



CAJA RURAL  
DE NAVARRA

# 2020 LOAN PORTFOLIO IMPACT REPORT



Caja Rural de Navarra, as a cooperative, retail and regional institution, has always had close ties with the agri-food sector and supported its responsible development. Over the years, the Bank's business has changed with the increasing industrialization of the regions where it operates, but it has always remained true to its culture of transparency, responsibility and sustainability as documented in the Corporate Social Responsibility Report.

The whole organization is now subject to Environmental, Social and Governance (ESG) standards that determine the focus, targets and policies of the Bank regarding different aspects of sustainability. The ESG rating awarded to Caja Rural de Navarra by Second-Party Opinion provider Sustainalytics in 2020 ranks the Bank among the best performers in the financial sector, offering a low level of ESG risk.

As part of its focus on ESG issues, Caja Rural de Navarra some years ago created a Sustainability Framework<sup>2</sup> in its loan book which aims to develop financing lines that have a greater social and environmental impact on the regions where it is active. These lines are consistent with its principles of commitment to its local social and natural environment.

It is regularly updated as the categories it addresses change, evolving and developing to keep pace with responsible social and

# Caja Rural de Navarra SCC

Regional Banks Spain



ESG Risk Rating

12.9

-3.4

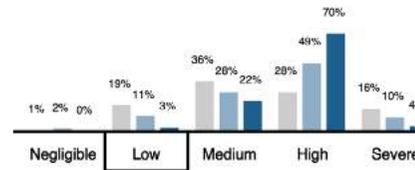
Low Risk

Updated Jan 8, 2021

Momentum



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK <small>(1<sup>st</sup> = lowest risk)</small>	PERCENTILE <small>(1<sup>st</sup> = lowest risk)</small>
Global Universe	415/13513	4th
Banks	36/1025	4th
INDUSTRY GROUP		
Regional Banks	2/419	1st
SUBINDUSTRY		

environmental practices. In 2020, in fact, Caja Rural de Navarra revised the framework to incorporate the latest developments in sustainability, including bringing it into line with the most recent version of the EU's taxonomy of sustainable activities<sup>3</sup> and with the United Nations Sustainable Development Goals (SDGs)<sup>4</sup>.

<sup>1</sup> <https://www.cajaruraldenavarra.com/es/informacion-inversores>

<sup>2</sup> <https://www.cajaruraldenavarra.com/sites/default/files/files/2017-Sustainability-Bond-Framework-Caja-Rural-de-Navarra.pdf>

<sup>3</sup> [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en)

<sup>4</sup> <https://sdgs.un.org/goals>

True to these principles, Caja Rural de Navarra has been active in wholesale markets with various issues of “sustainable” financial instruments (bonds or loans) that fit into the sustainability framework:

**- Sustainable mortgage-backed covered bond:** EUR500m 7yr Nov-16

<https://hypo.org/ecbc/press-release/covered-bond-label-enhances-transparency-sustainable-finance-caja-rural-de-navarra-receives-110th-label/>

**- Sustainable senior bond:**

EUR100m 5yr Jun-17

<https://sustainabonds.com/crn-reinforces-sustainable-shift-gets-label-senior-debut/>

**- Sustainable mortgage covered bond:**

EUR500m 7yr May-18

<https://sustainabonds.com/spain-positives-lift-enhanced-crn-sustainable-cedulas-to-heights/>

- EUR 90 million in **European Investment Bank** loans taken out in 2018 and 2019 to fund lending to SMEs whose purpose relates to combating climate change by improving energy efficiency.

- EUR 100 million **extension (“tap”)** of the May 2018 sustainable covered bonds (maturing 2025).

The successive versions of the sustainability framework over the years have been overseen by consultancy Sustainalytics<sup>5</sup> whose “Second-Party Opinion” report<sup>6</sup> looks at the Bank’s commitments to devote at

least the amount raised by these sustainable issues to financing future or existing projects identified by the Bank as meeting the criteria for its sustainability framework and to produce a regular sustainability impact report on the projects. Caja Rural de Navarra’s transparency policy meets generally accepted international criteria for defining such activities. It also requires the regular publication of the allocation report with updated details on the sustainability lines, and of the impact report covering the Bank’s area of operations, as well as the Bank’s involvement in environmental and social actions in fulfilment of its commitment to support enough projects that meet the Sustainability Framework criteria. This report is certified by a third party (in this case, certification consultancy Aenor<sup>7</sup>).

Sustainalytics has ratified that the Bank’s framework is aligned with the principles and objectives mentioned above, including the “Green Bond Principles”<sup>8</sup> and “Social Bond Principles”<sup>9</sup> and that Caja Rural de Navarra helps finance projects that contribute to environmental sustainability, social challenges and the United Nations Sustainable Development Goals (SDG) in accordance with their guidelines on transparency, communication and reporting. Categories cited in the loan book sustainability framework are aligned with the UN Sustainable Development Goals (SDGs)<sup>10</sup> which sets global objectives for all humanity. The local focus that is at the heart of Caja Rural de Navarra’s mission thus closely correlates with the UN’s basic goals to promote social prosperity while protecting the planet.



<sup>5</sup> <https://www.sustainalytics.com/>

<sup>6</sup> <https://www.cajaruraldenavarra.com/sites/default/files/2020-04/202003-SPO-Sustainalytics-Caja-Rural-Navarra.pdf>

<sup>7</sup> <https://www.aenor.com/certificacion/certificado/?codigo=187944>

<sup>8</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>9</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

<sup>10</sup> <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



The Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

The Green Bond market will allow and encourage debt markets to play a key role in financing projects that contribute to environmental sustainability.

The GBP are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Green Bond; they aid investors by promoting availability of information necessary to evaluate the environmental impact of their Green Bond investments; and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions. GBPs have four main components:

1. Use of proceeds.
2. Process for project evaluation and selection.
3. Management of proceeds.
4. Reporting



The Social Bond Principles (SBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Social Bond market by clarifying the approach for issuance of a Social Bond.

Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full eligible Social Projects. Some Social Projects may also have environmental benefits.

The SBPs are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Social Bond; they aid investors by promoting availability of information necessary to evaluate the positive impact of their Social Bond investments; and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

SBPs have four main components:

1. Use of proceeds.
2. Process for project evaluation and selection.
3. Management of proceeds.
4. Reporting



On 25 September 2015, global leaders adopted a set of 17 global goals to eradicate poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal includes specific targets to be met in the next 15 years. Caja Rural de Navarra has mapped each of the framework's sustainability lines against the UN SDGs.



In the interests of transparency, in the case of its mortgage covered bonds, Caja Rural de Navarra publishes quarterly analyses of its loan book data following the standards set by the Covered Bond Label<sup>11</sup> which guarantees transparency to investors and allows easy comparison of results against other labelled entities. Current issues of sustainable mortgage-backed covered bonds are tagged by the EMF-ECBC with the green leaf kitemark.



<sup>11</sup> <https://coveredbondlabel.com/issuer/147/>





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

Besides adhering to the abovementioned certifications and standards, Caja Rural de Navarra takes part in a range of international initiatives and working groups to develop green finance and to promote energy efficient homes which meet the environmental and social goals set out in the UN Paris Agreement, including stimulating investment and creating employment:



**EeMAP-EEMI<sup>12</sup>:** “Energy Efficient Mortgage Action Plan-Energy Efficient Mortgage Initiative”



**ENERGY EFFICIENT MORTGAGE LABEL<sup>13</sup>**



**EEFIG<sup>14</sup>:** “the European Commission Energy Efficiency Financial Institutions Group”



<sup>12</sup> <https://eemap.energyefficientmortgages.eu/>

<sup>13</sup> <https://www.energy-efficient-mortgage-label.org/>

<sup>14</sup> [https://ec.europa.eu/eefig/index\\_en#:~:text=The%20Energy%20Efficiency%20Financial%20Institutions%20Group%20\(EEFIG\)%20was%20established%20in,private%20finance%20to%20Energy%20efficiency](https://ec.europa.eu/eefig/index_en#:~:text=The%20Energy%20Efficiency%20Financial%20Institutions%20Group%20(EEFIG)%20was%20established%20in,private%20finance%20to%20Energy%20efficiency)



The sustainability framework of the Caja Rural de Navarra loan book consists of 9 different credit lines whose customer base has evolved over recent years as follows:

SUSTAINABLE PORTFOLIO - LOANS OUTSTANDING			
2020	2019	2018	2017
4,159,965,114	3,144,616,830	3,148,273,075	3,054,456,503

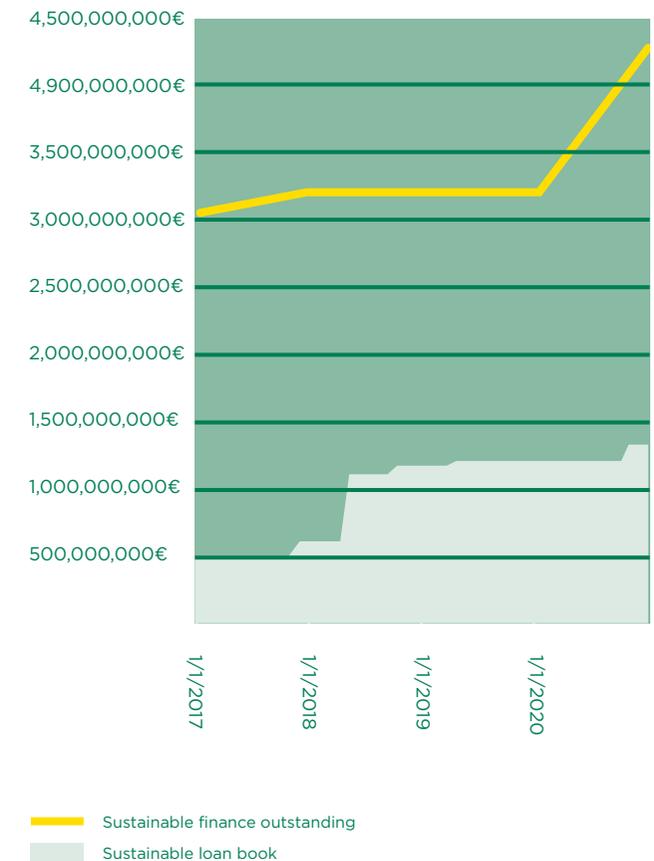
NUMBER OF BORROWERS			
2020	2019	2018	2017
52,064	43,608	44,121	39,356

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

At 31 December 2020 the sustainable portfolio totalled EUR 4,100 million assigned as follows:

SUSTAINABLE INVESTMENT	ASSETS	LIABILITIES	SUSTAINABLE FINANCE
Sustainable farming	108,416,712	500,000,000	Mortgage covered bond CRUNAV 0.625 01/12/23
Renewable energy	30,455,873	100,000,000	Senior bond CRUNAV Float 21/06/22
Energy efficiency	593,398,157	600,000,000	Mortgage covered bond CRUNAV 0.875 08/05/2025
Sustainable forestry	1,274,623	40,000,000	EIB loan to SMEs (2018)
Waste management	21,627,406	10,000,000	EIB climate change loan to SMEs (2018)
Social housing	595,814,908	40,000,000	EIB loan to SMEs (2019)
Social inclusion	56,650,785	-	-
Education	26,747,946	-	-
Economic inclusion	2,725,578,705	2,869,965,114	Unassigned sustainable portfolio
<b>TOTAL SUSTAINABLE PORTFOLIO</b>	<b>4,159,965,114</b>	<b>4,159,965,114</b>	<b>MAXIMUM POTENTIAL SUSTAINABLE FINANCE</b>

Caja Rural de Navarra is committed to growing its most sustainable credit lines and therefore seeks to improve the “additionality” of its sustainability framework. This means that the total of outstanding sustainable loans made by Caja Rural de Navarra since launch of the Sustainability Framework has exceeded its issuance of sustainable bonds.

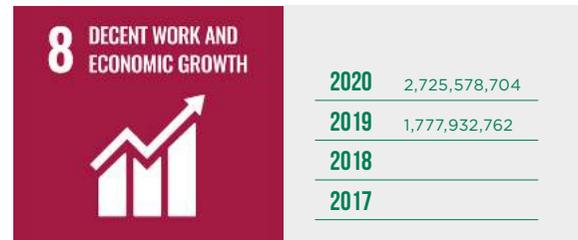
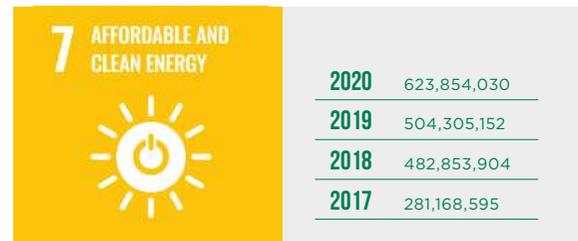


\* Figures are for sustainable lending made by Caja Rural de Navarra and outstanding at 31 December 2020.

Loans made under the sustainability framework grew 36% since 2017, benefiting 52,064 people and companies in 2020.

The sustainable loans portfolio grew sharply in 2020, as the Bank pulled out all the stops to support companies in our region struggling with the impacts of Covid-19. The Bank took part in all public programmes to support companies, helping retain jobs and sustain the business fabric that is fundamental to social and economic development.

Below we give an overview of the categories used by the Bank's sustainability framework set against the UN Sustainable Development Goals (SDGs), followed by a breakdown of which of the SDGs promoted by Caja Rural de Navarra apply to each of its sustainable investment categories.



## BREAKDOWN OF SUSTAINABILITY LINES<sup>15</sup>



### 12.2

By 2030, achieve sustainable management and efficient use of natural resources

### 1.1. SUSTAINABLE FARMING

This category includes loans intended to reduce greenhouse gas emissions by making farms more efficient, reusing waste products, maintaining the rural environment, etc.

It is important to stress that Caja Rural de Navarra retains a special commitment to farming, both because of its origins and because of the important role played by the rural world in sustainable development and the future of the regions and communities in which the Bank operates.

The Bank tested each loan included in this category for compliance with the above aims. Based on an analysis of information collected, we calculate that at 31 December 2020 the current sustainable farming line totals EUR 108.4 million, spread across 1,653 loans to 1,265 borrowers.

Sustainable farming loans:

LOANS OUTSTANDING (MILLIONS OF EUROS)			
2020	2019	2018	2017
108.4	134.7	103.3	69.9
NUMBER OF LOANS			
2020	2019	2018	2017
1,653	1,688	1,220	808
NUMBER OF BORROWERS			
2020	2019	2018	2017
1,265	1,284	963	671

The Bank's is committed to supporting the new generation that will sustain a vigorous primary sector and rural environment in the future. So 20.17% of loans went to young farmers under 40. Another 26.74% of loans went to cooperatives, Sociedades Agrarias de Transformación (SATs, agri-development partnerships) and other agricultural associations, maintaining the Bank's traditional support for collective initiatives and cooperatives in the world of agriculture and stock raising.

Caja Rural de Navarra's customers in the agri-food sector are also committed to sustainable farming. As proof of this, 17.82% of loans from the sustainable farming line have European ecological certification for organic production.



<sup>15</sup> Figures are derived from internal data following the generally accepted principles set out in Caja Rural de Navarra's *Sustainability framework for the loan book and sustainable bond issues* and European regulations and guidance. That said, it is not always possible to obtain detailed information on each loan exposure, which means the sustainable portfolio (understood as loans meeting the Framework criteria) could be substantially larger than indicated here, as the above figures exclude loans where full information was unavailable.



The table below breaks down the loans made by purpose as a percentage of the category total:

PURPOSE OF LOANS	
Consolidation and strengthening of farms	30.8%
Improved agricultural transportation (energy efficiency)	13.6%
Irrigation and improved watering systems (energy efficiency and reduction of CO <sub>2</sub> emissions)	6.4%
Construction and upgrade of buildings and greenhouses	15.8%
Financial support for adverse weather conditions	2.1%
Investments under European rural development plans	3.0%
New farmer start-ups	11.0%
Other	17.4%



# ékolo

productos ecológicos



## CASE STUDY

CRN funded ekolo to expand its production facilities. The company makes olive oil, conserves and juices from organically farmed ingredients.

[> Ekolo](#) 

[> Video caso práctico Ekolo](#) 

**7** AFFORDABLE AND  
CLEAN ENERGY

**7.2**

By 2030, achieve sustainable management and efficient use of natural resources

**2. RENEWABLE ENERGY**

This category includes loans to fund the generation of electricity from renewable sources – solar, wind, geothermal, hydro-electric, etc. – and the use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. Based on an analysis of information collected, we calculate that the total sustainable energy credit line amounted to EUR 30.4 million at 31 December 2020, spread across 68 loan transactions to 49 borrowers.

Renewable energy key figures: *(to the right of this text)*

The Bank also analysed loans in this category individually, classifying them into the following types based on their purpose:

- **Renewable energy generators:** solar-PV and wind operators being the most important in this sector.

Loans outstanding: EUR 24.9 million

Number of loans: 43

- **Builders of renewable energy plants.**

Loans outstanding: EUR 5.5 million

Número de préstamos: 25


**LOANS OUTSTANDING (MILLIONS OF EUROS)**

2020	2019	2018	2017
30.4	40.5	39.7	29.4

**NUMBER OF LOANS**

2020	2019	2018	2017
68	87	80	71

**NUMBER OF BORROWERS**

2020	2019	2018	2017
49	53	57	52


**CASE STUDY**

CRN backed this company's renewable energy division, involved in developing wind farms.

[> Grupo Enhol](#) 

**7 AFFORDABLE AND  
CLEAN ENERGY**

**7.2**

By 2030, achieve sustainable management and efficient use of natural resources

**3. ENERGY EFFICIENCY**

This category covers loans whose purpose is to develop products and technologies that reduce energy consumption or manufacture components that contribute to this aim.

Based on an analysis of information collected, we calculate that in 2020 the current loan book for these purposes totalled EUR 593.4 million, spread across 4,575 loans to 3,892 borrowers.

Energy efficiency key figures: [\(to the right of this text\)](#)

The Bank analysed loans in this category individually, classifying them into the following types based on their purpose:

- **Fleet renewal:** less polluting vehicles, emission reductions.  
Loans outstanding: EUR 33.2 million  
Number of loans: 905
- **Modernization of industrial facilities to reduce their environmental footprint, improving insulation and reducing CO<sub>2</sub> emissions ).**  
Loans outstanding: EUR 64.9 million  
Number of loans: 81


**LOANS OUTSTANDING (MILLIONS OF EUROS)**

2020	2019	2018	2017
593.4	463.7	443	251.6

**NUMBER OF LOANS**

2020	2019	2018	2017
4,575	3,968	3,711	2,132

**NUMBER OF BORROWERS**

2020	2019	2018	2017
3,892	3,086	3,024	1,537

- **Modernization of production processes to reduce inputs and make more efficient use of raw materials and energy:**

Loans outstanding: EUR 54.9 million  
Number of loans: 133

- **Renewing equipment to use materials with a lower ecological impact and/or reduce consumption by the equipment produced:**

Loans outstanding: EUR 16.2 million  
Number of loans: 100

- **Renewal of transport fleets:**

Loans outstanding: EUR 4.8 million  
Number of loans: 71

- **Cogeneration or combined-heat-and-power plants that improve overall energy efficiency:**

Loans outstanding: EUR 2 million  
Number of loans: 3

- **Electric bikes for urban mobility schemes:**

Loans outstanding: More than EUR 185,964  
Number of loans: 1

- **Engineering, consultancy and manufacture of energy efficiency equipment:**

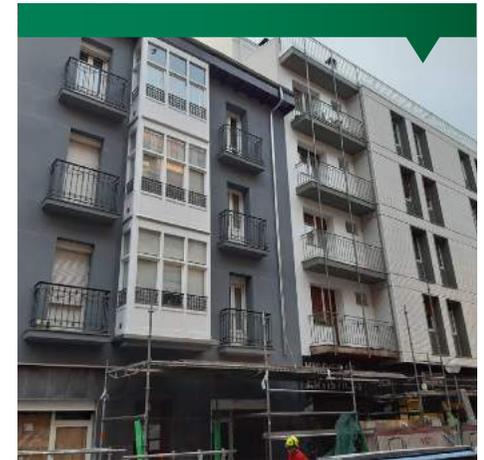
Loans outstanding: More than EUR 445,238  
Number of loans: 2

- **Energy efficient homes:**

Loans outstanding: EUR 416.4 million  
Number of loans: 3,279

Caja Rural de Navarra's energy efficiency framework included 3,279 outstanding loans at 31 December 2020 financing the purchase or renovation of buildings. Together, these CRN-financed energy-efficient buildings<sup>16</sup> save 17,672 tonnes/year compared to the average home in Spain.<sup>17</sup>

This section includes financing for the European SmartEnCity<sup>®</sup> project where three pilot cities - Vitoria-Gasteiz in Spain, Tartu in Estonia and Sondeborg in Denmark - seek to implement the European strategy for creating smart cities that are free of CO<sub>2</sub>. In Vitoria-Gasteiz, which comes within Caja Rural de Navarra's region of operation, the project involved the energy renovation of one of its districts.



New façades in Aldave Street 5 and 7  
(Vitoria-Gasteiz)

Source: **VIESA**

**smar+**  
**en**  
**ci+y**

Caja Rural de Navarra finances better thermal insulation for buildings that improves energy efficiency by at least 30%. Renovations to some of these homes were financed as part of the SmartEnCity initiative.

[> proyecto smart-en-city](https://proyecto-smart-en-city)  



<sup>16</sup> Eligible energy-efficient homes are defined as purchased residences (buildings, apartments, family homes) with energy efficiency scores in the top 15%. CRN's sustainability framework is more demanding as it only includes purchased homes with an A or B energy rating. It also includes home renovation loans that deliver at least a 30% energy efficiency saving.

<sup>17</sup> Assuming a 90 m<sup>2</sup> newbuild apartment (in apartment block) with annual emissions of 69.80 kg CO<sub>2</sub> eq/m<sup>2</sup>, compared to the average emissions of existing Spanish properties.

<sup>18</sup> [https://smartencity.eu/news/detail/?rx\\_call=238](https://smartencity.eu/news/detail/?rx_call=238)



**15.2**

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

**4. 4. SUSTAINABLE FORESTRY**

This category covers loans whose purpose is forestation, reforestation and the development of forestry plantations. Based on an analysis of information collected, we calculate that the loan book for these purposes totalled EUR 1.3 million in 2020, spread across 4 loan transactions to 3 borrowers.

Sustainable forestry key figures:  
(to the right of this text)

All the loans in this category were for sustainably managed woodlands certified by the PEFC (Programme for the Endorsement of Forest Certification)<sup>19</sup> which verifies that forests around the world are being sustainably and responsibly managed and that their many functions are being safeguarded for current and future generations or by the FSC (Forest Stewardship Council) which guarantees that products are sourced from well-managed woodland that provides environmental, social and economic benefits.



**LOANS OUTSTANDING (MILLIONS OF EUROS)**

2020	2019	2018	2017
1.2	1.2	3.2	2.1

**NUMBER OF LOANS**

2020	2019	2018	2017
4	4	8	6

**NUMBER OF BORROWERS**

2020	2019	2018	2017
3	3	5	4



**CASE STUDY**

Caja Rural de Navarra supports the company with capital equipment loans.

[> egoin](#)

<sup>19</sup> <https://www.pefc.org/>

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

**12.2**

By 2030, achieve sustainable management and efficient use of natural resources

**5. WASTE MANAGEMENT**

This category includes loans to develop equipment and technology that make more efficient use of resources and/or reduce waste generation. Based on an analysis of information collected, we calculate that the current loan book for these purposes totalled EUR 21.6 million at 31 December 2020, spread across 67 loans to 33 borrowers as follows: *(to the right of this text)*

The Bank analysed loans in this category individually, classifying them into the following types based on their purpose:

- **Recycling of industrial waste (metal, tyres, etc.)**

Loans outstanding: EUR 12.6 million  
Number of loans: 35

- **Manufacture of commercial products from recycled materials.**

Loans outstanding: EUR 3.2 million  
Number of loans: 18

- **Clean-up of waste.**

Loans outstanding: EUR 5.6 million  
Number of loans: 14


**LOANS OUTSTANDING (MILLIONS OF EUROS)**

2020	2019	2018	2017
21.6	22.8	25.8	15.8

**NUMBER OF LOANS**

2020	2019	2018	2017
67	70	74	46

**NUMBER OF BORROWERS**

2020	2019	2018	2017
33	42	51	32




**CASE STUDY**

Caja Rural de Navarra financed the expansion of its facilities in a project that was also part-funded by the European Regional Development Fund (ERDF).

Trasa  
(Tratamiento de Subproductos Agroalimentarios S.L.)

[> trasa](#) 

**11 SUSTAINABLE CITIES  
AND COMMUNITIES**

**11.1**

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

**6. SOCIAL HOUSING**

ocial housing – which falls into two types: VPO, officially protected housing, or VPT, regulated price housing – are price-capped homes intended as principal residence for their occupants. They are allocated by public tender on terms that include requirements such as income level, number of family members, etc.. The aim of VPO/VPT projects is to allow citizens with lower incomes (or who meet other qualifying criteria) to buy or rent good quality and appropriate housing at accessible prices.

In our case, before lending to customers to buy such homes we must have prior authorization from the local authority which guarantees to us that the borrower meets all necessary requirements. In general, loans included of this type are to:

**PEOPLE** taking out a mortgage to buy a VTO/VPT home.

**DEVELOPERS** who take out a mortgage to build a VTO/VTP building which will subsequently be sold on or let out at a social rent to people meeting the necessary requirements.


**IMPORTE LÍNEA (MILLONES DE EUROS)**

2020	2019	2018	2017
595.8	628	644	723

**NÚMERO DE PRÉSTAMOS**

2020	2019	2018	2017
7,047	7,165	7,127	8,178

**NÚMERO DE ACREDITADOS**

2020	2019	2018	2017
6,827	6,930	6,882	7,742

**KEY INDICATORS REPORT:**

**A.** First, the basic figures are:

Total investment of EUR 595.8 million.

—  
Spread across 7,047 loans.

—  
To 6,827 borrowers, of whom: 6,779 are individuals and 48 are legal entities.

Lending history: [\(to the left of this text\)](#).

**B.** Regarding the **current status** of these loans, only 2.0% of the loan book is more than 90 days past due, very similar to the ratio for other housing mortgages granted by the Bank. This indicates that although the customers are normally on lower incomes they are just as likely to meet their payments as the Bank's other home mortgage borrowers and that their household finances can generally bear the cost of buying a home under these schemes.

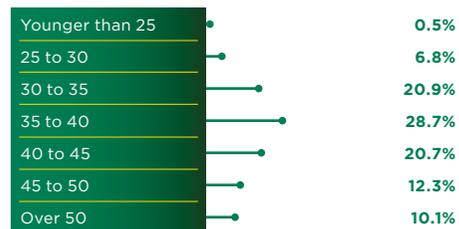


**C.** Regarding the **distribution of these loans:**

- 99.30% were to individuals (of which 38.6% had two or more signatories and 61.4% had a single signatory).
- 0.7% were to legal entities.

**D.** The **age distribution** of amounts lent (at the time they take out the mortgage) is as follows:

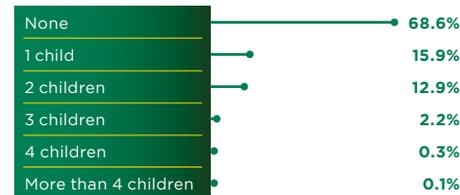
**AGE**



More than 28% of lending granted to individuals went to people aged under 35, suggesting that this type of financing is making it possible for young people to access their first home. Likewise, just over 10% of loans were to people over 50 who, due to various life circumstances, need a home later on in their lives.

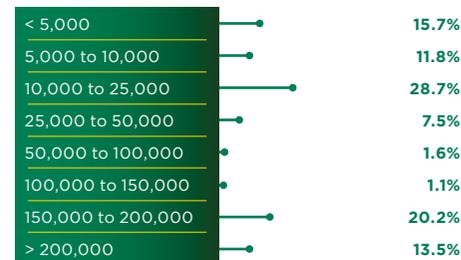
**E.** The conclusions of the first paragraph above are confirmed by analysis of the **number of children** of those taking out these loans. Nearly 70% have no children at the time they sign the mortgage.

**NUMBER OF CHILDREN**



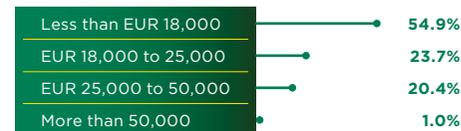
**F.** Also, data collected means we can show (see table below) that more than 55% of loans granted were in towns with a population of less than 25,000 **residents** with just over 15% going to **villages** of less than 5,000 inhabitants, helping sustain small populations and counter the risk of rural depopulation.

**POP. PER TOWN/VILLAGE**



**G.** Finally, the table below shows the **average income per person** in the family unit taking out the mortgage. More than 54% of such families have below-average incomes per head for the Autonomous Region where they live, underlining the social character of such financing.

**AVERAGE INCOME PER PERSON**



**ADDITIONAL INFORMATION ON OFFICIAL REQUIREMENTS:**

For further details of the criteria and requirements for accessing social housing see the websites of the Navarre, La Rioja and Basque regional governments below:

Click  
**NAVARRA - SOCIAL HOUSING**  
+ INFORMATION

Click  
**LA RIOJA - SOCIAL HOUSING**  
+ INFORMATION

Click  
**BASQUE COUNTRY - SOCIAL HOUSING**  
+ INFORMATION

## 10 REDUCED INEQUALITIES



## 10.2

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

## 7. SOCIAL INCLUSION

Caja Rural de Navarra has a special relationship with bodies working for social and economic integration and social and economic development in the areas where it is active.

The Covid-19 pandemic struck particularly hard at vulnerable communities, such as older people, the unemployed, immigrants or those at risk of social exclusion.

Caja Rural's involvement with these bodies takes a variety of forms, not limited to financing their social projects, and in some cases involving the Bank meeting part of the costs of the activities it is promoting. Specifically, we can break down promotion of social and economic development into several categories:



## DISABILITY

**Training, rehabilitation and employment.**

Caja Rural de Navarra has for many years supported organizations that bring together people with a disability (physical or mental). These organizations run training and rehabilitation centres as well as special employment centres to support people into work. Caja Rural de Navarra devotes EUR 6.4 million to this financing line, which allows 13 organizations to do their work managing Special Employment Centres, residential facilities and day centres. Together they provide training and rehabilitation services to more than 7,000 people and employ 6,000 people, supporting a good proportion of people with disabilities in Navarre, the Basque Country and La Rioja.



## INCLUSION

Caja Rural de Navarra has a clear commitment to people of any age, origin and social class. For this reason we firmly support organizations working to include groups at risk of social exclusion: immigrants, the gypsy community, young people, drug users and the older unemployed. We provide EUR 7.6 million in financing to support 28 social organizations supporting the social inclusion of more than 3,000 people.



## SPORT

Caja Rural de Navarra has an important commitment to sport and the personal development and inclusion of people through sport. We fund infrastructure and sports equipment for the different sports clubs and federations that focus on regulating and facilitating controlled and directed sports activities that meet the criteria of equality, health and preventative care. Actions focus on grass-roots sport, which is where our financing has most impact. This financing line has lent a total of EUR 25.1 million to fund 49 bodies helping more than 100,000 people of all ages.



## SOCIAL AND HEALTH CARE

: We live in an ageing population and Caja Rural de Navarra supports the building of infrastructure and equipment to provide healthcare and social and health inclusion of the elderly and young people with some degree of dependence. We currently support 5 residential homes that look after more than 250 elderly people. Total financing for this segment is EUR 3.4 million.



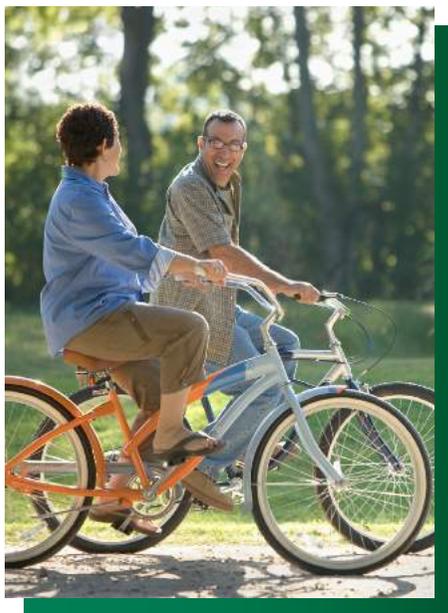
## SOCIO-ECONOMIC

The social and economic background in which Caja Rural de Navarra operates is rich in charities, professional associations and research centres. Caja Rural de Navarra firmly supports this social fabric by financing the essential infrastructure such groups rely on. These associations help ensure that small businesses and the self-employed are kept permanently informed on tax, employment, legal and financial matters. They also have representative bodies speaking to the government and different private organizations. We have invested EUR 3.9 million to support a total of 35 professional associations whose membership includes more than 3,000 professionals and organizations from various sectors of the economy.



## CULTURE

Caja Rural de Navarra also provides EUR 10 million of funding for investments designed to foster social integration through culture. The money goes to 123 cultural bodies active in fields such as music, language, food, customs, folk traditions, literature, theatre, cinema and many others. Together, they generate social cohesion irrespective of the circumstances of those who take part.



Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 56.4 million, spread across 253 loans, as follows:

LOANS OUTSTANDING (MILLIONS OF EUROS)			
2020	2019	2018	2017
56.6	50.8	50.3	42
NUMBER OF LOANS			
2020	2019	2018	2017
344	344	489	379
NUMBER OF BORROWERS			
2020	2019	2018	2017
253	257	280	257

**eco-integra**  
Fundación aspáce  
para el empleo

Logo:

Logos:

### CASE STUDY

[> Eco-integra](#)

The link below presents a real-life example of a loan granted by Caja Rural de Navarra to support a social integration, recycling and circular economy project with a company whose corporate purpose is to recycle electronic and electrical waste.

[> Video caso práctico- Eco-integra](#)



**4.4**

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

**8. EDUCATION**

Caja Rural de Navarra is clearly committed to basic, intermediate and advanced training. It is in direct contact with public and private training providers. The Bank's involvement with these bodies takes a variety of forms, not limited to financing their education projects, and in some cases involving the Bank meeting part of the costs of their educational activities:



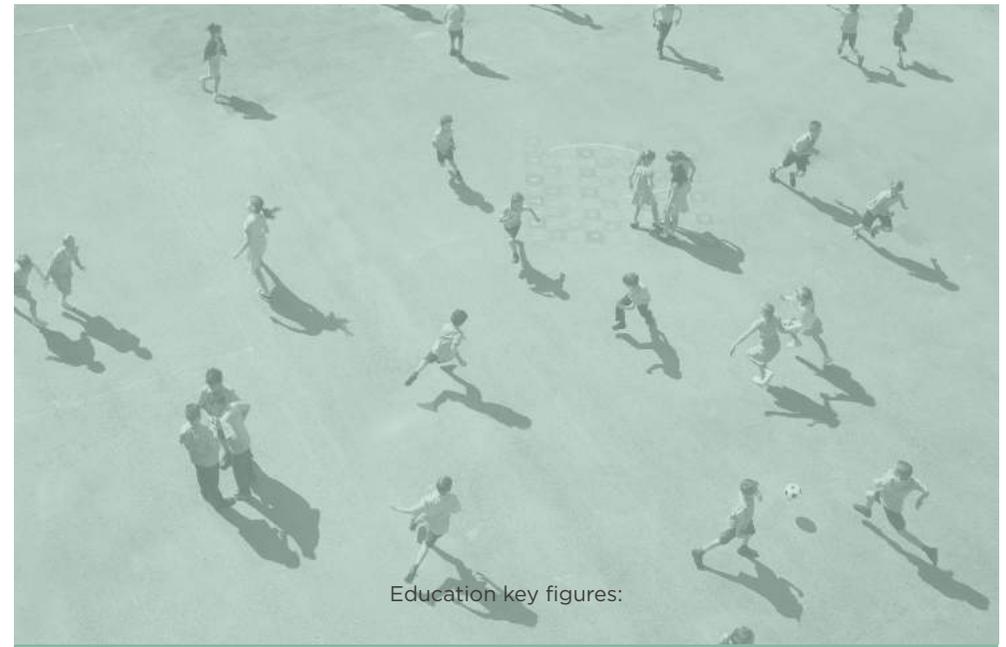
**FINANCING INVESTMENTS**

new buildings, new equipment and other infrastructure (sports, cultural, etc.). Caja Rural de Navarra currently has EUR 26.7 million committed to financing investments by 60 training centres with more than 35,000 students between them.



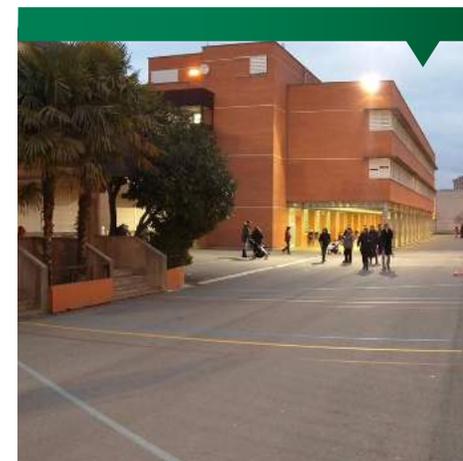
**INTERNATIONAL SCHOLARSHIPS**

for university students and professional training. This provides financial support for students wanting to study for some time in educational institutions or companies abroad so that none is prevented from doing so through lack of money. Despite the drastic mobility constraints imposed because of Covid-19, this form of support continued helping 277 students (244 at the Public University of Navarra, 20 Erasmus Plus and 13 Scholarships to the University of Navarra).



Education key figures:

LOANS OUTSTANDING (MILLIONS OF EUROS)			
2020	2019	2018	2017
26.7	24	27.9	23.2
NUMBER OF LOANS			
2020	2019	2018	2017
105	92	207	166
NUMBER OF BORROWERS			
2020	2019	2018	2017
60	58	88	81



### CASE STUDY

Caja Rural de Navarra supports this educational institution in financing its energy efficiency project.

Pedagógica San Prudencio Sdad. Coop. Ltda.

[> Colegio San Prudencio](#) 

**8** DECENT WORK AND  
ECONOMIC GROWTH

**8.3**

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

**9. ECONOMIC INCLUSION**

The Covid-19 pandemic took a heavy toll on the economic fabric of the regions where Caja Rural de Navarra operates in 2020. A key economic policy measure taken by regional governments and the Spanish national government was to work with lending institutions to offer companies, particularly SMEs, financing lines that would avoid a tightening of access to credit and consequent destruction of employment and the business fabric.

Caja Rural de Navarra was particularly active in all these "Covid" loans, channelling a total of EUR 808 million in loans to 5,043 companies and self-employed<sup>20</sup>.

The Bank's local roots and neighbourhood presence in the region's population centres, large and small, meant that companies, particularly small and mid-sized enterprises, were able to get agile access to these lines of finance.

Overall, including Covid financing, the category includes 60,233 loans with a total amount of EUR 1,725.8 million spread across 51,897 borrowers.

**This item includes loans that meet the following requirements:**

**A** **SMALL LOANS**

that support economic inclusion, whether because of their small amount or because they provide access to finance for remote areas (where the Bank has a special presence). To qualify, a loan must meet one of the following criteria:

- It must be for less than EUR 25,000.
- It must be made through a Caja Rural branch in a village of less than 3,000 population with below average income for the Autonomous Region.



Economic inclusion key figures:

**LOANS OUTSTANDING (MILLIONS OF EUROS)**

2020	2019	2018	2017
2,725.5	1,777.9	1,810.7	1,896.8

**NUMBER OF LOANS**

2020	2019	2018	2017
46,370	37,329	38,274	34,556

**NUMBER OF BORROWERS**

2020	2019	2018	2017
39,682	31,895	32,771	28,980

<sup>20</sup> Data includes financing to all classes of company

<sup>21</sup> Commission Regulation (EU) 651/2014

**B** Loans to **ENTREPRENEURS**.

**C** Loans to **SMEs** as defined by the European Union<sup>21</sup>.

**D** **Covid-19 lines**, under different government schemes to support and maintain economic activity and jobs in the face of the Covid-19 pandemic.

**A SMALL LOANS AND REMOTE AREAS**

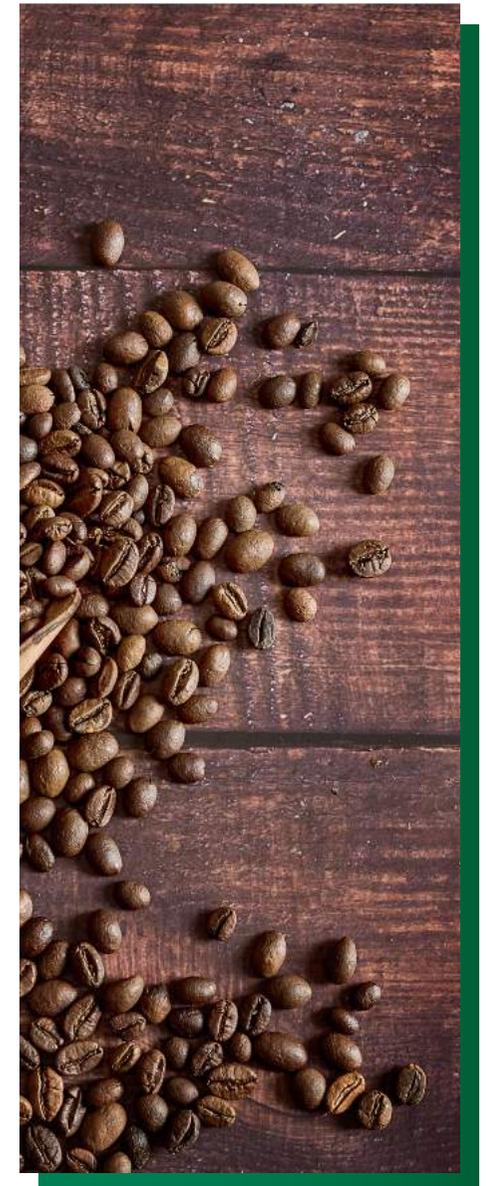
Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 384.9 million, consisting of 31,861 loans to 29,191 borrowers.

“Small loans” over the last four years:



LOANS OUTSTANDING (MILLIONS OF EUROS)			
2020	2019	2018	2017
406.54	376.5	598.2	676.9
NUMBER OF LOANS			
2020	2019	2018	2017
32,718	30,302	33,556	30,796
NUMBER OF BORROWERS			
2020	2019	2018	2017
29,191	27,054	29,480	26,775

As a result this is a highly diversified line comprising many loans with an average amount of EUR 12,083, reaching a great many people, particularly in rural areas and small population clusters. Specifically, 69% of financing in this segment goes to populations at risk of financial exclusion.



## B ENTREPRENEURSHIP

Caja Rural de Navarra has a special line supporting entrepreneurial projects, which has been running 14 years since 2007. Over this time, we have striven to ensure viable projects can get the finance they need and over time bear fruit as real businesses rooted in the region and generating stable jobs. The pandemic makes it all the more important to support viable enterprises with a clear aim: to make sure no viable project is excluded from the market because of problems raising finance.

The projects supported all share certain features which make them suitable for funding: entrepreneurs with years of experience in the sector where they are mounting their business, a good understanding of the business and strong commitment to the everyday running of the business.

Despite the difficulties of 2020, 156 projects saw the light of day under the Línea Inicia funding scheme, generating 284 direct jobs. As in previous years, we are committed to maintaining co-working agreements with bodies supporting entrepreneurship in Caja Rural de Navarra's regions of operation, such as universities and local institutions involved in the promotion of jobs and entrepreneurship. These basic institutions are often a great help to entrepreneurs in the early stages of their projects and in supporting them as their businesses grow.

We are well aware that unemployment is set to spike in the near future and some companies and self-employed professionals are likely to encounter difficulties. Even so, Caja Rural de Navarra is maintaining its commitment to support entrepreneurial projects and is open to new proposals going forward, based on new business models and often in sectors that face total transformation in coming years.

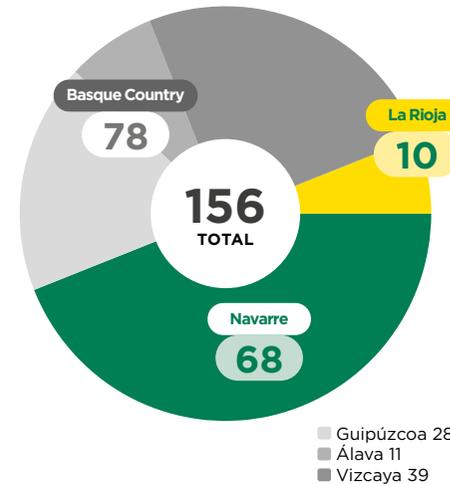
Over its 14 years of activity, the Línea Inicia scheme for entrepreneurs has backed 2,109 new businesses, which have directly generated 3,589 jobs ( an average of 1.82 per project if we only count the partners).

In 2020, we financed 156 new projects:

### AVERAGE AGE OF PROJECT PARTNERS IN 2020

**38.84 years**

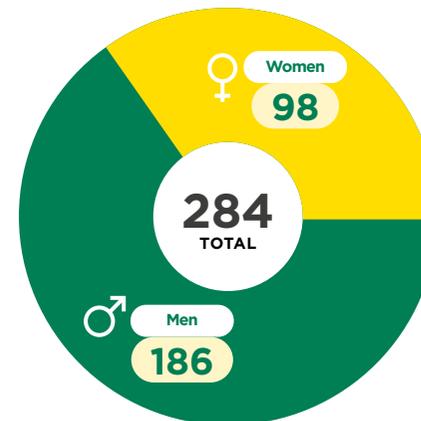
### LOCATION OF PROJECTS



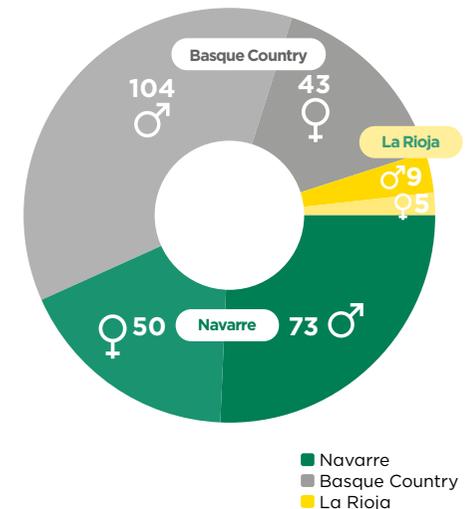
### DISTRIBUTION BY SECTOR

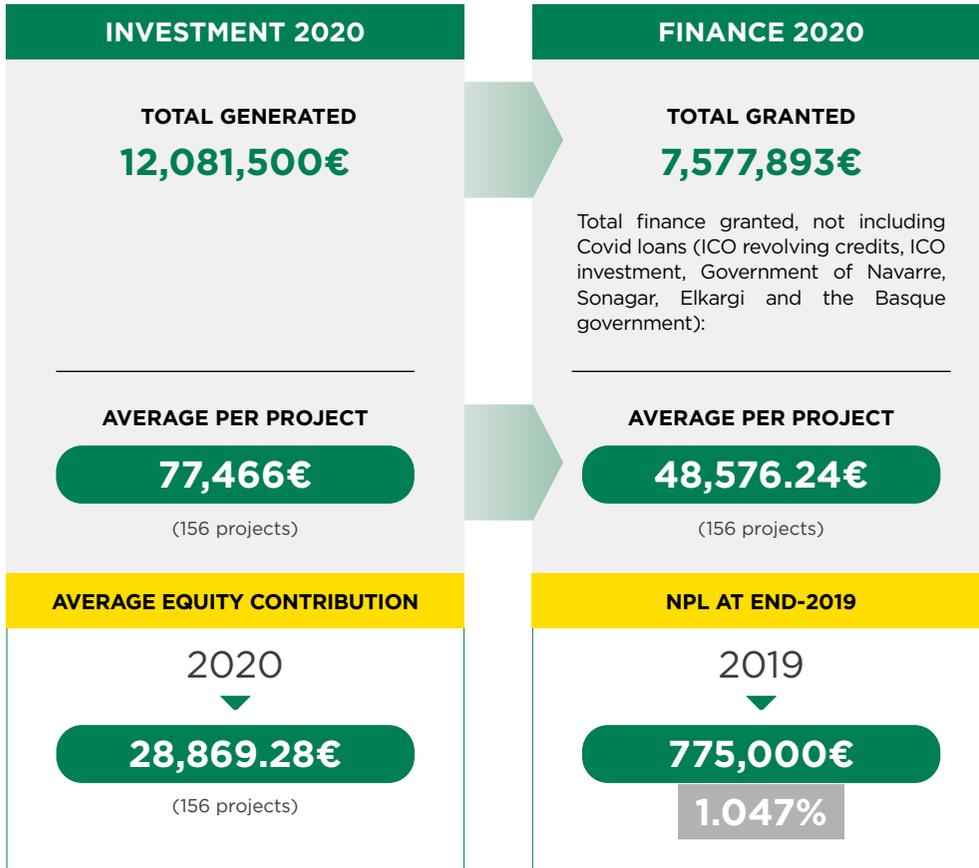


### GENDER OF PARTNERS



### GEOGRAPHICAL DISTRIBUTION OF PARTNERS





Survival rate of projects supported until 2019 ("survival rate" is measured from year two):

PROJECTS SUPPORTED				
2015	2016	2017	2018	2018
185	195	197	220	228
DISCONTINUED				
2015	2016	2017	2018	2018
78	76	46	31	17
SURVIVAL RATE (%)				
2015	2016	2017	2018	2018
58%	61%	77%	86%	93%



Loans outstanding under the line at year-end were EUR 62.6 million, spread over 1,355 loans to 982 borrowers.

## C FINANCING SMES

The basic data for this item show an accumulated amount of EUR 1,448 million, with 6,572 loans to 4,466 borrowers, including special Covid financing.

Financing SMEs - key figures:



### LOANS OUTSTANDING (MILLIONS OF EUROS)

2020	2019	2018	2017
1,448.4	1,344.4	1,159.7	1,179

### NUMBER OF LOANS

2020	2019	2018	2017
6,572	5,775	4,539	3,759

### NUMBER OF BORROWERS

2020	2019	2018	2017
4,466	3,914	3,221	2,549

The following data, based on our analysis, show a significant number of positive social impacts:

1. Regarding the **current state** of these loans, 2.0% of the total amount is more than 90 days in arrears. This is a good figure given the average for the financial sector.

2. Secondly, we present below the **number of transactions** in micro-enterprises, Mid-sized Companies and SMEs. These categories are classified under Commission Regulation (EU) 651/2014, which categorises firms by headcount and annual revenue or total assets:

MICRO-ENTERPRISE	
Headcount	Up to 10
Revenue	Up to EUR 2 million
Assets	Up to EUR 2 million
SME	
Headcount	10-49
Revenue	Up to EUR 10 million
Assets	Up to EUR 10 million
MID-SIZED COMPANY	
Headcount	49-249
Revenue	Up to EUR 50 million
Assets	Up to EUR 43 million
LARGE COMPANY	
Headcount	More than 250
Revenue	Over EUR 50 million
Assets	Over EUR 43 million

The table below shows that more than 77% of financing in this category went to micro-enterprises (48.9%) and small companies (28.2%), underlining the penetration and the Bank's concern to maintain the local business network.

#### Company size by amount lent



3. Caja Rural de Navarra has always supported SMEs, building up the essential business fabric for the regions to develop and remain competitive in their production. This is evidenced by the fact that over 40% of **companies have been loyal** customers of the Bank for more than 10 years. In addition, the Bank continues to support new companies. More than 5.6% of companies initiated their relationship with the Bank in the last year.

#### Length of relationship with CRN



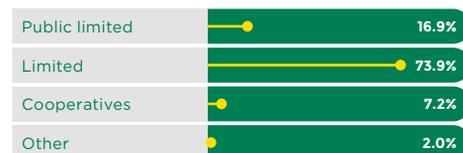
4. The Bank's involvement in rural development is an important strand of its work. Nearly 38% of sums lent went to companies based in **populations** of less than 10,000 people, which means the scheme is not only developing the local economy but also reinforcing the social fabric in rural zones.

#### Pop. per town/village



5. Also, regarding **type of customer**, figures show that most are limited companies (consistent with the points made above) and more than 7.0% are cooperatives (mostly in the primary sector), figures in line with our origins as a cooperative credit institution and business philosophy.

#### Type of company by legal status

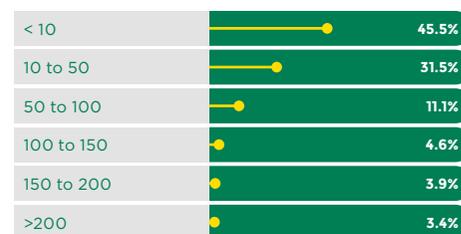


6. For a deeper analysis of the real state of companies we have financed under this line, we attach two tables showing **sales** and **number of employees** in each:

#### Sales



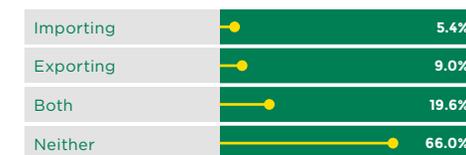
#### Number of employees



These two tables show the small scale of most companies financed by this line. More than 83% of funds went to firms with turnover of less than EUR 10 million and more than 77% to firms with less than 50 employees. Our financing, therefore, contributes to maintaining this important business fabric and the employment it generates. The average headcount was 26. The line also helped retain 79,300 jobs in the Autonomous Regions where the Bank is present.

7. It should also be emphasised that, despite the size of these companies, we are in one of the most industrialized regions of Spain. This is reflected in a **substantial international outlook** by many of the companies supported, as illustrated by the percentage of companies that export, import or both: in total 34% of the companies we finance through this line.

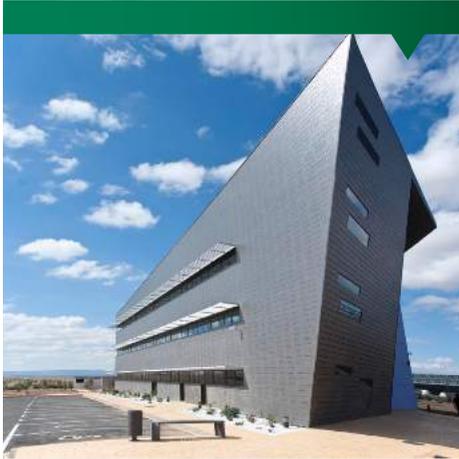
#### Export/import



8. Finally, to illustrate the **diversification** of financing granted, we include below a table of the different sectors to which the companies we have financed belong, by financing granted.

#### Sectors of activity

Agriculture, livestock, forestry and fisheries	4.3%
Manufacturing	35.5%
Construction	23.1%
Transport and warehousing	3.9%
Hospitality	5.9%
Property	8.7%
Professionals, scientific and technical	8.5%
Administration and auxiliary services	5.9%
Other	4.2%

  
**VisionQuality**

**CASE STUDY**

Caja Rural de Navarra supported the creation of Vision Quality which, helped by funds from the ERDF (European Regional Development Fund), launched in 2016 offering automated inspection and classification systems.

[> VisionQuality](#) 

## **D. COVID-19 FINANCING**

Through its different financing lines, working in collaboration the central and regional governments, Caja Rural de Navarra has provided substantial funds, keeping many companies of all sizes in business and supporting self-employed workers, so helping maintain employment throughout the crisis brought on by the Covid-19 pandemic.

Specifically, its Covid-related loans outstanding at 31 December 2020 totalled

**EUR 808 million**

supporting

**5,043 companies**

with

**5,725 loans**

The firms and the self-employed who applied for CRN finance from these Covid lines had, based on latest available data, a total of 89,345 workers, indicating the massive positive impact of this action to mitigate the pandemic's impact and sustain household income among the community.



**CAJA RURAL  
DE NAVARRA**

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