



SUSTAINABLE BONDS

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 Report¹.

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 Environmental, social and governance rating awarded to Caja Rural de Navarra by ESG rating agency Sustainalytics in 2021 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 framework² (the "framework") for its loan portfolio in order to promote those financing lines that have the greatest social and environmental impact in the regions where the bank is active. These lines are consistent with its 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 environmental practices. In 2021, 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 activities³ and with the United Nationals Sustainable Development Goals (SDGs)4.

Sustainalytics ESG Risk Rating Summary Report

Caja Rural de Navarra SCC

Regional Banks Spain

ESG Risk Rating

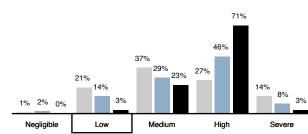
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Updated Oct 18, 2021 Momentum

Low Risk

| ` | V | | | | |
|------|----------|-------|-------|--------|--|
| NEGL | LOW | MED | HIGH | SEVERE | |
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ | |

ESG Risk Rating Distribution



ESG Risk Rating Ranking



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:



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

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

³ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

⁴ https://sdgs.un.org/goals



- 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).
- · Sustainable mortgage-backed covered bonds: EUR 500 million 7yr May-18
- Sustainable senior bond: EUR 100 million 5yr Jun-17
- Sustainable mortgage-backed covered bonds: EUR 500 million 7yr Dec-16

The different versions of the framework over the vears have been supervised by Sustainalytics⁵ whose "Second-Party Opinion" (last issued in 2021) 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. These publications are verified by third-party standards agency AENOR7.

 $Sustainalytics has ratified that the {\tt Bank's framework}$ is aligned with the principles and objectives mentioned above, including the "Green Bond

Principles" and "Social Bond Principles" 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) 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.



- 6 https://www.cajaruraldenavarra.com/sites/default/files/infoework-second-party-opinion-2021.pdf
- https://www.aenor.com/certificacion/certificado/?codigo=187944



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

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 Refinancing 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.



SUSTAINABLE DEVELOPMENT

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 Label⁸ 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.



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.



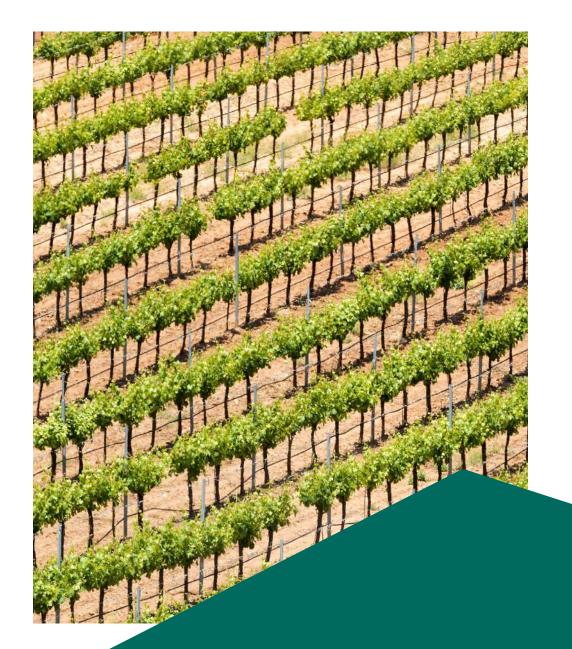






Besides adhering to the abovementioned certifications and standards, Caja Rural de Navarra takes part in a range of international initiatives and working groups to develop green finance and to promote energy efficient homes which meet the environmental and social goals set out in the UN Paris Agreement,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

- EeMAP-EEMI9 ("Energy Efficient Mortgage Action Plan-Energy Efficient Mortgage Initiative")
- Energy efficient mortgage label
- EEFIG10 (the European Commission "Energy Efficiency Financial Institutions Group")





⁸ https://coveredbondlabel.com/issuer/147/

⁹ https://energyefficientmortgages.eu/

¹⁰ https://ec.europa.eu/eefig/index_en

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

| 2018 | 2019 | 2020 | 2021 | | |
|---------------|---------------|---------------|---------------------|--|--|
| 3,148,273,075 | 3,144,616,830 | 4,159,965,114 | 4,422,381,157 | | |
| | | | NUMBER OF BORROWERS | | |
| 2018 | 2019 | 2020 | 2021 | | |
| 44,121 | 43,608 | 52,064 | 53,186 | | |

As the table above shows, at 31 December 2021 the sustainable portfolio totalled more than EUR 4,400 million allocated as follows:

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

| SUSTAINABLE PORTFOLIO CATEGORIES | ASSETS | LIABILITIES AND EQUITY | ALLOCATION OF SUSTAINABLE FINANCE |
|----------------------------------|---------------|---------------------------|---|
| Sustainable farming | 126,098,091 | 500,000,000 | Mortgage covered bond CRUNAV 0.625 01/12/23 |
| Renewable energy | 20,674,175 | 100,000,000 | Senior bond CRUNAV Float 21/06/22 |
| Energy efficiency | 909,720,377 | 600,000,000 | Mortgage covered bond CRUNAV 0.875 08/05/2025 |
| Sustainable forestry | 1,681,489 | 40,000,000 | EIB loan to SMEs (2018) |
| Waste management | 20,283,058 | 10,000,000 | EIB climate change loan to SMEs (2018) |
| Social housing | 519,940,487 | 40,000,000 | EIB loan to SMEs (2019) |
| Social inclusion | 50,905,439 | | |
| Education | 25,041,131 | | |
| Economic inclusion | 2,748,036,910 | | |
| | | 3,132,381,157 | Unassigned sustainable portfolio |
| TOTAL SUSTAINABLE PORTFOLIO | 4,422,381,157 | 4,422,381,157 | MAXIMUM POTENTIAL SUSTAINABLE FINANCE |

^{*} Figures are in euros and correspond to sustainable lending made by Caja Rural de Navarra and outstanding at 31 December 2021

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



Loans made under the sustainability framework grew 45% since the framework was established in 2016, benefiting 60,573 people and companies in 2021.

The sustainable loans portfolio grew again in 2021, 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.

Other major elements in growing the sustainable portfolio were better internal identification of energy efficient homes (in line with the EU taxonomy), and financing building renovations to improve their energy efficiency.





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.



| 2021 | 25,041,130.92 | | |
|------|---------------|--|--|
| 2020 | 26,747,945.70 | | |
| 2019 | 24,028,003.28 | | |
| 2018 | = | | |
| 2017 | - | | |



| 2021 | 519,940,486.52 | |
|------|------------------|--|
| 2020 | 595,814,907.55 | |
| 2019 | 628,560,131.49 | |
| 2018 | 2,533,004,109.00 | |
| 2017 | 2,685,353,502.36 | |



| 2021 | 930,394,551.91 |
|------|----------------|
| 2020 | 623,854,030.22 |
| 2019 | 504,305,151.79 |
| 2018 | 482,853,903.95 |
| 2017 | 281,168,595.16 |



| 2021 | 146,381,149.70 | |
|------|----------------|--|
| 2020 | 130,044,118.07 | |
| 2019 | 157,603,619.95 | |
| 2018 | 132,415,062.98 | |
| 2017 | 87,934,406.39 | |



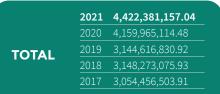
| 2021 | 2,748,036,910.11 |
|------|------------------|
| 2020 | 2,725,578,704.70 |
| 2019 | 1,777,932,761.83 |
| 2018 | - |
| 2017 | - |



| 2021 | 1,681,488.85 |
|------|--------------|
| 2020 | 1,274,623.08 |
| 2019 | 1,298,688.36 |
| 2018 | = |
| 2017 | - |



| 2021 | 50.905.439,03€ | |
|------|----------------|--|
| 2020 | 56.650.785,16€ | |
| 2019 | 50.888.474,22€ | |
| 2018 | - | |
| 2017 | - | |





BREAKDOWN OF SUSTAINABILITY LINES¹¹

RESPONSIBLE

1. SUSTAINABLE FARMING

natural resources"

12.2 "By 2030, achieve sustainable

management and efficient use of

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 2021 the current sustainable farming line totals EUR 126 million, spread across 2,001 loans to 1,435 borrowers.

Sustainable farming loans:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------|-------|-------|-------|-------|
| Loans outstanding (Millions of euros) | 69.9 | 103.3 | 134.7 | 108.4 | 126.1 |
| Number of loans | 808 | 1,220 | 1,688 | 1,653 | 2,001 |
| Number of borrowers | 671 | 963 | 1,284 | 1,265 | 1,435 |
| | | | | | |

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 to individual customers went to young farmers under 40. Another 24.93% 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 Amount 16.0% of the sustainable farming line has European ecological certification for organic production.





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 | 36.3% |
|---|-------|
| Improved agricultural transportation (energy efficiency) | 14.5% |
| Irrigation and improved watering systems (energy efficiency and reduction of ${\rm CO}_2$ emissions)-irrigation associations. | 5.9% |
| Construction of buildings and greenhouses | 13.7% |
| Financial support for adverse weather conditions | 1.2% |
| Investments under European rural development plans | 2.8% |
| New farmer and stock-raiser start-ups | 9.5% |
| Other | 16.0% |
| | |



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









¹¹ Figures are derived from internal data following the generally accepted 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







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. - 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 20.7 million at 31 December 2021, spread across 57 loan transactions to 44 borrowers.

Renewable energy key figures:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------|------|------|------|------|
| Loans outstanding (Millions of euros) | 29.4 | 39.7 | 40.5 | 30.4 | 20.7 |
| Number of loans | 71 | 80 | 87 | 68 | 57 |
| Number of borrowers | 52 | 57 | 53 | 49 | 44 |

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

Loans outstanding: EUR 18.7 million Number of loans: 37

 Builders of renewable energy plants: Loans outstanding: EUR 1.9 million Number of loanss: 20

CASE STUDY

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





grupoenhol.es/en/



2. RENEWABLE ENERGY 3. ENERGY EFFICIENCY

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 2021 the current loan book for these purposes totalled EUR 909.7 million, spread across 6,194 loans to 6,018 borrowers.

Energy efficiency key figures:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------|-------|-------|-------|-------|
| Loans outstanding (Millions of euros) | 251.6 | 443.0 | 463.7 | 593.4 | 909.7 |
| Number of loans | 2,132 | 3,711 | 3,968 | 4,575 | 6,194 |
| Number of borrowers | 1,537 | 3,024 | 3,086 | 3,892 | 6,018 |

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

► Modernization of industrial industrial facilities to reduce their environmental footprint, improving insulation and reducing CO₂ emissions).

Loans outstanding: EUR 60.2 million No. of transactions: 87

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

Loans outstanding: EUR 43 million No. of transactions 138

▶ Renewing equipment to use materials with a lower ecological impact and/or reduce consumption by the equipment produced.

Loans outstanding: EUR 12.9 million No. of transactions: 105

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

Loans outstanding: EUR 1.7 million No. of transactions: 3

► Electric bikes for urban mobility schemes:

Loans outstanding: EUR 115,257 No. of transactions: 1

► Engineering, consultancy and manufacture of energy efficiency equipment:

Loans outstanding: EUR 550,209 No. of transactions: 2

► Energy efficient homes:

Loans outstanding: EUR 788.6 million No. of transactions: 5.674

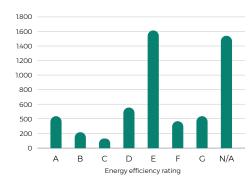
Caja Rural de Navarra's energy efficiency framework included 5,674 outstanding loans at 31 December 2021 financing the purchase or renovation of buildings. Together, these CRN-financed energyefficient buildings¹² save 30,552 tonnes/year compared to the average home in Spain^{13.}

The framework includes buildings with an energy rating compliant with the EU Taxonomy (Activities 7.1, 7.2 and 7.7):

- 15% more efficient for acquisition and ownership
- 30% energy efficiency improvement for renovation

Applying these criteria, the Bank has automatically recorded energy efficiency data for all mortgages in its systems since 2019, and also used a thirdparty appraiser to review the whole of its mortgage book. This identified the following proportion of energy efficiency ratings:

Value of mortgages (Millions of euros) by energy efficiency rating



This section includes financing for the European SmartEnCity¹² 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 CO2. 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.



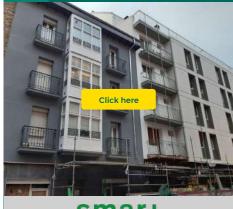
14 https://smartencity.eu/news/detail/?rx_call=238



CASE STUDY

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.





smartencity.eu + INFORMATION

- 12 Las viviendas eficientes elegibles incluyen viviendas compradas (edificios/apartamentos/unifamiliares) cuya eficiencia energética se encuentra dentro del 15% mejor en términos de eficiencia energética. Asimismo, se incluye la financiación de reforma de viviendas en las que se obtenga al menos un 30% de mejora en eficiencia energética. Todo ello, de acuerdo con los criterios establecidos por la Taxonomía de la Unión Europea.
- 13 Fuente: Elaboración interna, asumiendo apartamentos de nueva construcción (en bloques de viviendas), con 90 metros cuadrados de superficie y emisiones medias anuales de 69.80 kg CO₂ eg/m² y comparado con la media española del parque de viviendas existente.





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 1.7 million in 2021, spread across 5 loan transactions to 2 borrowers.

Sustainable forestry key figures:

4. SUSTAINABLE FORESTRY

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."

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------|------|------|------|------|
| Loans outstanding (Millions of euros) | 2.1 | 3.2 | 1.2 | 1.2 | 1.7 |
| Number of loans | 6 | 8 | 4 | 4 | 5 |
| Number of borrowers | 4 | 5 | 3 | 3 | 2 |
| | | | | | |

All the loans in this category were for sustainably managed woodlands certified by the PEFC (Programme for the Endorsement of Forest Certification)15 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 wellmanaged woodland that provides environmental, social and economic benefits.





CASE STUDY

Caja Rural de Navarra apoya en este caso a la empresa a través de financiación para maquinaria.















5. WASTE MANAGEMENT

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

This category includes loans to develop equipment and technology that make more efficient use of resources and/or reduce waste generation. Based on an analysis of information collected, we calculate that the current loan book for these purposes totalled EUR 20.3 million at 31 December 2021, spread across 65 loans to 39 borrowers as follows:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------|------|------|------|------|
| Loans outstanding (Millions of euros) | 15.8 | 25.8 | 22.8 | 21.6 | 20.3 |
| Número de préstamos | 46 | 74 | 70 | 67 | 65 |
| Number of borrowers | 32 | 51 | 42 | 33 | 39 |
| | | | | | |

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 13.5 million Number of loans: 33

► Manufacture of commercial products from recycled materials:

Loans outstanding: EUR 2.6 million Number of loans: 16

► Clean-up of waste:

Loans outstanding: EUR 4.1 million Number of loans: 16



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).





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Social 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.

Key indicators report:



- Total investment of EUR 519.9 million.
- To 6,410 borrowers, of whom 55 are legal entities and the rest are individuals.

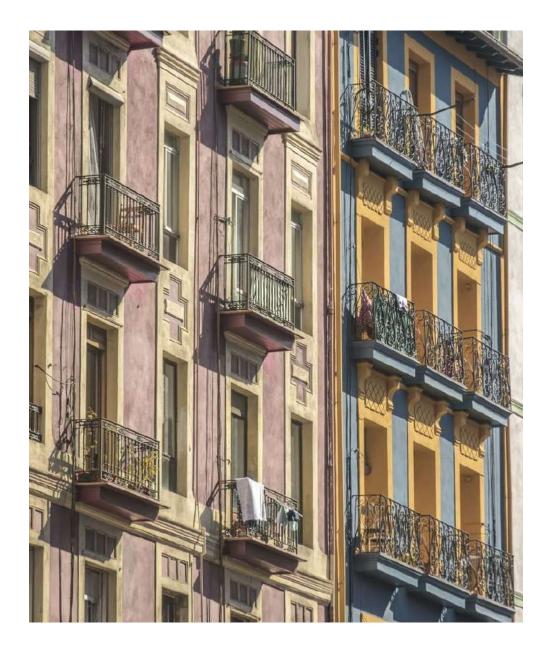
Lending history:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------|-------|-------|-------|-------|
| Loans outstanding (Millions of euros) | 723 | 644 | 628 | 595.8 | 519.9 |
| Number of loans | 8,178 | 7,127 | 7,165 | 7,047 | 6,410 |
| Number of borrowers | 7,742 | 6,882 | 6,930 | 6,827 | 6,224 |



6. SOCIAL HOUSING. PUBLIC PROTECTION HOUSING

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





B. Regarding the current status of these loans, only 0.6% 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:

- 89.82% were to individuals (of which 38.6% had two or more signatories and 61.4% had a single signatory).
- 0.8% were to legal entities.
- **D.** The age distribution of amounts lent (at the time they take out the mortgage) is as follows:

AGE

| 0.2% | Younger than 25 |
|--------|-----------------|
| ■ 3.5% | 25 to 30 |
| 12.6% | 30 to 35 |
| 24.5% | 35 to 40 |
| 25.3% | 40 to 45 |
| 16.7% | 45 to 50 |
| 16.5% | Over 50 |

More than 16% 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 16% 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

| | 67.8% None |
|-------|----------------------|
| 15.8% | 1 child |
| 13.2% | 2 children |
| 2.1% | 3 children |
| 0.3% | 4 children |
| 0.1% | More than 4 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 20% going to villages of less than 5,000 inhabitants, helping sustain small populations and counter the risk of rural depopulation.

POP. PER TOWN/VILLAGE

| 20.6% | < 5,000 |
|-------|--------------------|
| 9.5% | 5,000 to 10,000 |
| 31.5% | 10,000 to 25,000 |
| 4.8% | 25,000 to 50,000 |
| 0.6% | 50,000 to 100,000 |
| 0.9% | 100,000 to 150,000 |
| 5.4% | 150,000 to 200,000 |
| 26.7% | more than 200,000 |

G. Finally, the table below shows the **average** income per person in the family unit taking out the mortgage. More than 33% 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

| 33.3% | < EUR 18,000 |
|-------|----------------------|
| 35.0% | EUR 18,000 to 25,000 |
| 29.6% | EUR 25,000 to 50,000 |
| 2.1% | More than 50,000 |



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



NAVARRE - SOCIAL HOUSING + INFORMATION



LA RIOJA - SOCIAL HOUSING + INFORMATION



BASOUE COUNTRY - SOCIAL HOUSING + INFORMATION



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



Disability: training, rehabilitation and employment. Caja Rural de Navarra has for many years supported organizations that bring together people with a disability. These organizations run training and rehabilitation centres as well as special employment centres to support people into work. Caja Rural de Navarra devotes EUR 6.3 million to this financing line, which allows 13 organizations to do their work managing Special Employment Centres, residential facilities and day centres. Altogether they offer training and rehabilitation to over 7,000 people and employ more than 6,000. In this way they support a substantial proportion of those with disabilities in Navarre, the Basque Country and La Rioja.



Sport: Caja Rural de Navarra has an important commitment to sport and the personal development and inclusion of people through sport. We fund infrastructure and sports equipment for the different sports clubs and federations that focus on regulating and facilitating controlled and directed sports activities that meet the criteria of equality, health and preventative care. Actions focus on grass-roots sport, which is where our financing has most

impact. This financing line has lent a total of EUR 23.1 million to fund 55 bodies helping more than 100,000 people of all ages.



Culture: Rural de Navarra also provides EUR 10.9 million of funding for investments designed to foster social integration through culture. The money goes to 125 cultural bodies active in fields such as music, language, food, customs, folk traditions, literature, theatre, cinema and many others. Together, they generate social cohesion irrespective of the circumstances of those who take part.



Social and health care: We live in an ageing population and Caja Rural de Navarra supports the building of infrastructure and equipment to provide healthcare and social and health inclusion of the elderly and young people with some degree of dependence. We currently support 4 residential homes that look after more than 160 elderly people. Total financing for this segment is EUR 2.3 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 selfemployed 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 38 professional associations whose membership includes more than 3,000 professionals and organizations from various sectors of the economy.



Inclusiveness: Caja Rural de Navarra has a clear commitment to people of any age, origin and social class. For this reason we firmly support 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 9.7 million in financing to support 30 social organizations supporting the social inclusion of more than 3,000 people.

Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 50.9 million to 250 borrowers.



REDUCED

INFOUALITIES

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



Caja Rural de Navarra 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 28.7 million committed to financing investments by 69 training centres with more than 35,000 students between them.
- Eskola Digitala programme: support for digitization of state-aided educational institutions in the Basque Country. The programme subsidises 10% of any investment in digitising schools up to a maximum of EUR 3,000. EUR 237,777 was allocated to the programme, which helped fund total investments of EUR 3.3 million in 113 schools, benefiting 50,432 students and 4,170 teachers.
- 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 continuing low levels of mobility in response to Covid-19, this form of support continued helping 277 students (417 at the Public University of Navarre, 18 Erasmus Plus and 23 Global Scholarships by Caja Rural de Navarra).



8. EDUCATION

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





The Covid-19 pandemic took a heavy toll on the economic fabric of the regions where Caja Rural de Navarra operates in recent years. 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 871 million in loans to 5,313 companies and selfemployed workers¹⁶.

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 45,403 loans with a total amount of EUR 2,748 million spread across 39,109 borrowers. Economic inclusion key figures:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------|---------|---------|---------|---------|
| Loans outstanding (Millions of euros) | 1,896.8 | 1,810.7 | 1,777.9 | 2,725.5 | 2,748.0 |
| Number of loans | 34,556 | 38,274 | 37,329 | 46,370 | 45,403 |
| Number of borrowers | 28,980 | 32,771 | 31,895 | 39,682 | 39,109 |

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.
- **B.** Loans to **entrepreneurs**
- C. Loans to SMEs as defined by the European Union¹⁷.
- D. Covid-19 lines, under different government schemes to support and maintain economic activity and jobs in the face of the Covid-19 pandemic.



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

¹⁶ Commission Regulation (EU) 651/2014





Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 433 million, consisting of 31.721 loans to 28.555 borrowers.

"Small loans and remote areas" over the last four

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|--------|--------|--------|--------|--------|
| Loans outstanding (Millions of euros) | 676.9 | 598.2 | 376.5 | 406.54 | 433.6 |
| Number of loans | 30,796 | 33,556 | 30,302 | 32,718 | 31,721 |
| Number of borrowers | 26,775 | 29,480 | 27,054 | 29,191 | 28,555 |

As a result this is a highly diversified line comprising many loans with an average amount of EUR 13,669, reaching a great many people, particularly in rural areas and small population clusters. Specifically, 23% of financing in this segment goes to populations at risk of financial exclusion.



Caja Rural de Navarra's Línea Inicia is targeted at entrepreneurs and has been used to support 2,306 projects since 2007. These projects were headed by 3,956 entrepreneurs of both genders and required a total of EUR 83 million.

The support for entrepreneurship has been a key element in Caja Rural de Navarra's strategy from the start, helping create new and stable jobs. It targets people committed to and rooted in the region, and who usually have long experience in the sector involved.

On many occasions, these entrepreneurs are initially supported by business organisations active in their regions. These play a fundamental role in stimulating and taking forward the projects, which is why we continue to have working agreements with many of them.

After a year dominated by the pandemic in 2020, 2021 was the year of a return to the "new normal", with the pace of new businesses being set up back to the level of previous years. A total of 197 projects were supported, developed by 367 highly qualified entrepreneurs with strong track records. Of those backed in 2021, 77% had university and/ or professional qualifications. Their average age was around 40.

PROFILE OF ENTREPRENEURS/ **COMPANIES CREATED**

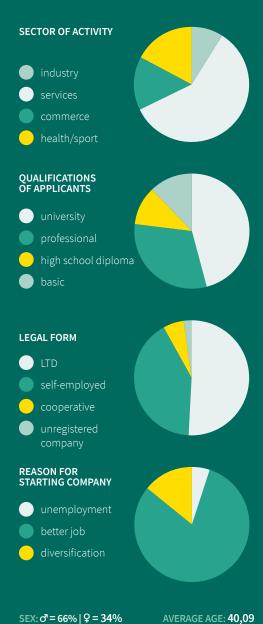
| | PROJECTS SUPPORTED | JOBS CREATED |
|-----------|-----------------------|-----------------|
| NAVARRE | 72 | 126 |
| LA RIOJA | 10 | 14 |
| ÁLAVA | 20 | 36 |
| GUIPÚZCOA | 38 | 81 |
| VIZCAYA | 58 | 110 |
| TOTAL | 198 | 367 |

JOBS CREATED BY GENDER





Entrepreneurship



FINANCE DATA

| | TOTAL (EUR) | AVERAGE PER PROJECT (EUR) | % |
|---------------------|-------------|------------------------------|------|
| INVESTMENT | 17,193,500 | 90,322 | 100% |
| FINANCE | 11,449,730 | 58,120 | 64% |
| EQUITY CONTRIBUTION | 6,421,770 | 32,201 | 36% |

| ZONA | TOTAL INVESTMENT (EUR) | EQUITY (EUR) | % | FINANCE (EUR) | % |
|-----------|------------------------|--------------|-----|---------------|-----|
| NAVARRE | 6,226,800 | 2,026,300 | 33% | 4,227,800 | 68% |
| RIOJA | 1,953,000 | 554,000 | 28% | 1,399,000 | 72% |
| ÁLAVA | 1,914,000 | 711,100 | 37% | 1,202,900 | 63% |
| GUIPÚZCOA | 4,811,000 | 2,352,000 | 49% | 2,459,000 | 51% |
| VIZCAYA | 2,888,700 | 727,670 | 25% | 2,161,030 | 75% |
| TOTAL | 17,793,500 | 6,371,070 | 36% | 11,449,730 | 64% |

TYPICAL PROFILE BY REGION

| REGION | SEX | AGE | QUALIFICATIONS | REASON FOR STARTING COMPANY | LEGAL FORM | SECTOR OF ACTIVITY |
|-----------|-----|------|--------------------------|-----------------------------------|-------------------|--------------------------|
| NAVARRE | Men | 41.1 | University | Better job | Self- employed | Services |
| RIOJA | Men | 37.8 | University | Better job | Ltd. co. | Commerce |
| ÁLAVA | Men | 38.1 | Professional training | Better job | Self- employed | Services |
| GUIPÚZCOA | Men | 37.7 | University | Better job | Ltd. co. | Services |
| VIZCAYA | Men | 42.1 | University | Better job | Ltd. co. | Services |





Financing SMEs

We have enough information to profile a "typical" customer that starts their business with the help of Línea Inicia: a man, around 40 years old, with university degree or professional training, focused on the service sector and looking for around EUR 60,000 in finance. The most interesting trait, perhaps, is that these are people who are looking to "improve" on their previous employment status (generally working for someone else before starting their own business).

The basic data for this item show an accumulated amount of EUR 1,393 million, with 6,399 loans to 4,406 borrowers, including special Covid financing. Financing SMEs – key figures:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------|---------|---------|---------|-------|
| Loans outstanding (Millions of euros) | 1,179 | 1,159.7 | 1,344.4 | 1,448.4 | 1,393 |
| Number of loans | 3,759 | 4,539 | 5,775 | 6,572 | 6,399 |
| Number of borrowers | 2,549 | 3,221 | 3,914 | 4,466 | 4,406 |

significant number of positive social impacts:

- 1. Regarding the current state of these loans, 2.3% 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

ADDITIONAL DATA

- NPL ratio at end-2021: = **0,77%**
- Tasa conjunta últimos 5 años (2016-2020): **73%**
- Tasa conjunta últimos 5 años (2016-2020): **81%**
- Survival rate of projects supported (in years, at 3 years and 5 years): (see the next table)

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------|------|------|------|------|------|
| Projects supported | 156 | 228 | 220 | 197 | 195 |
| Discontinued | 13 | 17 | 31 | 46 | 76 |
| Survival rate (%) | 92% | 93% | 86% | 77% | 61% |
| | | | | | |

Loans outstanding under the line at year-end were EUR 50.7 million, spread over 1,057 loans to 843

The following data, based on our analysis, show a

classified under Commission Regulation (EU) 651/2014, which categorises firms by headcount and annual revenue or total assets:

| | NO. EMPLOYEES | SALES | TOTAL ASSETS |
|------------------|------------------|---------------------|---------------------|
| Micro | Less than 10 | < EUR 2 million | < EUR 2 million |
| Small | 10 to 49 | < EUR 10 million | < EUR 10 million |
| Medium- sized | 50 to 249 | < EUR 50 million | < EUR 43 million |
| Large | Over 250 | > 50 million | > 43 million |

The table below shows that more than 87% of financing in this category went to micro-enterprises (68.2%) and small companies (18.6%), underlining the penetration and the Bank's concern to maintain the local business network.

COMPANY SIZE BY AMOUNT LENT

| Micro | 68.2% |
|-----------|-------|
| Small | 18.6% |
| Mid-sized | 13.2% |

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 44% 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 2.2% of companies initiated their relationship with the Bank in the last year.

LENGTH OF RELATIONSHIP WITH CRN

| < 1 year | 2.2% |
|-------------|-------|
| 1-5 years | 31.4% |
| 5-10 years | 21.8% |
| 10-20 years | 26.3% |
| > 20 years | 18.2% |





4. The Bank's involvement in rural development is an important strand of its work. Nearly 36% 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

| < 5,000 | 25.4% |
|--------------------|-------|
| 5,000 to 10,000 | 10.3% |
| 10,000 to 25,000 | 14.4% |
| 25,000 to 50,000 | 5.4% |
| 50,000 to 100,000 | 4.0% |
| 100,000 to 150,000 | 0.4% |
| 150,000 to 200,000 | 10.5% |
| > 200,000 | 29.6% |

5. Also, **regarding type of customer**, figures show that most are limited companies (consistent with the points made above) and more than 6% are cooperatives (mostly in the primary sector), figures in line with our origins as a cooperative credit institution and business philosophy.

TYPE OF COMPANY

| Public limited companies | 14.4% |
|--------------------------|-------|
| Limited companies | 68.7% |
| Cooperatives | 6.3% |
| Other | 10.6% |



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

SALES

| <less 1="" million<="" th="" than=""><th>60.9%</th></less> | 60.9% |
|--|-------|
| 1 to 10 million | 25.6% |
| 10 to 20 million | 5.7% |
| 20 to 30 million | 2.6% |
| 30 to 45 million | 3.2% |
| ≥45 million or more | 2.0% |

NUMBER OF EMPLOYEES

| < 10 | 70.0% |
|------------|-------|
| 10 to 50 | 19.0% |
| 50 to 100 | 5.7% |
| 100 to 150 | 2.3% |
| 150 to 200 | 1.7% |
| > 200 | 1.2% |

These two tables show the small scale of most companies financed by this line. More than 86% of funds went to firms with turnover of less than EUR 10 million and more than 89% 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 24.

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 20.6% of the companies we finance through this line.

EXPORT/IMPORT

| · | |
|-----------|-------|
| Importing | 3.9% |
| Exporting | 5.0% |
| Both | 11.7% |
| Neither | 79.4% |







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

SECTORS OF ACTIVITY

| Water supply, sanitation, waste management and depollution | 0.5% |
|--|-------|
| Agriculture, livestock, forestry and fisheries | 2.4% |
| Manufacturing | 18.7% |
| Construction | 16.8% |
| Wholesale and retail commerce | 7.6% |
| Transport and warehousing | 3.9% |
| Hospitality | 6.0% |
| Property | 11.5% |
| Professionals, scientific and technical | 8.7% |
| Administration and auxiliary services | 5.4% |
| Other/NA | 18.5% |



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.es + INFORMATION





Through its different financing lines, working in collaboration the central and regional 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

Specifically, its Covid-related loans outstanding at 31 December 2021 totalled EUR 871 million, supporting 5,313 companies with 6,237 loans.

The supply of this finance had a massive positive impact of this action to mitigate the pandemic's impact and sustain jobs in our regions, particularly in small and medium-sized enterprises.

