increase in line with regulatory requirements. Such non-financial information will be available for consultation in internal tools for the last three years for which information is available.

The lack of homogeneous standards, gaps in the availability and quality of sustainability data, and the volume of external and internal requirements have led Ibercaja to generate an inventory of priority ESG data, built from internal or external ESG data (depending on the source of information of each one), as part of a specific line within the Strategic Sustainability Initiative to work on non-financial data.

The ESG data to be prioritised have been determined according to their need for implementation for external reporting, internal process development, response to regulatory requirements and implementation of supervisory expectations. In 2023, work has also been carried out on a strategic approach to the integration of ESG data into the Bank's information systems, specifying its specific uses and defining a flexible and scalable roadmap for its implementation, taking into account that it will have to continue to adapt and incorporate new ESG data requirements.

Along these lines, as it begins to analyse the **new Corporate Sustainability Reporting Directive (CSRD)**, in 2023 work has been done on identifying the main datapoints in this Directive, with the aim of reporting the complete information in 2025.

Ibercaja intends to progressively integrate ESG data and counterparty corporate governance information (as well as other non-financial information) into its credit risk analyses as a complement to traditional economic-financial analyses. Relevant information has been integrated into the ESG risk assessment of the Bank's portfolio in the reporting environments, in order to make use of it in Ibercaja's processes:

- The data provided by ST Analytics on Ibercaja's collateral real estate has been integrated.
- The Energy Performance Certificate has been included in systems at the admission and monitoring levels in credit risk and in real estate development operations.
- The transition climate risk level, based on the RAF metric, has been integrated.
- Lastly, the level of residual environmental risk provided by the ESG questionnaires has been included in the Bank's internal systems.

Ibercaja participates in sector sessions and working groups with the aim of combining efforts and knowledge to try to homogenise the data and methodologies available, providing comparable entities to the comparability exercises.

For investment products, funds and pension plans, there are currently three providers of non-financial information: Sustainalytics – Morningstar, MSCI and Bloomberg, which provide a wide range of data for risk analysis and decision-making.

Progress made: definition of stages to be undertaken

1. **Identification of non-financial data** used for both internal management and reporting of climate and environment-related risks.
2. **Development of an ESG reporting and analysis model to ensure the availability of information** (quantitative and qualitative) in the Bank's information system. Planning of the necessary developments for unavailable data.
3. **Adaptation of identified** non-financial information to the needs of the Data Governance Framework for further integration therein.
4. **Definition by users and construction of the metrics** (KPIs and KRIs) on the basis of which environmental and climate risk exposure is to be identified, managed, monitored and measured.
5. **Definition and preparation of reporting and disclosure** (internal and external) through a scorecard that includes indicators and the like, as well as control levels and reporting frequency.

Appendix G. Independent assurance report

2-5

Informe de Verificación Independiente del Estado de Información No Financiera consolidado correspondiente al ejercicio anual finalizado el 31 de diciembre de 2023

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INFORME DE VERIFICACIÓN INDEPENDIENTE DEL ESTADO DE INFORMACIÓN NO FINANCIERA CONSOLIDADO

A los accionistas de Ibercaja Banco, S.A.:

De acuerdo al artículo 49 del Código de Comercio hemos realizado la verificación, con el alcance de seguridad limitada, del Estado de Información No Financiera consolidado (en adelante, EINF) correspondiente al ejercicio anual finalizado el 31 de diciembre de 2023, de Ibercaja Banco, S.A. (En adelante, el Banco) y sociedades dependientes que componen, junto con el Banco, el Grupo Ibercaja (en adelante, el Grupo), que forma parte del Informe de gestión consolidado adjunto del Grupo.

El contenido del Informe de gestión consolidado incluye información adicional a la requerida por la normativa mercantil vigente en materia de información no financiera que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información identificada en el Anexo A "Requerimientos de la Ley 11/2018 en materia de información no financiera y diversidad", el Anexo C "Índice de contenidos GRI" y en los principios 2.1, 2.2, 2.3 y 5.1 del Anexo E "Implementación de los Principios de Banca Responsable UNEP-FI", incluidos en el Informe de gestión consolidado adjunto.

Responsabilidad de los Administradores

La formulación del EINF incluido en el Informe de gestión consolidado del Grupo, así como el contenido del mismo, es responsabilidad de los administradores del Banco. El EINF se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo, como referencia, los criterios de los Sustainability Reporting Standards de Global Reporting Initiative (estándares GRI) seleccionados, así como aquellos otros criterios, entre los que se encuentran el suplemento sectorial "Financial Services de la Guía GRI versión G4" y los "Principios de Banca Responsable promovidos por la Alianza de las Naciones Unidas", descritos de acuerdo a lo mencionado para cada materia en el Anexo A "Requerimientos de la Ley 11/2018 en materia de información no financiera y diversidad", en el Anexo C "Índice de contenidos GRI" y en el Anexo E "Implementación de los Principios de Banca Responsable UNEP-FI", del citado Informe de gestión consolidado.

Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los administradores del Banco son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.

Nuestra independencia y gestión de la calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código Internacional de Ética para Profesionales de la Contabilidad (incluidas las normas internacionales de independencia) del Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (Código de ética del IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

Nuestra firma aplica la Norma Internacional de Gestión de la Calidad (NIGC) 1, que requiere que la firma diseñe, implemente y opere un sistema de gestión de la calidad que incluya políticas y procedimientos relativos al cumplimiento de los requerimientos de ética, normas profesionales y requerimientos legales y reglamentarios aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información no Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de verificación independiente de seguridad limitada basándonos en el trabajo realizado. Hemos llevado a cabo nuestro trabajo de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 Revisada en vigor, "Encargos de Aseguramiento distintos de la Auditoría o de la Revisión de Información Financiera Histórica" (NIEA 3000 Revisada) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC), la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España y la Guía de Aseguramiento Limitado sobre el reporting de los Principios de Banca Responsable, emitida por UNEP FI.

En un trabajo de seguridad limitada los procedimientos llevados a cabo varían en su naturaleza y momento de realización, y tienen una menor extensión, que los realizados en un trabajo de seguridad razonable y, por lo tanto, la seguridad que se obtiene es sustancialmente menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades del Grupo que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal del Grupo para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.

- Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF del ejercicio 2023 en función del análisis de materialidad realizado por la Dirección del Grupo y descrito en el apartado 3 "Claves de este documento", considerando los contenidos requeridos en la normativa mercantil en vigor.

- Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2023.

- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación con los aspectos materiales presentados en el EINF del ejercicio 2023.

- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2023 y su adecuada compilación a partir de los datos suministrados por las distintas fuentes de información.

- Obtención de una carta de manifestaciones de los Administradores y la Dirección.

Párrafo de énfasis

En base al Reglamento (UE) 2020/852 del Parlamento Europeo y del Consejo de 18 de junio de 2020 relativo al establecimiento de un marco para facilitar las inversiones sostenibles, así como en base a los Actos Delegados promulgados de conformidad con lo establecido en dicho Reglamento, se establece la obligación de divulgar información sobre la manera y la medida en que las inversiones de la empresa se asocian a actividades económicas elegibles en relación con los objetivos medioambientales de uso sostenible y protección de los recursos hídricos y marinos, transición a una economía circular, prevención y control de la contaminación y protección y restauración de la biodiversidad y ecosistemas (el resto de objetivos medioambientales), y respecto de determinadas nuevas actividades incluidas en los objetivos de mitigación del cambio climático y de adaptación al cambio climático, por primera vez para el ejercicio 2023. La citada normativa establece también por primera vez para el ejercicio 2023 la obligación de divulgar información sobre la manera y la medida en que las actividades de la empresa se asocian a actividades económicas alineadas en relación con las actividades incluidas en los objetivos de mitigación del cambio climático y de adaptación al cambio climático excluyendo las nuevas actividades mencionadas anteriormente. En consecuencia, en el Informe de gestión consolidado del Grupo adjunto no se ha incluido información comparativa sobre alineamiento en relación con los objetivos de mitigación del cambio climático y de adaptación al cambio climático, ni se ha incluido información comparativa sobre elegibilidad en relación con el resto de los objetivos medioambientales, ni con las nuevas actividades incluidas en los objetivos de mitigación del cambio climático y de adaptación al cambio climático. Por otra parte, en la medida en la que la información referida a actividades elegibles en el ejercicio 2022 no se requería con el mismo nivel de detalle que en el ejercicio 2023, en el Informe de gestión consolidado del Grupo adjunto la información desglosada en materia de elegibilidad tampoco es estrictamente comparable. Adicionalmente, cabe señalar que los administradores del Banco han incorporado información sobre los criterios que, en su opinión, permiten dar mejor cumplimiento a tal obligación y que están definidos en el "Anexo D - Información adicional no financiera, contenidos GRI e información sobre Taxonomía" del Informe de gestión consolidado adjunto. Nuestra conclusión no ha sido modificada en relación con esta cuestión.

Conclusión

Basándonos en los procedimientos realizados en nuestra verificación y en las evidencias que hemos obtenido, no se ha puesto de manifiesto aspecto alguno que nos haga creer que el EINF del Grupo Ibercaja correspondiente al ejercicio anual finalizado el 31 de diciembre de 2023 no ha sido preparado, en todos sus aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente siguiendo, como referencia, los criterios de los estándares GRI, así como aquellos otros criterios, entre los que se encuentra el suplemento sectorial "Financial Services de la Guía GRI versión G4" y los "Principios de Banca Responsable promovidos por la Alianza de las Naciones Unidas", descritos de acuerdo con lo mencionado para cada materia en el Anexo A "Requerimientos de la Ley 11/2018 en materia de información no financiera y diversidad", el Anexo C "Índice de contenidos GRI" y en los principios 2.1, 2.2, 2.3 y 5.1 del Anexo E "Implementación de los Principios de Banca Responsable UNEP-FI", del citado Informe de gestión consolidado.

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Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

INSTITUTO DE CENSORES
JURADOS DE CUENTAS
DE ESPAÑA

ERNST & YOUNG, S.L.

2024 Núm. 08/24/00593
SELLO CORPORATIVO: 30,00 EUR

Sello distintivo de otras actuaciones

ERNST & YOUNG, S.L.

José Carlos Hernández Barrasús

1 de marzo de 2024

INFORME

DE GOBIERNO CORPORATIVO

EL BANCO DEL vamos

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".

Informe de Auditor Referido a la "Información Relativa al Sistema de Control Interno sobre la Información Financiera (SCIIF)" correspondiente al ejercicio 2023

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INFORME DE AUDITOR REFERIDO A LA "INFORMACIÓN RELATIVA AL SISTEMA DE CONTROL INTERNO SOBRE LA INFORMACIÓN FINANCIERA (SCIIF)"

Al Consejo de Administración de IBERCAJA BANCO, S.A.:

De acuerdo con la solicitud del Consejo de Administración de IBERCAJA BANCO, S.A. (en adelante, la Entidad) y con nuestra carta de encargo de fecha 15 de septiembre de 2023, hemos aplicado determinados procedimientos sobre la "Información relativa al SCIIF" incluida en el apartado "F. Sistemas internos de control y gestión de riesgos en relación con el proceso de emisión de la información financiera (SCIIF)" del Informe Anual de Gobierno Corporativo de Ibercaja Banco, S.A. correspondiente al ejercicio 2023, en el que se resumen los procedimientos de control interno de la Entidad en relación con la información financiera anual.

El Consejo de Administración es responsable de adoptar las medidas oportunas para garantizar razonablemente la implantación, mantenimiento y supervisión de un adecuado sistema de control interno, así como del desarrollo de mejoras de dicho sistema y de la preparación y establecimiento del contenido de la Información relativa al SCIIF adjunta.

En este sentido, hay que tener en cuenta que, con independencia de la calidad del diseño y operatividad del sistema de control interno adoptado por la Entidad en relación con la información financiera anual, éste sólo puede permitir una seguridad razonable, pero no absoluta, en relación con los objetivos que persigue, debido a las limitaciones inherentes a todo sistema de control interno.

En el curso de nuestro trabajo de auditoría de las cuentas anuales y conforme a las Normas Técnicas de Auditoría, nuestra evaluación del control interno de la Entidad ha tenido como único propósito el permitirnos establecer el alcance, la naturaleza y el momento de realización de los procedimientos de auditoría de las cuentas anuales de la Entidad. Por consiguiente, nuestra evaluación del control interno, realizada a efectos de dicha auditoría de cuentas, no ha tenido la extensión suficiente para permitirnos emitir una opinión específica sobre la eficacia de dicho control interno sobre la información financiera anual regulada.

A los efectos de la emisión de este informe, hemos aplicado exclusivamente los procedimientos específicos descritos a continuación e indicados en la *"Guía de Actuación sobre el Informe del auditor referido a la Información relativa al Sistema de Control Interno sobre la Información Financiera de las entidades cotizadas"*, publicada por la Comisión Nacional del Mercado de Valores (en adelante, CNMV) en su página web, que establece el trabajo a realizar, el alcance mínimo del mismo, así como el contenido de este informe. Como el trabajo resultante de dichos procedimientos tiene, en cualquier caso, un alcance reducido y sustancialmente menor que el de una auditoría o una revisión sobre el sistema de control interno, no expresamos una opinión sobre la efectividad del mismo, ni sobre su diseño y su eficacia operativa, en relación con la información financiera anual de la Entidad correspondiente al ejercicio 2023 que se describe en la Información relativa al SCIIF adjunta. En consecuencia, si hubiéramos aplicado procedimientos adicionales a los determinados por la citada Guía o realizado una auditoría o una revisión sobre el sistema de control interno en relación con la información financiera anual regulada, se podrían haber puesto de manifiesto otros hechos o aspectos sobre los que les habríamos informado.

Asimismo, dado que este trabajo especial no constituye una auditoría de cuentas ni se encuentra sometido a la normativa reguladora de la actividad de auditoría de cuentas vigente en España, no expresamos una opinión de auditoría en los términos previstos en la citada normativa.

Se relacionan a continuación los procedimientos aplicados:

1. Lectura y entendimiento de la información preparada por la Entidad en relación con el SCIIF - información de desglose incluida en el Informe de Gestión - que se incluye en el apartado F del Informe Anual de Gobierno Corporativo y evaluación de si dicha información aborda la totalidad de la información requerida, relativa a la descripción del SCIIF, según se establece en la Circular nº 5/2013 de 12 de junio de la Comisión Nacional del Mercado de Valores (CNMV), y modificaciones posteriores, siendo la más reciente la Circular 3/2021, de 28 de septiembre de la CNMV (en adelante las circulares de la CNMV).

2. Preguntas al personal encargado de la elaboración de la información detallada en el punto 1 anterior con el fin de: (i) obtener un entendimiento del proceso seguido en su elaboración; (ii) obtener información que permita evaluar si la terminología utilizada se ajusta a las definiciones del marco de referencia; (iii) obtener información sobre si los procedimientos de control descritos están implantados y en funcionamiento en el Grupo.

3. Revisión de la documentación explicativa soporte de la información detallada en el punto 1 anterior, y que ha comprendido, principalmente, aquella directamente puesta a disposición de los responsables de formular la información descriptiva del SCIIF. En este sentido, dicha documentación incluye informes preparados por la función de auditoría interna, alta dirección y otros especialistas internos o externos en sus funciones de soporte a la Comisión de Auditoría y Cumplimiento.

4. Comparación de la información detallada en el punto 1 anterior con el conocimiento del SCIIF de la Entidad obtenido como resultado de la aplicación de los procedimientos realizados en el marco de los trabajos de la auditoría de cuentas anuales.

5. Lectura de actas de reuniones del Consejo de Administración, Comisión de Auditoría y Cumplimiento y otras comisiones de la Entidad a los efectos de evaluar la consistencia entre los asuntos en ellas abordados en relación con el SCIIF y la información detallada en el punto 1 anterior.

6. Obtención de la carta de manifestaciones relativa al trabajo realizado adecuadamente firmada por los responsables de la preparación y formulación de la información detallada en el punto 1 anterior.

Como resultado de los procedimientos aplicados sobre la Información relativa al SCIIF no se han puesto de manifiesto inconsistencias o incidencias que puedan afectar a la misma.

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Este informe ha sido preparado exclusivamente en el marco de los requerimientos establecidos por el artículo 540 del texto refundido la Ley de Sociedades de Capital y por las circulares de la CNMV a los efectos de la descripción del SCIIF en los Informes Anuales de Gobierno Corporativo.

INSTITUTO DE CENSORES
JURADOS DE CUENTAS
DE ESPAÑA

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2024 Núm. 08/24/00589
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José Carlos Hernández Barrasús

1 de marzo de 2024