ANNUAL REPORT
2020

CAJA RURAL
DE NAVARRA

Table of Contents

Introduction

Financial Data

Legal Documentation

Other Information

Annual Report 2020 Introduction

CAJA RURAL DE NAVARRA

Identifying data

Name: Caja Rural de Navarra (S. Coop. de Cr dito)
Registered offices: Plaza de los Fueros, 1. 31003 PAMPLONA
Telephone: 948 16 81 00
Telex: 37764 CUNA E
Fax: 948 24 45 57 / 948 24 08 67
Tax Identification No.: F / 31 - 021611
Qualified Cooperative Bank.
(legal status allowing the credit co-operative to administer government lending)
Registered with the Bank of Spain: No. 3008
Registered with the Labour Ministry,
General Register of Credit Co-operatives: No. 344 / s.   M. T. 2,163.
Registered with the Mercantile Registry of Navarra:
No. 6790, Volume 11, page 175, sheet NA183.
Included in the Credit Co-operatives Guarantee Deposit Fund:
Member of Banco Cooperativo Espa ol.
Member of the Spanish Association of Credit Co-Operatives

Governing Bodies

Board of Directors

Chairman:	D. Ignacio Terés Los Arcos
Vice-Chairman:	D. Pedro Jesús Irisarri Valencia
Secretary:	D. Marcelino Etayo Andueza
Board Members:	D. Fermín Esandi Santesteban
	D. Manuel García Díaz de Cerio
	D. Ignacio Zabaleta Jurío
	D. Roberto Zabaleta Ciriza
	D. Pedro José Goñi Juampérez
	D. Gabriel Urrutia Aicega
	D. José Joaquín Rodríguez Eguílaz
	D. Jesús María del Castillo Torres
	D. Alberto Arrondo Lahera
	D. Carlos Sánchez Diestro
	D. Fernando Olleta Gayarre

Executive Committee

Chairman:	D. Ignacio Terés Los Arcos
Vice-Chairman:	D. Pedro Jesús Irisarri Valencia
Secretary:	D. Marcelino Etayo Andueza
Board Members:	D. Carlos Sánchez Diestro
Board Members:	D. Ignacio Zabaleta Jurío

Chief Executive Officer

D. Ignacio Arrieta del Valle

CHAIRMAN'S LETTER – CSR REPORT 2020

It is hard to summarise a year as complex and unexpected as 2020. A year that will be mainly remembered for the Covid-19 pandemic, a health crisis unprecedented in our recent history. It threw down new social challenges, including restrictions on mobility and business, and led to the worldwide social and economic consequences we now face.

Over these tough months, we lived times of weakness, loneliness and sadness. But we should not forget the many small spontaneous actions and inspiring contributions made by a host of professionals and anonymous people, which helped mitigate the consequences of the "state of alarm", breathing the spirit of hope back into our communities.

In such grave circumstances, we were called on to give our best from day one. Banking was deemed an essential service and we kept our entire branch network open to serve the public, despite the health challenges, ensuring local communities could continue to function. For this reason, 2020 will also be remembered as a year of commitment. Commitment to our customers and employees, to our neighbourhoods, villages, towns and cities, and to the wider society by putting in place a wide range of measures. A hard year, but a year that we can look back on with some satisfaction thanks to the effort and commitment shown by the whole organisation.

But life goes on and we cannot stand still. We need to react and look forward, change and lay foundations that secure our future and that of new generations. We need to look beyond governments and public policy. Companies, social partners and the general public, we must all act with the greatest responsibility and minimise uncertainty. This is why, at Caja Rural de Navarra, we continue to create spaces that command the confidence of our customers and enhance the safety and stability of our community, once again showing the commitment and attachment to the region that is the hallmark of our cooperative banking model.

Our efforts should focus on supporting families, the self-employed, companies and institutions, helping them recover and consolidate their lives, while we target social and economic recovery. This will unquestionably be the greatest contribution we can make in the current complex and uncertain times.

Also, in Caja Rural de Navarra we will be working hard to align our actions with the priorities set by the EU, to try and promote a carbon-neutral and green Europe, a Europe adapted to the digital era and an economy that works for people. This is best guarantee that we can work together to build a future that is more prosperous, more sustainable and helps us achieve the regional and social cohesion we need.

The economic crisis unleashed by the pandemic demands new answers. It also makes us very aware of the consequences of our actions. Now more than ever, we need to push forward a more responsible and inclusive economic model, one that channels investment into industries and activities that can deliver a more sustainable future. We are confronting a host of global challenges, including technological-digital transition, energy-climate transition and the social and healthcare transition.

It is obvious that this new world will demand innovation on our part. To do this, we will need to rely on talent. We are lucky enough to have the best educated generation in our history so we are sure that, together, we will be able to achieve our mission and make our contribution to the progress of society.

Annual Report 2020 Financial Statements

CAJA RURAL DE NAVARRA

Financial Report of the Year

CONSOLIDATED BALANCE SHEET	31/12/2020	31/12/2019	CHANGE Thousands of euros	CHANGE %
Cash, cash balances at central banks and other demand deposits	**1.282.136**	**412.390**	**869.746**	**210,90 %**
Financial assets held for trading	**6.002**	**6.717**	**-715**	**-10,64 %**
- Derivatives	3.124	2.826	298	10,54 %
- Equity instruments	2.879	3.891	-1.012	-26,02 %
- Debt securities	0	0	0	-
- Memorandum items: lent or given in guarantee with right of sale or pledge	0	0	0	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**7.570**	**11.959**	**-4.389**	**-36,70 %**
Debt securities	1.975	4.138	-2.163	-52,27 %
Loans and advances	5.594	7.821	-2.227	-28,47 %
Memorandum items: lent or given in guarantee with right of sale or pledge	0	0	0	-
Financial assets at fair value through other comprehensive income	**1.358.754**	**1.338.129**	**20.625**	**1,54 %**
- Equity instruments	248.603	227.870	20.733	9,10 %
- Debt securities	1.110.151	1.110.259	-108	-0,01 %
Financial assets at amortized cost	**12.699.450**	**10.876.659**	**1.822.791**	**16,76 %**
- Debt securities	3.267.142	2.599.491	667.651	25,68 %
- Loans and advances	9.432.308	8.277.168	1.155.140	13,96 %
· Credit institutions	123.963	108.436	15.527	14,32 %
· Customers	9.308.344	8.168.732	1.139.612	13,95 %
- Memorandum items: lent or given in guarantee with right of sale or pledge	423.463	262.794	160.669	61,14 %
Derivatives – hedge accounting	**13.856**	**10.666**	**3.190**	**29,90 %**
Investments in joint ventures and associates	**60.460**	**60.502**	**-42**	**-0,07 %**
- Jointly-controlled entities	0	0	0	-
- Associates	60.460	60.502	-42	-0,07 %
Tangible assets	**248.925**	**225.431**	**23.494**	**10,42 %**
- Property and equipment	232.004	218.309	13.695	6,27 %
· For own use	231.834	218.138	13.696	6,28 %
· Assigned to social projects (savings banks and credit cooperatives)	171	171	0	-0,11 %
- Investment property	16.920	7.122	9.798	137,57 %
· Of which: assigned under operating leases	2.402	4.860	-2.458	-50,58 %
- Memorandum items: acquired under leases	847	697	150	21,49 %
Intangible assets	**10.801**	**11.297**	**-496**	**-4,39 %**
- Goodwill	10.801	8.297	2.504	30,18 %
- Other intangible assets	0	3.000	-3.000	-100,00 %
Tax assets	**30.741**	**34.848**	**-4.107**	**-11,78 %**
- Current tax assets	3.978	2.990	988	33,05 %
- Deferred tax assets	26.763	31.858	-5.095	-15,99 %
Other assets	**94.717**	**101.735**	**-7.018**	**-6,90 %**
- Inventories	67.704	75.487	-7.783	-10,31 %
- Other	27.012	26.248	764	2,91 %
Non-current assets and disposal groups held for sale	**36.388**	**42.781**	**-6.393**	**-14,94 %**
Total assets	**15.849.799**	**13.133.114**	**2.716.685**	**20,69 %**

CONSOLIDATED BALANCE SHEET	31/12/2020	31/12/2019	CHANGE Thousands of euros	CHANGE %
Financial liabilities held for trading	**1.732**	**854**	**878**	**102,77 %**
- Derivatives	1.732	854	878	102,77 %
Financial liabilities at amortized cost	**14.333.854**	**11.664.632**	**2.669.222**	**22,88 %**
- Deposits	12.459.613	9.890.645	2.568.968	25,97 %
· Central banks	1.936.340	928.260	1.008.080	108,60 %
· Credit institutions	325.136	232.916	92.220	39,59 %
· Customers	10.198.137	8.729.469	1.468.668	16,82 %
- Debt securities issued	1.770.192	1.661.119	109.073	6,57 %
- Other financial liabilities	104.050	112.868	-8.818	-7,81 %
- Memorandum items: subordinated liabilities	0	0	0	-
Derivatives – hedge accounting	**97**	**0**	**97**	**-**
Provisions	**34.475**	**95.487**	**-61.012**	**-63,90 %**
- Pensions and other defined-benefit post-employment obligations	1.417	1.190	227	19,11 %
- Commitments and guarantees given	10.809	10.497	312	2,98 %
- Other provisions	22.248	83.800	-61.552	-73,45 %
Tax liabilities	**15.461**	**13.903**	**1.558**	**11,21 %**
- Current tax liabilities	9.135	7.624	1.511	19,82 %
- Deferred tax liabilities	6.325	6.279	46	0,74 %
Other liabilities	**117.392**	**98.746**	**18.646**	**18,88 %**
- Of which: assigned to welfare projects	36.400	31.689	4.711	14,87 %
Total liabilities	**14.503.011**	**11.873.622**	**2.629.389**	**22,14 %**
Shareholders' equity	**1.313.888**	**1.223.266**	**90.622**	**7,41 %**
- Share capital	169.792	167.659	2.133	1,27 %
· Called up paid capital	169.792	167.659	2.133	1,27 %
· Memorandum items: uncalled capital	0	0	0	-
- Retained earnings	1.007.564	924.087	83.477	9,03 %
- Other reserves	50.014	34.747	15.267	43,94 %
· Accumulated reserves or losses from joint ventures and associates	12.303	10.933	1.370	12,54 %
· Other	37.711	23.814	13.897	58,36 %
- (-) Treasury shares	0	0	0	-
- Profit or (-) loss attributable to owners of the parent	86.935	98.449	-11.514	-11,70 %
- (-) Interim dividends	-417	-1.676	1.259	-75,15 %
Accumulated other comprehensive income	**32.901**	**36.226**	**-3.325**	**-9,18 %**
- Items that will not be reclassified to profit or loss	20.153	29.269	-9.116	-31,15 %
- Items that may be reclassified to profit or loss	12.748	6.957	5.791	83,23 %
Non-controlling interests	**0**	**0**	**0**	**-**
- Accumulated other comprehensive income	0	0	0	-
Total equity	**1.346.788**	**1.259.492**	**87.296**	**6,93 %**
Total equity and liabilities	**15.849.799**	**13.133.114**	**2.716.685**	**20,69 %**
Memorandum items: off-balance sheet exposures				
Contingent commitments given	**1.396.654**	**1.336.274**	**60.380**	**4,52 %**
Financial guarantees given	**60.287**	**136.366**	**-76.079**	**-55,79 %**
Other commitments given	**669.412**	**559.683**	**109.729**	**19,61 %**

CONSOLIDATED INCOME STATEMENT	31/12/2020	31/12/2019	CHANGE Euros	CHANGE %
Interest income	164.897	161.522	3.375	2,09 %
- Financial assets at fair value through other comprehensive income	4.515	4.063	452	11,12 %
- Financial assets at amortized cost	145.005	151.363	-6.358	-4,20 %
- Other interest income	15.377	6.095	9.282	152,28 %
(Interest expense)	17.890	-17.888	35.778	-200,01 %
(Expense on share capital redeemable on demand)	0	0	0	-
A) NET INTEREST INCOME	147.007	143.634	3.373	2,35 %
Dividend income	13.793	10.944	2.849	26,03 %
Profit (loss) of companies accounted for using the equity method	79	1.491	-1.412	-94,72 %
Fee and commission income	74.078	73.819	259	0,35 %
(Fee and commission expense)	-5.308	-5.496	188	-3,43 %
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	2.398	6.997	-4.599	-65,73 %
Gains or (-) losses on financial assets and liabilities held for trading, net	341	1.315	-974	-74,07 %
Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net (287)	-2.273	-2.589	316	-12,20 %
Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net	0	0	0	-
Gains or (-) losses from hedge accounting, net	63	39	24	60,60 %
Gains or (-) losses from translation differences, net	764	903	-139	-15,34 %
Other operating income	327.255	321.650	5.605	1,74 %
(Other operating expenses)	-269.437	-258.741	-10.696	4,13 %
Of which: mandatory provisions assigned to welfare projects	-8.857	-9.275	418	-4,51 %
B) GROSS INCOME	288.760	293.966	-5.206	-1,77 %
(Administrative expenses)	-152.364	-151.605	-759	0,50 %
(Personnel expenses)	-79.185	-76.920	-2.265	2,94 %
(Other operating expenses)	-73.179	-74.685	1.506	-2,02 %
(Depreciation and amortization)	-15.590	-15.703	113	-0,72 %
(Provisions or (-) reversals)	58.078	-6.810	64.888	-952,83 %
(Impairment or (-) reversal of impairment and gains or losses from cash flow modifications of financial assets not measured at fair value through profit or loss and net modification losses or (-) gains)	-78.996	-13.151	-65.845	500,69 %
- Financial assets at fair value through other comprehensive income	-357	-865	508	-58,67 %
- Financial assets at amortized cost	-78.639	-12.286	-66.353	540,07 %
(Impairment or (-) reversal of impairment on investments in joint ventures and associates)	0	0	0	-
(Impairment or (-) reversal of impairment on financial assets)	-106	-1.165	1.059	-90,94 %
- (Tangible assets)	-13	-1.127	1.114	-98,88 %
- (Intangible assets)	0	0	0	-
- (Other)	-93	-38	-55	145,03 %
Gains or (-) losses on derecognition of non-financial assets, net	-901	379	-1.280	-337,78 %
Negative goodwill recognized in profit or loss	0	0	0	-
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	241	3.109	-2.868	-92,26 %
C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS	99.122	109.020	-9.898	-9,08 %
(Tax expense or (-) income on profit from continuing operations)	-12.187	-10.571	-1.616	15,29 %
D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	86.935	98.449	-11.514	-11,70 %
Profit or (-) loss after tax from discontinued operations	0	0	0	-
E) PROFIT FOR THE YEAR	86.935	98.449	-11.514	-11,70 %
- Attributable to non-controlling interests	0	0	0	-
- Attributable to owners of the parent	86.935	98.449	-11.514	-11,70 %

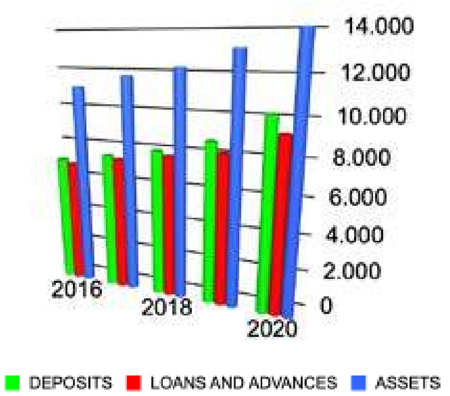
Distribution of Net Surplus

PROPOSED APPROPRIATION OF NET SURPLUS	Euros
Profit (loss) before mandatory allocation to the Social Welfare Fund	90.249
Interest payable to members on capital contributions	1.678
Total available for appropriation	**88.571**
APPROPRIATION OF SURPLUS	
Allocations to Social Welfare Fund (1)	8.857
Allocations to Mandatory Reserve Fund	79.714
Total distributed	**88.571**

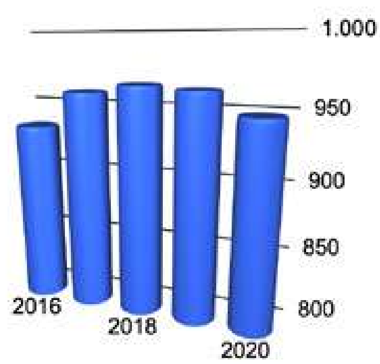
(1): Recognised in the income statement as a mandatory allocation
NOTE: The profits or losses of consolidated subsidiaries will be appropriated as agreed at their respective General Shareholders' Meetings.

Comments to the Financial Statements

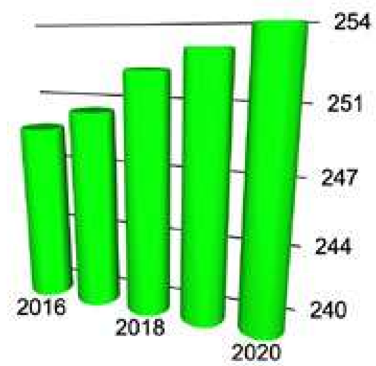
Balance
(millions of euros)



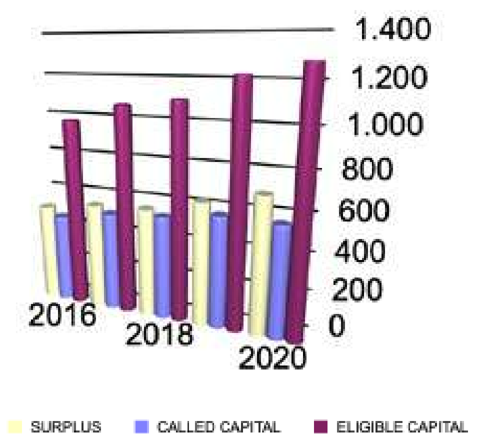
Employees



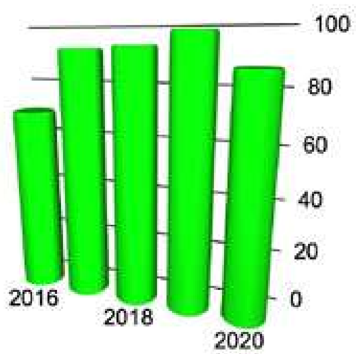
Branches



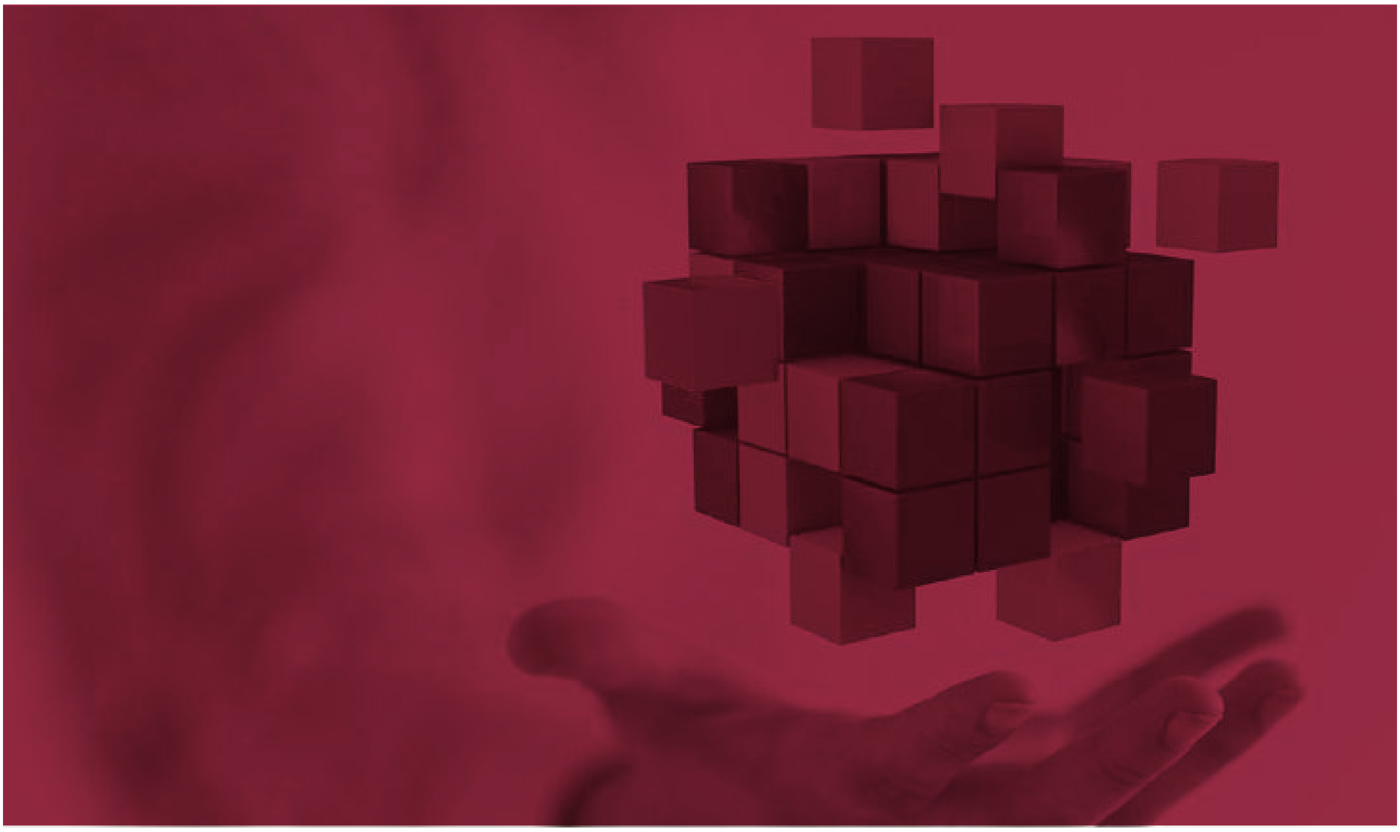
Capital
(millions of euros)



Net profit
(millions of euros)



Annual Report 2020 Legal Documentation



CAJA RURAL DE NAVARRA

Informe de Auditoría de Cuentas Anuales Consolidadas
emitido por un Auditor Independiente

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA
DE CRÉDITO Y SOCIEDADES DEPENDIENTES
Cuentas Anuales Consolidadas e Informe de Gestión Consolidado
correspondientes al ejercicio anual terminado
el 31 de diciembre de 2020

Building a better
working world

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

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ey.com

INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS EMITIDO POR UN AUDITOR INDEPENDIENTE

A la Asamblea General de Caja Rural de Navarra, Sociedad Cooperativa de Crédito:

Informe sobre las cuentas anuales consolidadas

Opinión

Hemos auditado las cuentas anuales consolidadas de Caja Rural de Navarra, Sociedad Cooperativa de Crédito (la Sociedad dominante) y sus sociedades dependientes (el Grupo), que comprenden el balance a 31 de diciembre de 2020, la cuenta de resultados, el estado del resultado global, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria, todos ellos consolidados, correspondientes al ejercicio anual terminado en dicha fecha.

En nuestra opinión, las cuentas anuales consolidadas adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera del Grupo a 31 de diciembre de 2020, así como de sus resultados y flujos de efectivo, todos ellos consolidados, correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea (NIIF-UE), y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas* de nuestro informe.

Somos independientes del Grupo de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales consolidadas en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

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Cuestiones clave de la auditoría

Las cuestiones clave de la auditoría son aquellas cuestiones que, según nuestro juicio profesional, han sido de la mayor significatividad en nuestra auditoría de las cuentas anuales consolidadas del periodo actual. Estas cuestiones han sido tratadas en el contexto de nuestra auditoría de las cuentas anuales consolidadas en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esas cuestiones.

Estimación de las pérdidas por deterioro por riesgo de crédito de la cartera de préstamos y anticipos a la clientela a coste amortizado

Descripción	La cartera de préstamos y anticipos a la clientela a coste amortizado al 31 de diciembre de 2020 presenta un valor, neto de ajustes por valoración, de 9.308.344 miles de euros, incluyendo dichos ajustes unas correcciones de valor por deterioro por importe de 209.396 miles de euros (ver nota 10 de la memoria consolidada adjunta). La estimación de las pérdidas por deterioro por riesgo de crédito de la cartera de préstamos y anticipos a coste amortizado es una estimación significativa y compleja. En la nota 2.g) de la memoria consolidada adjunta se detallan los principios y criterios aplicados por el Grupo para la estimación de las mencionadas pérdidas por deterioro, que se realiza de forma individual o colectivamente. Los métodos utilizados para la estimación de las pérdidas por deterioro conllevan la aplicación de un elevado grado de juicio, en elementos tales como la clasificación de las operaciones en función de su riesgo de crédito, la identificación y clasificación de las exposiciones deterioradas o en las que se ha producido un incremento significativo del riesgo de crédito, el valor realizable de las garantías asociadas y, en el caso de las estimaciones realizadas de manera individualizada, la evaluación de la capacidad de pago de los acreditados en función de la evolución futura de sus negocios. En este contexto, el Grupo utiliza, para el análisis colectivo, el modelo de estimación de pérdidas por deterioro por riesgo de crédito establecido en la Circular 4/2017 del Banco de España, sobre la base de la experiencia y de la información que el Banco de España tiene del sector, y metodologías de cálculo específicas para la estimación de provisiones individualizadas. La estimación de las pérdidas por deterioro por riesgo de crédito se ha realizado en un momento en el que la pandemia de la Covid-19 está afectando a la actividad económica en general y, en particular, a las actividades empresariales de los clientes del Grupo, causando un empeoramiento de las previsiones económicas en la mayoría de los sectores. Con el objetivo de mitigar los impactos de la Covid-19 en la economía, el Gobierno de España ha desarrollado iniciativas de ayuda a los sectores más afectados a través de diversas medidas como la concesión de líneas de crédito con garantía del Estado, el aplazamiento de pagos sin penalización (moratorias) o la flexibilización de líneas de financiación y liquidez. Todos estos aspectos incrementan la incertidumbre en torno a las variables consideradas por el Grupo en la cuantificación de la pérdida esperada, tales como la evolución futura de los negocios de sus clientes y el valor realizable de las garantías asociadas a las operaciones concedidas. En consecuencia, el Grupo ha registrado los efectos adversos derivados de esta situación complementando las pérdidas por deterioro que resultan del modelo establecido en la Circular 4/2017 del Banco de España con los ajustes que se han considerado necesarios para recoger las características particulares de determinadas exposiciones (ver nota 10).

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Por todo ello, la estimación de las pérdidas por deterioro por riesgo de crédito de la cartera de préstamos y anticipos a coste amortizado ha sido considerada como una cuestión clave de nuestra auditoría.

Nuestra Respuesta

Nuestro enfoque de auditoría ha incluido el análisis y evaluación del entorno de control interno asociado a los procesos de estimación de pérdidas por deterioro por riesgo de crédito, así como la realización de procedimientos sustantivos, tanto para las estimadas individualmente, como de forma colectiva.

Nuestros procedimientos relativos al análisis y evaluación del entorno de control interno se han centrado en la realización, entre otros, de los siguientes procedimientos:

- La evaluación de la adecuación de las distintas políticas y procedimientos a los requerimientos normativos aplicables.
- La revisión de los procedimientos establecidos en el proceso de concesión de operaciones para evaluar la cobrabilidad de los préstamos y anticipos en base a la capacidad de pago e información financiera del deudor.
- La revisión de los procedimientos para el seguimiento periódico de los riesgos, principalmente aquellos relacionados con la actualización de información financiera y revisión periódica del expediente del deudor y con las alertas de seguimiento establecidas por el Grupo para la identificación de los activos en vigilancia especial o deteriorados.
- La evaluación del diseño de los controles relevantes establecidos para la gestión y valoración de las garantías asociadas a las operaciones crediticias.

En la realización de estos procedimientos, hemos considerado cómo se han visto modificadas las políticas y procedimientos del Grupo en respuesta a la situación actual derivada de la Covid-19 y de las medidas de ayuda promovidas por el Gobierno.

Adicionalmente, hemos realizado, entre otros, los siguientes procedimientos sustantivos:

- En relación con la estimación de las pérdidas por deterioro determinadas de forma individual, hemos revisado una muestra de operaciones para evaluar su adecuada clasificación y las hipótesis utilizadas por la Dirección para identificar y cuantificar las pérdidas por deterioro, incluyendo la situación financiera del deudor, las previsiones sobre flujos de caja futuros y, en su caso, la valoración de las garantías. Esta muestra ha incluido acreditados de los sectores económicos afectados por los efectos derivados de la Covid-19, así como de otros acreditados que hayan sido receptores de las iniciativas de ayuda promovidas por el Gobierno de España.
- En relación con la estimación de las pérdidas por deterioro determinadas de forma colectiva, hemos revisado una muestra representativa de operaciones para evaluar la segmentación y correcta clasificación de dichas operaciones, mediante la comprobación con documentación soporte, de ciertos atributos incluidos en las bases de datos como por ejemplo la antigüedad de los impagos, existencia de refinanciaciones o el valor de las garantías, entre otros.
- Hemos analizado una muestra de expedientes de operaciones de moratoria y de operaciones concedidas con garantía del Estado (Instituto de Crédito Oficial y otros organismos públicos) para evaluar si su concesión se ha llevado a cabo de acuerdo con los criterios establecidos en la normativa vigente y si su clasificación es acorde a la valoración del riesgo de crédito.

- Hemos recalculado la estimación de pérdidas por riesgo de crédito realizada de forma colectiva, replicando el modelo que considera los porcentajes de cobertura, de acuerdo con la segmentación y clasificación de las operaciones establecida por el Grupo, y, en su caso los descuentos a aplicar sobre el valor de las garantías asociadas, establecidos en la Circular 4/2017 de Banco de España.
- Adicionalmente, hemos realizado comprobaciones sobre los criterios e hipótesis utilizadas por el Grupo en el contexto de la pandemia de la Covid-19 para estimar las pérdidas complementarias registradas como ajustes al modelo de estimación de pérdidas por deterioro por riesgo de crédito de la Circular 4/2017.

Además de lo anterior, hemos evaluado si la información detallada en la memoria de las cuentas anuales consolidadas resulta adecuada, de conformidad con los criterios establecidos en el marco normativo de información financiera aplicable el Grupo.

Provisiones por contingencias legales

Descripción

El Grupo se encuentra inmerso en procedimientos de reclamaciones recibidas, algunas de ellas judicializadas, relacionadas con asuntos legales y regulatorios, resultantes del curso de su actividad ordinaria. Asimismo, existen reclamaciones que sin estar sujetas a procedimientos judiciales, requieren, a juicio de la Dirección de la Sociedad dominante del registro de provisiones.

Al 31 de diciembre de 2020 el Grupo tenía reconocidas provisiones asociadas a estas reclamaciones por importe de 22.248 miles de euros (ver nota 18 de la memoria consolidada adjunta).

En la nota 2.m de la memoria consolidada adjunta se detallan los principios y criterios aplicados por el Grupo para la estimación de las mencionadas provisiones.

Identificamos esta área como una cuestión clave de nuestra auditoría por la repercusión que la variación en las hipótesis utilizadas en la estimación de estas provisiones podría tener sobre los resultados consolidados del Grupo, así como por la subjetividad a la que están sujetas.

Nuestra Respuesta

Como parte de nuestra auditoría hemos obtenido un entendimiento y evaluado los procedimientos de control interno implantados por el Grupo para la gestión de las reclamaciones recibidas.

Asimismo, hemos llevado a cabo, entre otros, los siguientes procedimientos de auditoría:

- Análisis de las distintas tipologías de demandas, reclamaciones y litigios vigentes identificados por el Grupo.
- Evaluación de la metodología e hipótesis empleadas por el Grupo en la estimación de las provisiones por contingencias legales, verificando si las mismas son coherentes con el marco normativo de información financiera aplicable al Grupo.
- Obtención de cartas de confirmación de los abogados y asesores legales que prestan servicios a la Sociedad dominante, así como de la asesoría jurídica de la Sociedad dominante, contrastando su evaluación del resultado esperado de las reclamaciones o litigios con la estimación realizada por la Dirección, y evaluando la integridad de la información empleada por ésta, así como la existencia de posibles contingencias no identificadas.

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- Obtención y análisis de las sentencias dictadas durante el ejercicio 2020 en relación con las cláusulas suelo y los gastos de formalización de préstamos hipotecarios.
- Comprobación del registro y movimiento de las provisiones contables.

Asimismo, nuestro trabajo ha incluido la evaluación de si la información incluida en las cuentas anuales consolidadas adjuntas es la requerida por el marco normativo de información financiera aplicable al Grupo.

Sistemas automatizados de información financiera

Descripción	La continuidad de los procesos de negocio de la Sociedad dominante es altamente dependiente de su infraestructura tecnológica, que se encuentra externalizada en un proveedor de servicios. Los derechos de acceso a los distintos sistemas se conceden a los empleados de la Sociedad dominante con el propósito de permitir el desarrollo y el cumplimiento de sus responsabilidades. Estos derechos de acceso son relevantes, pues están diseñados para asegurar que los cambios en las aplicaciones son autorizados, monitorizados e implementados de forma adecuada, y constituyen controles clave para mitigar el riesgo potencial de fraude o error como resultado de cambios en las aplicaciones.
Nuestra Respuesta	En el contexto de nuestra auditoría, con la colaboración de nuestros especialistas informáticos, hemos evaluado los controles generales de los sistemas de información relevantes para la elaboración de la información financiera. A este respecto, nuestro trabajo ha consistido, fundamentalmente, en probar controles generales de acceso a los sistemas, gestión de cambios y desarrollos de las aplicaciones, y seguridad de las mismas, así como los controles de aplicación establecidos en los procesos clave para la información financiera. Entre otros procedimientos, hemos revisado el Informe sobre el diseño y efectividad operativa de los controles generales de TI (ISAE 3402) correspondiente al ejercicio 2020, emitido por un experto independiente, del que hemos obtenido confirmación sobre su formación, capacidad técnica y objetividad.

Otras cuestiones

Con fecha 17 de junio de 2020 otros auditores emitieron su informe de auditoría acerca de las cuentas anuales consolidadas del ejercicio 2019 en el que expresaron una opinión favorable.

Otra información: Informe de gestión consolidado

La otra información comprende exclusivamente el informe de gestión consolidado del ejercicio 2020 cuya formulación es responsabilidad de los administradores de la Sociedad dominante, y no forma parte integrante de las cuentas anuales consolidadas.

Nuestra opinión de auditoría sobre las cuentas anuales consolidadas no cubre el informe de gestión consolidado. Nuestra responsabilidad sobre el informe de gestión consolidado, de conformidad con lo exigido por la normativa reguladora de la actividad de auditoría de cuentas, consiste en:

a. Comprobar únicamente que el estado de información no financiera consolidado y determinada información incluida en el Informe Anual de Gobierno Corporativo, a los que se refiere la Ley de Auditoría de Cuentas, se ha facilitado en la forma prevista en la normativa aplicable y, en caso contrario, informar sobre ello.

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b. Evaluar e informar sobre la concordancia del resto de la información incluida en el informe de gestión consolidado con las cuentas anuales consolidadas, a partir del conocimiento del Grupo obtenido en la realización de la auditoría de las citadas cuentas, así como evaluar e informar de si el contenido y presentación de esta parte del informe de gestión consolidado son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito anteriormente, hemos comprobado que la información mencionada en el apartado a) anterior se facilita en la forma prevista en la normativa aplicable y que el resto de la información que contiene el informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2020 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores de la Sociedad dominante y del comité auditoría en relación con las cuentas anuales consolidadas

Los administradores de la Sociedad dominante son responsables de formular las cuentas anuales consolidadas adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados consolidados del Grupo, de conformidad con las NIIF-UE y demás disposiciones del marco normativo de información financiera aplicable al Grupo en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales consolidadas libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales consolidadas, los administradores de la Sociedad dominante son responsables de la valoración de la capacidad del Grupo para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con la empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los administradores tienen intención de liquidar el Grupo o de cesar sus operaciones, o bien no exista otra alternativa realista.

El comité auditoría de la Sociedad dominante es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales consolidadas.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales consolidadas en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales consolidadas.

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Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales consolidadas, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.

- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno del Grupo.

- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores de la Sociedad dominante.

- Concluimos sobre si es adecuada la utilización, por los administradores de la Sociedad dominante, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad del Grupo para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales consolidadas o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que el Grupo deje de ser una empresa en funcionamiento.

- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales consolidadas, incluida la información revelada, y si las cuentas anuales consolidadas representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

- Obtenemos evidencia suficiente y adecuada en relación con la información financiera de las entidades o actividades empresariales dentro del grupo para expresar una opinión sobre las cuentas anuales consolidadas. Somos responsables de la dirección, supervisión y realización de la auditoría del grupo. Somos los únicos responsables de nuestra opinión de auditoría.

Nos comunicamos con el comité de auditoría de la Sociedad dominante en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos al comité de auditoría de la Sociedad dominante una declaración de que hemos cumplido los requerimientos de ética aplicables, incluidos los de independencia, y nos hemos comunicado con la misma para informar de aquellas cuestiones que razonablemente puedan suponer una amenaza para nuestra independencia y, en su caso, de las correspondientes salvaguardas.

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Entre las cuestiones que han sido objeto de comunicación al comité de auditoría de la Sociedad dominante, determinamos las que han sido de la mayor significatividad en la auditoría de las cuentas anuales consolidadas del periodo actual y que son, en consecuencia, las cuestiones clave de la auditoría.

Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

Informe sobre otros requerimientos legales y reglamentarios

Informe adicional para el comité de auditoría de la Sociedad dominante

La opinión expresada en este informe es coherente con lo manifestado en nuestro informe adicional para el comité de auditoría de la Sociedad dominante de fecha 26 de abril de 2021.

Periodo de contratación

La Asamblea General Ordinaria celebrada el 30 de junio de 2020 nos nombró auditores por un período de 3 años, contados a partir del ejercicio que se inició el 1 de enero de 2020.

ERNST & YOUNG, S.L.
(Inscrita en el Registro Oficial de Auditores de Cuentas con el Nº S0530)

Este informe se corresponde con el sello distintivo nº 01/21/07131 emitido por el Instituto de Censores Jurados de Cuentas de España

Héctor Martín Díaz
(Inscrito en el Registro Oficial de Auditores de Cuentas con el Nº 21679)

30 de abril de 2021

2020 CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated financial statements prepared by the Governing Board of
CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO
at its meeting held on 26 March 2021

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of financial position at 31 December 2020
(Thousands of euros)

ASSETS	Note	31.12.2020	31.12.2019 (*)
Cash, cash balances at central banks and other demand deposits (**)	7	**1,282,136**	**412,390**
Financial assets held for trading	8	**6,002**	**6,717**
Derivatives		3,124	2,826
Equity instruments		2,878	3,891
Debt securities		-	-
Memorandum items: lent or given in guarantee with right of sale or pledge		-	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	11	**7,570**	**11,959**
Debt securities		1,975	4,138
Loans and advances		5,595	7,821
Memorandum items: lent or given in guarantee with right of sale or pledge		-	-
Financial assets at fair value through other comprehensive income	9	**1,358,754**	**1,338,129**
Equity instruments		248,603	227,870
Debt securities		1,110,151	1,110,259
Memorandum items: lent or given in guarantee with right of sale or pledge			
Financial assets at amortized cost	10	**12,699,450**	**10,876,659**
Debt securities		3,267,142	2,599,491
Loans and advances		9,432,308	8,277,168
Credit institutions		123,963	108,436
Customers		9,308,345	8,168,732
Memorandum items: lent or given in guarantee with right of sale or pledge		*309,655*	*262,794*
Derivatives – hedge accounting	12	**13,856**	**10,666**
Investments in joint ventures and associates	14	**60,460**	**60,502**
Jointly-controlled entities		-	-
Associates		60,460	60,502
Tangible assets	15	**248,925**	**225,431**
Property and equipment		232,004	218,309
For own use		231,834	218,138
Assigned to social projects		171	171
Investment property		16,920	7,122
Of which: assigned under operating leases		*2,402*	*4,860*
Memorandum items: acquired under finance leases		*847*	*697*
Intangible assets	15	**10,801**	**11,297**
Goodwill		8,301	8,297
Other intangible assets		2,500	3,000
Tax assets	22	**30,741**	**34,848**
Current tax assets		3,978	2,990
Deferred tax assets		26,763	31,858
Other assets	16	**94,716**	**101,735**
Inventories		67,704	75,487
Other		27,012	26,248
Non-current assets and disposal groups held for sale	13	**36,388**	**42,781**
TOTAL ASSETS		**15,849,799**	**13,133,114**

(*) Presented for comparative purposes only.
(**) See consolidated cash flow statement for details.

Notes 1 to 43 form an integral part of the consolidated statement of financial position at 31 December 2020.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of financial position at 31 December 2020
(Thousands of euros)

LIABILITIES	Note	31.12.2020	31.12.2019 (*)
Financial liabilities held for trading	**8**	**1,732**	**854**
Derivatives		1,732	854
Financial liabilities at amortized cost	**17**	**14,333,854**	**11,664,632**
Deposits		12,459,613	9,890,645
Central banks		1,936,340	928,260
Credit institutions		325,136	232,916
Customers		10,198,137	8,729,469
Debt securities issued		1,770,192	1,661,119
Other financial liabilities		104,049	112,868
Memorandum items: subordinated liabilities		-	-
Derivatives – hedge accounting	**12**	**97**	**-**
Provisions	**18**	**34,475**	**95,487**
Pensions and other defined-benefit post-employment obligations	**2.t**	1,417	1,190
Commitments and guarantees given		10,809	10,497
Other provisions		22,249	83,800
Tax liabilities	**22**	**15,461**	**13,903**
Current tax liabilities		9,135	7,624
Deferred tax liabilities		6,326	6,279
Other liabilities	**16**	**117,392**	**98,746**
Of which: mandatory contributions to Social Welfare Fund		*36,400*	*31,689*
TOTAL LIABILITIES		**14,503,011**	**11,873,622**
EQUITY			
Shareholders' equity		**1,313,888**	**1,223,266**
Share capital	**20**	169,792	167,659
Called up paid capital		169,792	167,659
Memorandum items: uncalled capital		-	-
Retained earnings	**21**	1,007,564	924,087
Other reserves	**21**	50,014	34,747
Accumulated reserves or losses from joint ventures and associates		12,303	10,933
Other		37,711	23,814
(Treasury shares)		-	-
Profit or (-) loss attributable to owners of the parent		86,935	98,449
(Interim dividends)		(417)	(1,676)
Accumulated other comprehensive income	**19**	**32,901**	**36,226**
Items that will not be reclassified to profit or loss		20,153	29,269
Items that may be reclassified to profit or loss		12,748	6,957
Non-controlling interests		**-**	**-**
Accumulated other comprehensive income		-	-
TOTAL EQUITY		**1,346,788**	**1,259,492**
TOTAL EQUITY AND LIABILITIES		**15,849,799**	**13,133,114**
Memorandum items: off-balance sheet exposures			
Contingent commitments given	**23**	**1,396,654**	**1,336,274**
Financial guarantees given	**23**	**60,287**	**136,366**
Other commitments given	**23**	**669,412**	**559,683**

(*) Presented for comparative purposes only.
Notes 1 to 43 form an integral part of the consolidated statement of financial position at 31 December 2020.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated Income statement for the year ended 31 December 2020
(Thousands of euros)

	Note	2020	2019 (*)
Interest income	25	**164,897**	**161,522**
Financial assets at fair value through other comprehensive income		4,515	4,063
Financial assets at amortized cost		145,005	151,311
Other interest income		15,377	6,148
(Interest expense)	26	**(17,890)**	**(17,888)**
(Expense on share capital redeemable on demand)		-	-
NET INTEREST INCOME		**147,007**	**143,634**
Dividend income	27	**13,793**	**10,944**
Profit or (-) loss of companies accounted for using the equity method	14	**79**	**1,491**
Fee and commission income	28	**74,078**	**73,819**
(Fee and commission expense)	29	**(5,308)**	**(5,496)**
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	30	**2,398**	**6,997**
Gains or (-) losses on financial assets and liabilities held for trading, net	30	**341**	**1,315**
Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net		**(2,273)**	**(2,589)**
Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net		-	-
Gains or (-) losses from hedge accounting, net	12	**63**	**39**
Gains or (-) losses from translation differences, net		**764**	**903**
Other operating income	31	**327,255**	**321,650**
(Other operating expenses)	32	**(269,437)**	**(258,741)**
Of which: mandatory contributions to Social Welfare Fund		*(8,857)*	*(9,275)*
GROSS INCOME		**288,760**	**293,966**
(Administrative expenses)		**(152,364)**	**(151,605)**
(Personnel expenses)	33	(79,185)	(76,920)
(Other operating expenses)	34	(73,179)	(74,685)
(Depreciation and amortization)	13 and 15	**(15,590)**	**(15,703)**
(Provisions or (-) reversals)	35	**58,078**	**(6,810)**
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	36	**(78,996)**	**(13,151)**
(Financial assets at fair value through other comprehensive income)		(357)	(865)
(Financial assets at amortized cost)		(78,639)	(12,286)
(Impairment or (-) reversal of impairment on investments in joint ventures and associates)		-	-
(Impairment or (-) reversal of impairment on financial assets)	36	**(106)**	**(1,165)**
(Tangible assets)		(13)	(1,127)
(Intangible assets)		-	-
(Other)		(93)	(38)
Gains or (-) losses on derecognition of non-financial assets and investments, net		**(901)**	**379**
Of which: investments in subsidiaries, joint ventures and associates		-	-
Negative goodwill recognized in profit or loss		-	-
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	36	**241**	**3,109**
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**99,122**	**109,020**
(Tax expense or (-) income on profit from continuing operations)	22	**(12,187)**	**(10,571)**
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**86,935**	**98,449**
Profit or (-) loss after tax from discontinued operations		-	-
PROFIT FOR THE YEAR		**86,935**	**98,449**
Attributable to owners of the parent		**86,935**	**98,449**
Attributable to non-controlling interests		-	-

(*) Presented for comparative purposes only.

Notes 1 to 43 form an integral part of the consolidated income statement for the year ended 31 December 2020.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated statement of recognized income and expense for the year ended 31 December 2020
(Thousands of euros)

	Note	2020	2019 (*)
PROFIT FOR THE YEAR		**86,935**	**98,449**
OTHER COMPREHENSIVE INCOME		**(3,325)**	**29,651**
Items that will not be reclassified to profit or loss		**(9,116)**	**20,342**
Actuarial gains or (-) losses on defined benefit pension plans		-	-
Changes in fair value of equity instruments at fair value through other comprehensive income, net	19	(10,685)	20,847
Gains or losses from hedge accounting for equity instruments at fair value through other comprehensive income, net		-	-
Non-current assets and disposal groups held for sale		-	-
Changes in fair value of financial liabilities at fair value with changes in income attributable to changes in credit risk		-	-
Other valuation adjustments		-	-
Income tax on items that will not be reclassified to profit or loss		1,569	(505)
Items that may be reclassified to profit or loss	19	**5,790**	**9,309**
Hedges of net investments in foreign operations (effective portion)		**-**	**-**
Valuation gains or (-) losses recognized in equity		-	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Currency translation		**(28)**	**-**
Gains or (-) losses on currency translation recognized in equity		(28)	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Cash flow hedges (effective portion)		**-**	**-**
Valuation gains or (-) losses recognized in equity		-	-
Reclassified to profit or loss		-	-
Reclassified to initial carrying amount of hedged items		-	-
Other reclassifications		-	-
Hedging instruments (undesignated)		**-**	**-**
Valuation gains or (-) losses recognized in equity		-	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Debt instruments at fair value through other comprehensive income		**7,757**	**12,651**
Valuation gains or (-) losses recognized in equity		7,757	12,009
Reclassified to profit or loss		-	642
Other reclassifications		-	-
Non-current assets and disposal groups held for sale		**-**	**-**
Valuation gains or (-) losses recognized in equity		-	-
Reclassified to profit or loss		-	-
Other reclassifications		-	-
Income tax on items that may be reclassified to profit or loss	19	**(1,939)**	**(3,342)**
TOTAL RECOGNIZED INCOME AND EXPENSES FOR THE YEAR		**83,609**	**128,100**
Attributable to non-controlling interests		-	-
Attributable to owners of the parent		83,609	128,100

(*) Presented for comparative purposes only.
Notes 1 to 43 form an integral part of the consolidated statement of recognized income and expense for the year ended 31 December 2020.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated comprehensive statement of changes in equity for the year ended 31 December 2020

(Thousands of euros)

At 31 December 2020

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Non-controlling interests	Total
Balance at 1 January 2020 (*)	167,659	924,087	34,747	-	98,449	(1,676)	36,226	-	1,259,492
Adjustments due to error correction	-	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-
Balance at 1 January 2020 (*)	167,659	924,087	34,747	-	98,449	(1,676)	36,226	-	1,259,492
Total recognized income and expenses for the year	-	-	-	-	86,935	-	(3,326)	-	83,609
Other changes to equity	2,133	83,477	15,267	-	(98,449)	1,259	-	-	3,687
Ordinary shares issued	4,042	-	-	-	-	-	-	-	4,042
Preference shares issued	-	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-	-
Capital reduction	(1,909)	-	-	-	-	-	-	-	(1,909)
Dividends (or payments to members)	-	-	-	-	-	(417)	-	-	(417)
Buyback of treasury shares	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	83,477	13,299	-	(98,449)	1,676	-	-	-
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	1,968	-	-	-	-	-	1,968
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	169,792	1,007,564	50,014	-	86,935	(417)	32,900	-	1,346,788

(*) Presented for comparative purposes only.
Notes 1 to 43 form an integral part of the consolidated comprehensive statement of changes in equity for the year ended 31 December 2019

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated comprehensive statement of changes in equity for the year ended 31 December 2019 (*)

(Thousands of euros)

At 31 December 2019 (*)

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Non-controlling interests	Total
Balance at 1 January 2019 (*)	167,380	834,422	28,796	-	93,502	(1,585)	6,575	-	1,129,090
Adjustments due to error correction	-	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-
Balance at 1 January 2019 (*)	167,380	834,422	28,796	-	93,502	(1,585)	6,575	-	1,129,090
Total recognized income and expenses for the year	-	-		-	98,449	-	29,651	-	128,100
Other changes to equity	279	89,665	5,951	-	(93,502)	(91)	-	-	2,302
Ordinary shares issued	2,582	-	-	-	-	-	-	-	2,582
Preference shares issued	-	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-	-
Capital reduction	(2,303)	-	-	-	-	-	-	-	(2,303)
Dividends (or payments to members)	-	-	-	-	-	(1,676)	-	-	(1,676)
Buyback of treasury shares	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	89,665	2,252	-	(93,502)	1,585	-	-	-
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	3,699	-	-	-	-	-	3,699
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-	-
Balance at 31 December 2019	167,659	924,087	34,747	-	98,449	(1,676)	36,226	-	1,259,492

(*) Presented for comparison purposes only.

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES

Consolidated cash flow statement for the year ended 31 December 2020

(Thousands of euros)

	Note	2020	2019 (*)
A) CASH FLOW FROM OPERATING ACTIVITIES		**896,584**	**86,612**
Profit for the year		**86,935**	**98,449**
Adjustments to obtain cash flows from operating activities		**(20,887)**	**74,673**
Depreciation and amortization	**15 and 16**	15,590	15,703
Other adjustments		(36,477)	58,970
Net (increase) decrease in operating assets		**(1,852,762)**	**(864,004)**
Financial assets held for trading		715	1,013
Financial assets not held for trading mandatorily measured at fair value through profit or loss		4,390	5,596
Financial assets at fair value through other comprehensive income		(20,625)	(591,639)
Financial assets at amortized cost		(1,845,672)	(281,718)
Other operating expenses		8,430	2,744
Net (increase) decrease in operating liabilities		**2,688,844**	**776,603**
Financial liabilities held for trading		878	85
Financial liabilities at amortized cost		2,669,223	786,804
Other operating expenses		18,743	(10,286)
Company income tax receipts (payments)		**(5,546)**	**891**
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(29,318)**	**(24,754)**
Payments		**(41,384)**	**(45,933)**
Tangible assets	**15**	(40,440)	(27,390)
Investments in subsidiaries, joint ventures and associates	**14**	(944)	(11,262)
Non-current assets and liabilities held for sale		-	(7,281)
Other payments related to investing activities		-	-
Receipts		**12,066**	**21,659**
Tangible assets	**15**	2,312	1,104
Investments in subsidiaries, joint ventures and associates	**14**	2,126	8,622
Non-current assets and liabilities held for sale		7,628	11,933
Other receipts related to investing activities		-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		**1,716**	**(1,397)**
Payments		**(2,326)**	**(3,979)**
Dividends	**20**	(417)	(1,676)
Subordinated liabilities		-	-
Cancellation of own equity instruments	**20**	(1,909)	(2,303)
Acquisition of own equity instruments		-	-
Other payments related to financing activities		-	-
Receipts		**4,042**	**2,582**
Subordinated liabilities		-	-
Issue of own equity instruments	**20**	4,042	2,582
Disposal of own equity instruments		-	-
Other receipts relating to financing activities		-	-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS		**764**	**-**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**869,746**	**60,941**
F) CASH AND CASH EQUIVALENTS AT START OF YEAR		**412,390**	**351,449**
G) CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,282,136**	**412,390**
MEMORANDUM ITEMS			
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash		49,572	49,990
Cash equivalents in central banks		-	-
Other demand deposits		1,232,564	362,400
Other financial assets		-	-
Less: Bank overdrafts repayable on demand		-	-

(*) Presented for comparative purposes only.

NOTES TO THE FINANCIAL STATEMENTS

1. Introduction, basis of presentation, consolidation principles and other information

a) Introduction

Caja Rural de Navarra, Sociedad Cooperativa de Crédito (hereinafter the Bank or the Parent Company or the Company) is a cooperative credit institution whose principal activity, pursuant to its articles of association, is to collect funds from the general public through deposits, loans, financial assets sold under repurchase agreements, and other similar transactions involving a repayment obligation, and to use the funds thus obtained to offer, on its own account, loans, credit facilities and other similar transactions that meet the financial needs of both members and third parties.

Its articles of association were approved by the General Directorate for the Treasury and Financial Policy of the Ministry for the Economy and Finance on 24 January 1994.

The Bank began operating on 23 January 1946. Its activities are governed by Act 13/1989, of 26 May, on Cooperative Credit Institutions, the Cooperative Credit Institution Regulations set out in Royal Decree 84/1993, of 22 January, and Act 27/1999, of 16 July, on Cooperatives.

The Bank may engage in all kinds of lending, deposit and service activities in which other credit institutions are permitted to engage, prioritising the financial needs of its members in the exercise of such activities.
As established in its articles of association, the Bank operates on a nationwide basis. At 31 December 2020, it had a network of 254 branches (one more than at 31 December 2019), 139 of them located in Navarre and the rest in neighbouring regions. Through this network it is able to perform all types of operation typical of and/or specific to institutions of its kind.

As a cooperative credit institution, the Bank is subject to certain legal regulations that establish, inter alia, the following requirements:

- That a minimum percentage of capital is deposited with the Bank of Spain so as to ensure coverage of the minimum reserve requirement, which at 31 December 2020 and 2019 was 1% of eligible liabilities (Note 7).

- That appropriations to the Mandatory Reserve Fund and to the Social Welfare Fund are made when distributing the net surplus for the year (Notes 16 and 21).

- That a minimum level of capital and reserves must be maintained (Note 1.i).

- That annual contributions are made to the Deposit Guarantee Fund for Credit Institutions and the Spanish National Resolution Fund to provide creditors with a further guarantee in addition to that provided by the Bank's equity (Note 1.j).

- That at least 50% of the Bank's total capital and reserves is used to extend credit (loans, credit lines, discounts) to members of the Bank and/or members of associated cooperative credit institutions.

The Bank is the Parent Company of a group of companies whose activities it controls either directly or indirectly and that are engaged in various different activities and, together with the Parent Company, make up the Caja Rural de Navarra Group (hereinafter the Group). Consequently, in addition to its own separate annual financial statements, Caja Rural de Navarra is required to prepare consolidated annual financial statements for the Group.

The standalone financial statements of the Group's Parent Company, Caja Rural de Navarra, Sociedad Cooperativa de Crédito, are prepared according to Spanish GAAP as defined in Bank of Spain Circular

4/2017 and other financial reporting regulations applicable to the Bank. The Parent Company recognizes its investments in subsidiaries, associates and joint ventures at cost as prescribed by Circular 4/2017 and permitted by IAS 27. The financial statements of Caja Rural de Navarra, Sociedad Cooperativa de Crédito at 31 December 2020 and 2019 are shown in Annex I.

At 31 December 2020, the assets, equity and profit for the year of the Parent Company made up 99%, 96% and 94%, respectively, of the equivalent Group items (compared to 99%, 96% and 86% at 31 December 2019).

b) Basis of presentation of the annual financial statements

Under Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002, all companies subject to the law of an EU member state with shares listed on a regulated market of any EU member state, must present consolidated financial statements for years beginning on or after 1 January 2005 in accordance with International Financial Reporting Standards (IFRS) as previously adopted by the EU (hereinafter, IFRS-EU). To adapt financial reporting by Spanish banks to the new standards, the Bank of Spain issued its Circular 4/2004, of 22 December, on Public and Reserved Financial Reporting Standards and Model Financial Statements, subsequently replaced on 1 January 2018 by Circular 4/2017, of 27 November 2018 as amended.

These Group consolidated financial statements are presented in accordance with IFRS-EU at 31 December 2020 taking into consideration Bank of Spain Circular 4/2017, of 27 November, as amended. The Circular develops and adapts IFRS-EU to the Spanish banking sector.

The consolidated financial statements have been prepared in accordance with all accounting standards, principles and mandatory valuation criteria with a material impact on these statements, so as to give a true and fair view of the Group's consolidated assets, liabilities and financial position at 31 December 2020 and of the consolidated profits from its operations, net change in equity and cash flows in the year then ended.
Note 2 summarises the accounting principles and policies and significant valuation criteria applied in preparing the Group's 2020 consolidated financial statements.

The information in these consolidated financial statements is the responsibility of the Members of the Board of the Group's Parent Company.

The consolidated financial statements have been prepared on the basis of the accounting records maintained by the Parent Company and by the other companies making up the Group. However, since the accounting policies and measurement criteria applied in the preparation of the Group's consolidated annual financial statements for 2020 may differ from those used by certain entities included in the Group, the adjustments and reclassifications necessary to harmonize these principles and criteria across the Group and to bring them in line with IFRS-EU have been made in the process of consolidation.

The consolidated financial statements are presented in thousands of euros, except where otherwise stated.
These consolidated annual financial statements have been prepared by the Governing Board of Caja Rural de Navarra and are pending approval by its members, who have the power to make amendments hereto, at the forthcoming Annual General Meeting. However, the Bank's directors believes that the financial statements will be approved without material modification.

The consolidated annual financial statements for 2019 were approved at the Bank's Annual General Meeting held on 30 June 2020.

c) Effects of the Covid-19 pandemic on the Company's business

On 11 March 2020, the World Health Organisation upgraded the public health emergency triggered by the outbreak of a coronavirus (Covid-19) to an international pandemic. Events then unfolded, at home and internationally, into an unprecedented health crisis that heavily impacted the economy and businesses. In

2020, a series of measures were taken to try and deal with the economic and social impact of this situation, which include restrictions on people's ability to move around. Measures taken by the Spanish Government included, on 14 March, the publication of Royal Decree 463/2020 declaring a "state of alarm" which ran until 1 July 2020, and the approval of a set of extraordinary emergency measures to confront the economic and social impacts of Covid-19, including Royal Decree-Law 8/2020, of 17 March. At the date of these financial statements, Spain remains under another state of alarm declared by the Spanish Government in Royal Decree 926/2020, of 25 October, initially until 9 November 2020 but extended by Royal Decree 956/2020, of 3 November, until 9 May 2021.

The progress of the pandemic is having consequences for the economy in general and for the business of the Group and its customers whose effects over coming months are uncertain and will depend heavily on the development and spread of the pandemic.

Faced with this pandemic situation, the Group focused its efforts on ensuring business continuity as the chief priority and on continuously monitoring the impacts on its business (profits, capital and liquidity) and associated risks.

The key impacts of the Covid-19 pandemic on the financial statements of Caja Rural de Navarra and its subsidiaries are covered in the following notes:

- Note 1.e. reports on how the Covid-19 pandemic has been factored into estimates.
- Note 6.c reports on the impact on liquidity risk.
- Note 21 reports on the impact on the Bank's capital.
- Note 10 reports on how Covid-19 has affected considerations of credit risk and estimates of valuation adjustments for impairment in the customer loan book. On credit risk, the Group has been guided by the recommendations of advisory and supervisory bodies.

d) Accounting principles and measurement bases

These consolidated annual financial statements have been prepared in accordance with the generally accepted accounting principles described in Note 2 "Accounting principles, policies and measurement bases". All mandatory accounting principles and measurement bases with a significant effect on the consolidated financial statements were applied.

e) Consolidation principles

The Group is defined in accordance with IFRS-EU. All subsidiaries, joint ventures and associates are investees.

I. Subsidiaries

Investees are considered to be "subsidiaries" when the Group exercises control over them, defined as when it has exposure, or rights, to variable returns from its involvement with the investee and can use its power over the investee to affect its returns.

Control is deemed to exist only when the following all apply:

- Power: An investor has power over an investee when it has existing rights that give it the ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns.
- Returns: An investor is exposed, or has rights to, variable returns from its involvement in the investee

when the returns it derives from its involvement have the potential to vary as a result of the investee's performance. The returns can be positive, negative or both.

- Relationship between power and returns: To control an investee an investor must not only have power over the investee and exposure or rights to variable returns from its involvement with the investee but must also have the ability to use this power to affect its returns from its involvement with the investee.

When assessing control, the Group also takes into consideration any relevant facts or circumstances, such as those described in the implementation guidance for the standards (e.g. whether the Group directly or indirectly owns more than 50% of the voting rights).

The financial statements of subsidiaries are fully consolidated with those of the Bank. Accordingly, all material balances deriving from transactions between fully consolidated companies have been eliminated on consolidation. Third-party interests in:

- The Group's capital are recognized as "Non-controlling interests" in the consolidated statement of financial position.

- Profit for the year are recognized under "Attributable to non-controlling interests" in the consolidated income statement.

The results of subsidiaries acquired by the Group in the course of the year are included in the consolidated income statement from the date of acquisition to the year-end only. Likewise, the results of subsidiaries disposed of by the Group in the course of the year are included in the consolidated income statement from the start of the year to the date of disposal only.

Inter-company transactions – the balances, income and expenses arising from transactions between Group entities – are eliminated on consolidation. Also eliminated are gains or losses generated by intragroup transactions which are recognized as assets. The accounting policies applied by subsidiaries have been amended where necessary to ensure uniform policies are applied Group-wide.

Business combinations are booked according to the acquisition method. The consideration transferred to acquire a subsidiary is measured as the fair value of the assets transferred, any liabilities assumed to the prior owners of the acquiree and any equity interests in the acquiree issued by the Group. Consideration also includes the fair value of any assets or liabilities resulting from any contingent consideration agreement. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. In each business combination, the Group can choose to measure any non-controlling interest in the acquiree either at fair value or at its proportionate share of the identifiable net assets of the acquiree.

Acquisition costs are recognized as expenses for the year they are incurred.

If the business combination takes place in stages, at the final acquisition date the Group remeasures any previously held interest in the acquiree's net assets at fair value through profit or loss.

Any contingent consideration to be transferred by the Group is measured at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration treated as an asset or liability are recognized in accordance with IFRS 9 through income for the period.

Goodwill is initially measured as the total consideration paid plus the fair value of the non-controlling interests less the net amount of identifiable assets acquired and liabilities assumed. If this consideration turns out to be less than the fair value of net assets of the subsidiary acquired, the difference is recognized in income.

The details of fully consolidated subsidiaries at 31 December 2020 and 2019 were as follows:

	% ownership	interest	Thousands of euros Acquisition cost	
Subsidiaries	2020	2019	2020	2019
Informes y Gestiones Navarra, S.A.	100.00%	100.00%	1,860	1,860
Harivasa 2000, S.A.	100.00%	100.00%	2,366	2,366
Harinera de Tardienta, S.A.	100.00%	100.00%	11,780	11,780
Harantico, S.L.	100.00%	100.00%	6,763	6,763
Harinera del Mar Siglo XXI, S.L.	100.00%	100.00%	24,989	24,989
Promoción Estable del Norte, S.A.	100.00%	100.00%	84,046	95,300
Hariberícas XXI, S.L.	100.00%	100.00%	17,945	17,945
Harivenasa, S.A.	100.00%	100.00%	11,000	11,000
Industrial Tonelera Navarra, S.A.	100.00%	100.00%	1,820	1,820
Tonnellerie de l'Adour, SAS	100.00%	100.00%	2,496	1,896
Solera Asistencial, S.L.	100.00%	100.00%	7,760	7,760
Bouquet Brands, S.A.	100.00%	100.00%	3,350	3,350
Preventia Sport, S.L.	100.00%	100.00%	443	443
Harinas Selectas, S.L.	100.00%	-	764	-

The activities and registered offices of Group companies included in the scope of consolidation at 31 December 2020 are listed below:

Company	Head office	Line of business
Informes y Gestiones Navarra, S.A.	Pamplona	Document preparation and processing
Harivasa 2000, S.A.	Noain (Navarre)	Manufacture and sale of flour
Harinera de Tardienta, S.A.	Tardienta (Huesca)	Manufacture and sale of flour
Harantico, S.L.	Pontevedra	Manufacture and sale of flour
Harinera del Mar Siglo XXI, S.L.	Valencia	Manufacture and sale of flour
Promoción Estable del Norte, S.A.	Pamplona	Real estate development
Hariberícas XXI, S.L.	Seville	Manufacture and sale of flour
Harivenasa, S.A.	Noain (Navarre)	Manufacture and sale of flour
Industrial Tonelera Navarra, S.A.	Monteagudo (Navarre)	Manufacture and sale of barrels and casks
Tonnellerie de l'Adour, SAS	France	Manufacture and sale of barrels and casks
Solera Asistencial, S.L.	Pamplona	Development and operation of senior care centres
Bouquet Brands, S.A.	Pamplona	Distribution of agri-foodstuffs
Preventia Sport, S.L.	Pamplona	Medical sports services
Harinas Selectas, S.L.	Tardienta (Huesca)	Manufacture and sale of flour

II. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are treated as equity transactions, i.e. transactions between owners of the company acting as such. The difference between the fair value of consideration paid and the proportional amount acquired of the carrying amount of the subsidiary's net assets is recognized in equity. Gains or losses on disposal of non-controlling interests are also recognized in equity.

III. Disposal of subsidiaries

When the Group ceases to control a subsidiary any remaining equity interest is remeasured at fair value at the date that control was lost and any change is recognized as a change in the carrying amount through profit or loss. This fair value is the initial carrying amount used thereafter to recognize the remaining equity interest as an associate, joint venture or financial asset. In addition, any "Accumulated other comprehensive income" previously recognized in respect of the subsidiary's equity is treated as though the Group had directly sold the assets or liabilities concerned. This can mean that amounts previously recognized in equity are reclassified to consolidated profit or loss.

IV. Joint ventures (Jointly controlled entities)

A joint venture is a contractual arrangement whereby two or more entities ("venturers") undertake an economic activity that is subject to their joint control, joint control being defined as the contractually agreed sharing of the power to direct the financial or operating activities of an entity, or other economic activity, so as to obtain benefits from its operations, where decisions about the relevant activities require the unanimous consent of the venturers.

Also classified as "Joint ventures" are equity interests in entities that are not subsidiaries but are jointly controlled by two or more entities unrelated to each other, one of these being the Group.

At 31 December 2020 and 2019 there were no equity interests classified as "Joint ventures".

V. Associates

Associates are investee companies over which the Group has the capacity to exercise significant influence. Significant influence usually, but not always, takes the form of an equity interest held either directly or indirectly through one or more other investees, which gives the Group 20% or more of the votes in the investee company.

In consolidating associates the Group followed the equity method as defined in IAS 28. Accordingly, investments in associates were measured at the proportional amount of the Group's interest in their capital adjusted for dividends paid and other eliminations. Profit or loss from transactions with an associate are eliminated in proportion to the Group's interest. If losses made by an associate result in it having negative equity it is carried in the Group's consolidated statement of financial position at zero value unless the Group has an obligation to support it financially.

For information on associates at 31 December 2020 and 2019 see Note 14.

The accounting principles and standards and measurement criteria used to prepare the Group's 2020 and 2019 financial statements may differ from those used by certain subsidiaries, jointly controlled entities and associates that fall within its scope. However, any such discrepancies have been eliminated by making the material adjustments and reclassifications required in the process of consolidation.

f) Changes in scope of consolidation

The main changes during 2020 to Caja Rural de Navarra Group's scope of consolidation were as follows:
In 2020 Harinas Selectas, S.L., a wholly owned subsidiary of the Parent Company, was consolidated. The acquisition cost was EUR 764 thousand.

Also, on 24 November 2020, the subsidiary Promoción Estable del Norte, S.A. reduced its capital by EUR 14,845 thousand by cancelling 246,964 shares. In consideration, the Bank received EUR 4,498 thousand in cash and EUR 10,347 thousand of other real estate assets recognized under "Tangible assets – Own use" in the consolidated statement of financial position. Other changes resulted from restating the value of the investment at its carrying amount, the best measure for the fair value of this investment.

In 2019, there were no changes in Caja Rural de Navarra Group's scope of consolidation.

g) Accounting estimates and assumptions used

In the preparation of the Group's 2020 consolidated financial statements, certain estimates were made by its senior executives, and subsequently ratified by its directors, in order to quantify certain of the assets, liabilities, revenues, expenses and commitments reported herein. These estimates related basically to the following:

- Impairment losses on certain financial instruments (Notes 2.g, 9, 10 and 18).
- The actuarial assumptions used in calculating liabilities and commitments for post-employment benefits (Note 2.t).
- The useful lives of tangible assets (Note 2.i).
- The fair value of certain financial assets not listed on official secondary markets (Note 6.d).
- The cost and expected change in provisions and contingent liabilities (Note 2.m).
- The assumptions used to calculate the fair value of “Loans and receivables” and “Financial liabilities at amortized cost” (Note 6.d).
- Estimation of Income Tax and recovery of deferred tax assets (Note 22).
- Measurement of goodwill and assignment of prices in business combinations (Note 15).

To determine the value of certain property assets at the year-end, the Group also used valuations made by independent appraisers. These valuations were based on estimates of future cash flows, expected returns and other variables, which should be taken into consideration when interpreting the accompanying consolidated financial statements.

These estimates were made using the best data available on the items concerned at 31 December 2020. But they may be revised up or down in light of future events in coming years. Any such change will be applied prospectively, with the changed estimates booked in the corresponding consolidated income statement.

h) Comparative information

Comparative figures for 2019 are presented alongside the accounting information for the year ended 31 December 2020 according to IFRS-EU criteria. Figures for 2019 are presented for comparative purposes only and do not form part of the Group’s 2020 consolidated financial statements.

i) Equity

The Basel Committee on Banking Supervision is leading the harmonization of international financial regulation. In 1988, the Committee issued the Basel I accords, creating an initial regulatory system for credit institutions which set a minimum capital ratio of 8% of all risk-weighted assets. Subsequently, in 2004, Basel II improved the sensitivity of the mechanisms for estimating risks and introduced two new pillars: self-assessment of capital and risks by each institution (Pillar II) and market discipline (Pillar III). In December 2010, the Committee approved a third set of regulations (Basel III) which tightened capital adequacy requirements, requiring capital to be made up of better-quality instruments, and sought to impose a consistent standardized approach between firms and across countries. The new capital accord improves the transparency and comparability of capital ratios. It also incorporates new prudential tools to monitor liquidity and leverage.
The European Union transposed the Basel III accords into its legal framework, allowing a phased-in adoption process which must be completed by 1 January 2020. The relevant measures are: Directive 2013/36/EU (the Capital Requirements Directive or CRD-IV) of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms; and Regulation (EU) No 575/2013 (the Capital Requirements Regulation or CRR) of the

European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms, effective from 1 January 2014.

Spanish law was adapted to incorporate the changes to international standards by Act 10/2014, of 26 June, for the management, supervision and solvency of credit institutions, continuing the transposition begun by Royal Decree 14/2013, of 29 November and Bank of Spain Circular 2/2014 which set out the regulatory options for capital requirements during the transition period. The minimum capital requirements laid down by the current regulations (Pillar I) are based on the Bank's exposure to credit, exchange rate, investment, market and operational risks. The Bank must also observe limits on concentration risks.

Royal Decree 84/2015, of 13 February, completed the regulatory implementation of Act 10/2014, of 26 June, for the management, supervision and solvency of credit institutions, combining in a single revised text all the regulations governing management and discipline of credit institutions issued to date at the time of publication.

Also, during 2015-2018 new standards were published to complement the CRR, regulating matters such as equity, liquidity, Pillar I risks and capital requirements.

Notably, on 2 February 2016, the Bank of Spain issued Circular 2/2016, which basically completes, for credit institutions, the transposition of EU Directive 2013/36 into Spanish law. It also picks up one of the options left up to competent national authorities under Regulation (EU) 575/2013, in addition to those already taken up by the Bank of Spain in Circular 2/2014.

This circular also transposed certain provisions of Directive 2011/89/EU of the European Parliament and Council, of 16 November 2011, amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC, as regards supplementary oversight of financial entities in a financial conglomerate. Major provisions of this directive had already been transposed in amendments made by Act 10/2014 and Royal Decree 84/2015 to Act 5/2005, of 22 April, on oversight of financial conglomerates and amending other financial sector laws, as implemented by Royal Decree 1332/2005. The abovementioned circular came into force on the day following its publication in the Spanish State Bulletin:

In 2017 the Bank of Spain published Circular 3/2017, of 24 October, amending Circular 2/2014, of 31 January. The fundamental aim of the Circular is to adapt some aspects of Circular 2/2014, regarding smaller banks, to the latest provisions approved by the European Central Bank for significant banks (mainly, ECB Guideline (EU) 2018/697, of 4 April 2018, on the exercise of options and discretions available in Union law by national competent authorities in relation to less significant institutions). It also eliminated the rules on transitional options in force until 2017.

Finally, in 2019 the Bank of Spain published Circular 3/2019, of 22 October, in exercise of the powers conferred by EU Regulation 557/2013, to define the materiality threshold of overdue credit obligations, applicable from December 2020.

Under the requirements of the CRR, credit institutions must at all times comply with a total capital ratio of 8%. However, regulators have powers under the new regulatory system to require firms to hold additional capital over and above this.

On this point, in December 2020 the Bank received a communication from the Bank of Spain regarding its decision on minimum prudential requirements. This requires that Caja Rural de Navarra maintain, as from 1 January 2021, a Total Capital ratio of 11.63% and a Common Equity Tier 1 (CET1) capital ratio of 8.13%, measured on phased-in regulatory capital. The requirements from 1 January 2020 to 31 December 2020 were the same as those for 2021. These requirements include both the Pillar 1 minimum and the Pillar 2 requirement, including the capital conservation buffer (CCB).

The Parent Company's approach to capital management complies in its definitions of concepts with the solvency standards described above (Note 21).

j) National Resolution Fund and Deposit Guarantee Fund

Single Resolution Fund

Act 11/2015, of 18 June, and its implementing regulations in Royal Decree 1012/2015, of 6 November, transpose Directive 2014/59/EU, of 15 May, into Spanish law. The regulation establishes a new resolution framework for credit institutions and investment services companies and forms part of the new Single Resolution Mechanism created by EU Regulation No. 806/2014, of 15 July, which defines Europe-wide standards and procedures for the Single Resolution Mechanism and Fund.

As part of the implementation of these standards, on 1 January 2016 the Single Resolution Fund was born. It is a financing body that can be called in by the Single Resolution Board, the European authority responsible for all decisions on resolution, to apply whatever resolution measures are adopted. The Single Resolution Fund is financed from contributions by the credit institutions and investment services customers under its remit.

The Single Resolution Mechanism is backed by the Single Resolution Fund, which will be built up gradually from banks' contributions to a level of 1% of guaranteed deposits by 31 December 2024.
The contribution of each institution is determined by Regulation (EU) 2015/63 and based on its share of the total liabilities of member institutions net of its capital and the amount of the deposit guarantee which is then weighted to reflect the institution's risk profile. The obligation to contribute to Single Resolution Fund applies at 1 January each year.

In 2020, the cost of contributions to the fund was EUR 2,516 thousand (EUR 2,455 thousand in 2019, Note 32), including fees, and was accounted for in a similar way to the cost of the Deposit Guarantee Fund as set out in IFRIC 21.

Deposit Guarantee Fund

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

Royal Decree 2606/1996, of 20 December, as amended by Royal Decree 1012/2015, of 6 November, empowers the management committee of the Deposit Guarantee Fund to determine the annual contributions of institutions belonging to the Credit Institution Deposit Guarantee Fund. In 2019, the management committee set a contribution of 1.8 per thousand of guaranteed deposits at 30 June 2019. Each institution's contribution is calculated based on their guaranteed deposits and risk profile, allowing for indicators such as capital adequacy, asset quality and liquidity, as defined in Bank of Spain Circular 5/2016 of 27 May. Similarly, the contribution to the securities guarantee part of the fund was set at 2 per thousand of the guaranteed 5% of securities and other financial instruments at 31 December 2019.

The expense for the ordinary contributions described above accrues, in accordance with IFRIC 21, as soon as the payment obligation is triggered, i.e. at 31 December each year.

On 30 July 2012, the management committee of the Deposit Guarantee Fund decided to levy a one-off supplementary contribution on fund members, to be paid by each institution in ten equal annual instalments. For the Parent Company, this amounted to EUR 12,276 thousand (ten annual instalments of EUR 1,228 thousand each). These instalments will be deducted from any ordinary annual contribution for which the Parent Company may be liable up to the total amount of the ordinary contribution. On 31 December 2020, the Parent Company recorded a commitment of EUR 2,408 thousand (compared to EUR 3,593 thousand at 31 December 2019), under "Financial assets at amortized cost – Loans and receivables – Customers – Other financial assets" on the asset side of the consolidated statement of financial position (Note 10) and under "Financial liabilities at amortized cost – Other financial liabilities" (Note 17) on the liabilities side.

In 2020, total expenses in respect of Fund contributions were EUR 5,825 thousand (EUR 3,756 thousand in 2019, Note 32), recognized under "Other operating expenses" in the consolidated income statement.

k) Environmental impact

Because of the activities in which it is engaged, the Group has no liabilities, costs, assets, provisions or contingencies of an environmental nature that could be material relative to its equity, financial position and results. Accordingly, no breakdowns of specific environmental information have been included in these notes to the financial statements.

l) Framework Agreement with other institutions to establish and constitute a Cooperative Institutional Protection Mechanism

On 29 December 2017 the Rural Credit Cooperatives belonging to the Spanish Association of Cajas Rurales (the "Banks"), including Caja Rural de Navarra, signed, alongside the Association, Banco Cooperativo Español, S.A. (BCE) and Grucajrural Inversiones, S.L. ("Grucajrural"), a Framework Agreement to create within the Caja Rural Group a "Cooperative Institutional Protection Scheme" (IPS) and a number of ancillary agreements. These agreements mainly address the following points:

- To modernize and strengthen the Association's statutory and contractual framework to replace the current solidarity mechanisms by an institutional protection scheme in accordance with Article 113.7 of Regulation (EU) 575/2013 (CRR), as prescribed in the Spanish Credit Cooperative Institutions Act. The IPS will include the 29 Rural Credit Cooperatives in the Association at the signature date of the Framework Agreement, Grucajrural and Banco Cooperativo (the "IPS members"). CRR Article 113.7 and Spanish regulations on contributions to the Deposit Guarantee Fund state that the IPM needs Bank of Spain recognition to qualify as an IPS.

- To create a fund to provide financial support that may be needed within the IPS financed by contributions from IPS members. The fund will be administered and controlled by the Association, either directly or indirectly via one or more vehicles. On 29 December 2017, the Association notified member Banks of their advance contributions to the fund. This initial contribution must reach 0.5% of the total risk-weighted assets (RWA) of the member Banks at March 2018. It can be adjusted depending on the evolution of these total RWA.

- To pool the Banks' shareholdings in BCE and Rural Servicios Generales (RGA) into the company Grucajrural, a vehicle constituted by the Association as founding partner at 1 December 2017. Before this happens, the Association's 29 member Banks will buy out the Grucajrural stake held by the Association as founding partner and transfer their holdings in Banco Cooperativo and Rural Servicios Generales to Grucajrural as a contribution-in-kind in exchange for newly issued Grucajrural shares. At 29 December 2017 the General Meeting of Grucajrural Partners agreed the abovementioned capital increase via contribution-in-kind.

The participation of Caja Rural de Navarra in the Framework Agreement was approved at the meeting of the Governing Board on 24 November 2017. On 1 March 2018, the Spanish Association of Cajas Rurales held its General Meeting. All member Banks, including Caja Rural de Navarra, approved the creation of an IPS and, to this end, approved new Articles of Association for the Association, Rules of Procedure for the IPS, a number of Technical Notes related to measuring solvency and liquidity of IPS members and the general risk policy and a new agreement regulating financial relationships within the Caja Rural Group.

On 23 March 2018 the Bank of Spain recognized the IPS as compliant with the abovementioned regulation. Also, in the first quarter of 2018 the European Central Bank, CNMV and DGSFP recorded no objection to the contribution-in-kind of BCE and Rural Servicios Generales shares to Grucajrural.

On 9 March 2018 the documents for Grucajrural's capital increase against a contribution-in-kind were officially notarized and registered with effect from 14 March 2018.

On 26 June 2019, the Board of Directors of Grucajrural Inversiones, S.L. approved the distribution of a EUR 23.6 million scrip dividend and an interim cash dividend of EUR 12.45 million.

On 12 May 2020, the Board of Directors of Grucajrural Inversiones, S.L. approved:

- The EUR 30.6 million scrip dividend, paid for by a capital increase charged against the share premium of Grucajrural Inversiones, S.L.. The transaction was put to the General Meeting of Partners de Grucajrural Inversiones, S.L. held on 7 June 2020; and

- The distribution of a EUR 13.2 million interim dividend, in payment of the dividends received by Rural Servicios Generales.

The scrip dividend was funded by a capital increase via the issue of 1,388,877,200 new shares at a ratio of 10 new shares for each 269 existing shares. Face value was EUR 0.01 per share, with no share premium. It took the form of a EUR 13,888,772 capital increase by Grucajrural Inversiones, S.L with a fair value per share of EUR 0.022004, equivalent to the fair value per share at 31 December 2019.

Grucajrural Inversiones, S.L. also offered to buy back free allotment rights at EUR 0.000819 per right.

Accordingly, the Parent Company, as a partner in Grucajrural Inversiones, S.L., both in 2019 and 2020, opted to subscribe for its full allotment of shares pro rata its stake in the share capital and sell the surplus free rights.

As a result of these transactions, the Group recognized EUR 6,241 thousand (2019: EUR 4,811 thousand) of "Dividend income" in the income statement (Note 27).

The Group booked the Grucajrural Inversiones, S.L shares in "Financial assets at fair value through other comprehensive income".

Also, on 12 May 2020, in order to transfer EUR 13.2 million in respect of the ordinary dividend received by Rural Servicios Generales corresponding to net income for 2020 (compared to EUR 12.45 million in net income for 2019 transferred 26 June 2019), the Parent Company was paid an interim dividend of EUR 2,696 thousand (2019: EUR 2,533 thousand).

In 2020 the Parent Company made contributions in kind to the fund to cover any need for financial support in the IPS amounting to EUR 6,792 thousand, which were recognized under "Other operating expenses" in the 2020 income statement (2019: Parent Company contributed EUR 4,753 thousand to the fund, Note 31). At 31 December 2020, the Parent Company had paid this amount in full.

As a result, at 31 December 2020, the Parent Company formed part of a Cooperative Institutional Protection Scheme (IPS) and it also forms part of the regulatory Caja Rural Group of institutions who have come together in partnership and are linked by pacts of solidarity and mutual support.

m) Post-balance sheet events

There were no further events that significantly affect the Group and which should be included here between 31 December 2020 and the date of preparation these consolidated financial statements.

2. Accounting principles, policies and measurement bases

The accounting principles, policies and measurement bases applied in preparing these consolidated financial statements were as follows:

a) Going concern principle

In the preparation of the consolidated financial statements, it has been assumed that the Group will remain in business for the foreseeable future. Accordingly, the accounting policies applied were not intended to establish the Group's net asset value for the purpose of transferring all or part of the resulting amount in the event of its liquidation.

b) Accruals principle

Except, as appropriate, with regard to the consolidated cash flow statement, the consolidated financial statements have been drawn up in the basis of the actual flow of goods and services, irrespective of the dates of payment or collection.

c) Other general principles

The consolidated financial statements have been drawn up using the historical cost method and by the fair value measurement of financial instruments held for trading, financial assets at fair value through profit or loss, available-for-sale financial assets and other financial assets and liabilities (including derivatives).

The preparation of the consolidated financial statements requires the making of some accounting estimates. The Management is also called on to exercise its judgement in the process of applying the Group's accounting policies. Such estimates may affect the amount of the assets and liabilities, the breakdown of contingent assets and liabilities at the date of the consolidated financial statements and the amount of income and expense over the period they cover. Although estimates are based on the Management's best information as to current and future circumstances, final outturns may differ from these estimates.

d) Nature and trading of Financial derivatives

Financial derivatives are instruments which, in addition to giving rise to a profit or loss, may, in certain conditions, allow for all or part of the credit and/or market risks associated with balances and transactions to be offset, using interest rates, certain indices, the prices of certain securities, the cross exchange rates of various currencies or other similar benchmarks as underlying elements. The Group uses financial derivatives traded on organized markets or traded bilaterally with the counterparty over the counter (OTC).

Financial derivatives are used to trade with customers who request them, to manage risks on the Group's own positions (hedging derivatives) or to profit from changes in their prices. Financial derivatives that cannot be accounted for as hedging operations are considered to be derivatives held for trading. The conditions that must be satisfied for hedge accounting to be applied are as follows:

i) The financial derivative must hedge against the risk of changes in the value of assets and liabilities due to fluctuations in interest rates and/or exchange rates (fair value hedges), the risk of changes in the estimated cash flows generated by financial assets and liabilities, commitments and transactions deemed to be highly probable (cash-flow hedges) or the risk on the net investment in a foreign operation (hedge of net investments in foreign operations).

ii) The financial derivative should effectively eliminate some risk inherent to the hedged item or position for the entire scheduled term of the hedge. It must therefore be effective prospectively, effective at the time the hedge is contracted under normal conditions and effective retrospectively, and there must be sufficient evidence that the hedge will remain effective for the entire life of the hedged item or position.

To guarantee that hedges are effective prospectively and retrospectively, the Group uses the corresponding effectiveness tests, which demonstrate that the change in the fair value of the hedging instrument is closely correlated to the change in the fair value of the hedged item. Under current legislation, a hedge is assumed to be effective when the cumulative change in the fair value of the hedging instrument is between 80% and 125% of the cumulative change in the fair value of the hedged item. If a derivative that initially passed the effectiveness test subsequently ceased to satisfy the requirements, from this point onwards it would be classified for accounting purposes as a derivative held for trading and the rules for termination of hedges would be applied.

iii) Adequate documentary evidence must be kept to show that the financial derivative was contracted specifically to serve as a hedge for certain specific balances and transactions and to demonstrate the method by which the effectiveness of the hedge was intended to be achieved and measured, provided that this method is consistent with the manner in which the Group manages its own risks.

Hedges may be applied to individual items or balances or to portfolios of financial assets and liabilities. In the latter case, the set of financial assets or liabilities being hedged must share the same type of risk. This is deemed to be the case whenever the individual items hedged show a similar sensitivity to changes in the hedged risk.

The Bank implements its hedges using a variety of derivatives: interest rate, equity, currency, etc., based on the type of risk underlying the hedged asset. These take the form of interest rate swaps (IRS), call money swaps (CMS), FRAs, interest rate futures, debt futures, equity index futures, equity futures, forward selling/buying of currencies, interest rate options, stock index options, stock options, currency options, options on interest rate structures, options on equity structures and equity swaps.

The Group's use of derivative hedging instruments, generally fair value hedges, is intended to hedge all or part of the risk of changes in the fair value of certain liabilities or deposits issued by the Bank against changes in interest rates or the fair value of certain equity and debt instruments in the "Financial assets at fair value through other comprehensive income" portfolio.

Financial derivatives embedded in other financial instruments or in host contracts are recognized separately as derivatives when their risks and other features are not closely related to those of the host contracts and when the host contracts are not classified as "Financial assets held for trading" or "Financial assets or liabilities designated at fair value through profit or loss".

e) Financial assets and financial liabilities – Financial instruments

Financial assets

Financial assets are included for measurement purposes in one of the following portfolios:

i) Financial assets at amortized cost.

ii) Financial assets at fair value through other comprehensive income.

iii) Financial assets mandatorily measured at fair value through profit or loss:

a. Financial assets held for trading.

b. Financial assets not held for trading mandatorily measured at fair value through profit or loss

iv) Financial assets designated at fair value through profit or loss

v) Derivatives – hedge accounting

Classification into the prior categories is based on two elements:

- The Group's business model for managing the financial assets, and
- The characteristics of the contractual cash flows from the financial assets.

Business model

The business model is the way financial assets are managed to generate cash flows. The business model is determined based on how a group of financial assets are managed to achieve a specific objective. It does not, therefore, depend on the group's intentions for an individual instrument but on a set of instruments.

The business models used by the Group are:

- Hold financial assets to collect their contractual cash flows (the "hold to collect" model): under this model, financial assets are managed with the aim of collecting their specific contractual cash flows and not to achieve an overall return by holding and selling assets. That said, such assets can still be sold before maturity under certain circumstances. Sales may be considered compatible with a hold-to-collect asset model when they are infrequent or immaterial, concern near-maturity assets, are motivated by a rise in credit risk or are used to manage concentration risk.
- Sale of financial assets.

A combination of these two business models – holding financial assets to collect contractual cash flows and sale of financial assets ("hold to collect and sell" model): this model implies that asset sales will more frequent and higher value and that this is an essential part of the business model.

Characteristics of contractual cash flows from the financial assets

A financial asset must be initially recognized in one of two categories:

- Those whose contractual terms give rise, at specific dates, to cash flows that comprise solely payments of principal and interest on the outstanding principal.
- Other financial assets

For the purposes of this category, the principal of a financial asset is its fair value at initial recognition, which may change over the life of the asset, if parts of the principal are redeemed for instance. Interest is understood as the total consideration paid for the time value of money, for financing and structure costs and for credit risk associated to the among of the principal outstanding during a specific period, plus a profit margin.

Classification of portfolios for measurement purposes

The Group classifies a financial asset, for measurement purposes:

- To the "Financial assets at amortized cost" portfolio, when the following conditions are met:
  a. It is managed using a "hold to collect" business model, and
  b. Its contractual terms give rise at specific dates to cash flows that comprise solely payments of principal and interest on the outstanding principal.

- To the “Financial assets at fair value through other comprehensive income” portfolio, when the following conditions are met:

    a. It is managed using a “hold to collect and sell” business model, and

    b. Its contractual terms give rise at specific dates, to cash flows that comprise solely payments of principal and interest on the outstanding principal.

- To the “Financial assets at fair value through profit and loss” portfolio: provided the Bank’s business model for the asset’s management or the characteristics of its contractual cash flows do not require it to be classified in any of the portfolios above

- The “Financial assets mandatorily measured at fair value through profit or loss” portfolio includes all instruments that are:

    a. Originated or acquired with the intention of their short-term sale.

    b. Are part of a group of financial instruments identified and managed jointly for which there is evidence of recent actions to obtain short-term profits.

    c. Derivative instruments that do not meet the definition of a hedging instrument and have not been designated as hedging instruments.

They represent an exception to the general measurement criteria described above for investments in equity instruments. In general, the Group opts to initially and irrevocably recognize as “Financial assets at fair value through other comprehensive income” any investments in equity instruments that are not classified as held for trading and which, if this option were not exercised, would be recognized as “Financial assets mandatorily measured at fair value through profit or loss”.

The business model is not decided based on intentions for a single instrument but determined for a set of instruments in light of the frequency, volume and timing of sales in prior years, the reasons for these sales and expectations for future sales. Sales that are infrequent or immaterial, close to an asset’s maturity, motivated by increases in the credit risk of the financial assets or used to manage concentration risk, among other reasons, can still be compatible with the hold-to-collect model.

If a financial asset includes a clause that can affect the timing or amount of contractual cash flows (such as early redemption or duration extension clauses), the Group determines whether the cash-flows to be generated over the lifetime of the instrument from the exercise of this clause are solely payments of outstanding principal and interest (the SPPI test). To do this, it looks at all contractual cash flows that may arise before and after the change in their timing or amount.

Also, where a financial asset allows for periodic adjustments to the interest rate but the timing of the adjustment does not coincide with the term of the benchmark interest rate (e.g. the interest rate is adjusted every three months based on an annual rate), the Group assesses the timing mismatch on initial recognition and decides whether the contractual cash flows represent solely payments of outstanding principal and interest.

Contractual terms that, on initial recognition, have minimal impact on cash flows or are conditional on exceptional and highly improbable events occurring (such as liquidation of the issuer) do not prevent the instrument being reported at amortized cost or fair value through other comprehensive income.

i) Derivatives – hedge accounting, which includes financial derivatives acquired or issued by the Group that qualify for hedge accounting.

ii) "Fair value changes to hedged items in portfolio hedges for interest rate risk", which is the balancing entry to amounts credited to the consolidated income statement for changes in the value of portfolios of financial instruments whose interest rate risk is effectively hedged by fair value hedging derivatives.

iii) Investments in subsidiaries, joint ventures and associates which include equity instruments in Group companies, Jointly managed entities or Associates.

iv) Non-current assets and disposal groups held for sale which are of a financial nature, which correspond to the carrying amount of an item intended for sale (discontinued operations), either individually or as part of a disposal group or business unit, and whose sale is highly probable, in the current state of the assets, within one year of the reporting date of the consolidated financial statements. The carrying amount of these financial or non-financial items is expected to be recovered via their sale price. There are also other non-current assets held for sale which are non-financial in nature whose accounting treatment is explained in Note 2.n.

Recognition and measurement

All financial instruments are initially recognized at fair value. They are then remeasured at the end of each financial period according to the following criteria:

i) Financial assets are measured at fair value except for "Financial assets at amortized cost and investments in subsidiaries, joint ventures and associates and financial derivatives which have such instruments as their underlying and are extinguished via their delivery.

ii) The fair value of a financial assets at a particular date is understood as meaning the value for which it can be traded between fully informed parties in an arms' length transaction. The best evidence of fair value is a trading price on an active market that provides an organized, transparent and deep market.

Where no market price is available for a particular financial assets, its fair value is estimated from recent transactions in similar instruments or, if this is not possible, from suitably tested valuation models. Also taken into account are the specifics of the asset being valued, particularly the various types of risk that it carries. Nonetheless, the inherent limitations of existing valuation techniques and any inaccuracies in the assumptions these techniques require may be such that the fair value resulting from such financial assets does not exactly coincide with the price at which it could be bought or sold on the measurement date.

iii) Financial assets at amortized cost are measured at amortized cost using the effective interest rate method. Amortized cost is understood as the acquisition cost of a financial asset adjusted for redemptions of principal and the portion taken to the consolidated income statement, via the effective interest rate method, of the difference between initial cost and redemption value at maturity less any impairment loss either recognized directly against its value or via an allowance account. For financial assets at amortized cost which are hedged by fair value hedges, changes in fair value arising from the risk or risks being hedged are recognized in the hedging transactions.

The effective interest rate is the discount rate that exactly matches the amount of a financial instrument to the cash flows it is expected to generate over its residual term, based on contractual terms and conditions including early call options, but without taking losses due to future credit risk into consideration. For fixed-income financial instruments, the effective interest rate is the interest rate contractually established at the time of acquisition plus, where applicable, any fees and commissions that, given their nature, are comparable to an interest rate. In the case of floating-rate financial instruments, the effective interest rate is the prevailing rate of return applicable until the date of the next interest rate reset.

For financial instruments not recognized at fair value through profit or loss, fair value is adjusted by adding or deducting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are immediately recognized in the consolidated income statement.

Transaction costs are defined as directly attributable costs of acquisition or disposal of a financial asset, or the issue or assumption of a financial liability which the Bank would not have incurred were it not for the transaction.

iv) The fair value of financial derivatives carried at their listed price in an active market is their daily trading price. If, for exceptional reasons, no trading price can be established for a particular date, they are measured using methods similar to those applied for OTC derivatives.

Derivatives for which the market is non-existent or largely inactive are measured using the most consistent and appropriate economic methodologies, maximizing the use of observable data and allowing for any factor that a market participant would take into account, such as:

a) Recent transactions in substantially equivalent instruments,

b) Discounted cash flows,

c) Market option valuation models. Cash flow hedges, The techniques applied are preferably those used by market participants and have been shown to give the most realistic estimate for the price of the instrument.

All financial derivatives are initially recognized at fair value. On initial recognition the best evidence of a financial instrument's fair value is normally the transaction price. The Caja Rural de Navarra Group has no material transactions using derivative instruments whose fair value on initial recognition differs from their transaction price.

Changes in the carrying amount of financial assets are generally recognized in the consolidated income statement. Different treatment is applied to those that originate from the payment of interest and similar items, which are recognized under "Interest income", and those originating from other causes, which are recognized at net value under "Gains or (-) losses on financial assets and liabilities held for trading, net", "Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net" or "Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net" in the consolidated income statement.

Nevertheless, changes in the carrying amount of instruments included in "Financial assets at fair value through other comprehensive income" are temporarily recognized under the "Accumulated other comprehensive income" equity item except where they arise from translation differences in the value of monetary financial assets. Amounts reported in "Accumulated other comprehensive income" continue to be reported as equity until the asset that gave rise to them is derecognized from the balance sheet. At the same time they are cancelled against the consolidated income statement, recognizing under "Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net", in the case of debt instruments and "Other reserves", in the case of equity instruments.

In financial assets designated as hedged items and hedge accounting, measurement differences are recognized based on the following criteria:

i) In fair value hedges, differences in both the hedges and hedged items, as regards the type of risk being hedged, are recognized directly in the consolidated income statement.

ii) Valuation differences relating to the inefficient portion of cash flow hedges and hedges of net investments in foreign operations are recognized directly in the consolidated income statement.

iii) In cash flow hedges, valuation differences arising from the effective portion of the hedges are temporarily recognized under equity in “Accumulated other comprehensive income”.

iv) In hedges of net investments in foreign operations, valuation differences arising from the effective portion of the hedges are temporarily recognized under equity in “Accumulated other comprehensive income”.

In the two latter cases, valuation differences are not recognized as income until losses or gains by the hedged item have been recognized in the consolidated income statement or the hedged item matures.

Financial liabilities

Classification

Financial liabilities are classified in the statement of financial position based on the following criteria:

i) “Financial liabilities held for trading” which include financial liabilities issued with a view to short-term reacquisition, comprise either part of a portfolio of jointly managed identified financial instruments where recent actions have been taken to realize short-term gains or derivatives not designated as accounting hedges or liabilities originating from a firm sale of temporarily purchased or borrowed financial instruments.

ii) “Financial liabilities designated at fair value through profit or loss” comprise financial liabilities that were designated as at fair value by the Group either on initial recognition or when it would more accurately reflect their real circumstances because:

- It eliminates or significantly reduces inconsistencies in the recognition or measurement that might arise from using different criteria to measure assets and liabilities or recognize their gains and losses.

- They constitute a group of financial liabilities or financial assets and liabilities managed, and whose returns are measured, based on their fair value using a documented strategy for risk management or investment and for which Key Managers can also see fair value information.

iii) “Financial liabilities at amortized cost”, comprising those not included under any other heading of the consolidated statement of financial position and that arise in the course of banks’ ordinary deposit-taking activities, irrespective of type of instrument and residual term to maturity.

iv) “Derivatives– hedge accounting” comprises financial derivatives acquired or issued by the Group that qualify for hedge accounting.

v) “Fair value changes to hedged items in portfolios hedged for interest rate risk” is the balancing entry to amounts credited to the consolidated income statement for changes in value of portfolios of financial instruments whose interest rate risk is effectively hedged by fair value hedging derivatives.

vi) “Shares redeemable on demand” comprises financial instruments issued by the Group which, although legally capital, do not meet the requirements to be classed as Equity. They are measured as “Financial liabilities at amortized cost” except those the Group has designated as “Financial liabilities designated at fair value through profit or loss” if they qualify.

vii) "Liabilities included in disposal groups held for sale" includes credit balances originating from "Non-current assets and disposal groups held for sale".

Recognition and measurement

Financial liabilities are recognized at amortized cost on the same basis as financial assets, except for:

i) Financial liabilities included in "Financial liabilities held for trading" and "Financial liabilities designated at fair value through profit or loss" which are carried at fair value on the same basis as financial assets. Financial liabilities hedged by fair value hedges are adjusted, with changes in fair value due to the risk being hedged booked under "Micro hedging" in the item to which the financial liabilities belong.

ii) Financial derivatives that have as their underlying a capital instrument whose fair value cannot be established with sufficient objectivity and which is settled by delivery of the instrument are measured at cost.

Changes in the carrying amount of financial liabilities are generally recognized with a balancing entry in the consolidated income statement. Different treatment is applied to those that originate from the payment of interest and similar items, which are recognized under "Interest expense", and those originating from other causes, which are recognized at net value under "Gains or (-) losses on financial assets and liabilities held for trading, net", "Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net" or "Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net" in the consolidated income statement.

Income and expense from financial assets and liabilities

Income and expense from financial instruments at amortized cost are recognized in accordance with the following criteria:

a) Accrued interest is recorded on the consolidated income statement, applying the transaction's effective interest rate to its gross carrying amount (except doubtful assets, where interest is charged on net carrying amount).

b) Other changes in value are recognized as income or expense when the financial instrument is derecognized from the statement of financing position, reclassified or when financial assets generate impairment losses or gains for reversals of such losses.

Income and expense from financial instruments at fair value through profit or loss are recognized in accordance with the following criteria:

a) Changes in fair value are recognized directly in the consolidated income statement, distinguishing, in the case of instruments that are not derivatives, between the portion attributable to income accrued on the instrument, which will be recognized as interest or dividends as applicable, and the rest of the change in fair value, which will be recognized in "Gains (losses) on financial assets and liabilities" for the applicable item.

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

Exceptionally, the Group must recognize changes in the value of a financial liability designated at fair value through profit or loss as follows:

a) The portion of the change in the financial liability's fair value attributable to changes in its own credit risk are recognized in other comprehensive income, and then taken directly to reserves if the financial liability is derecognized, and

b) The rest of the fair value change is taken to "Profit for the year".

Income and expense from financial assets at fair value through other comprehensive income are recognized in accordance with the following criteria:

a) Accrued interest and, if applicable, accrued dividends are recognized in the consolidated incom statement. Interest is treated in the same way as for assets at amortized cost.

b) Translation differences are recognized in the consolidated income statement in the case of monetary financial assets and in other comprehensive income for non-monetary assets.

c) In the case of debt instruments, impairment losses or reversals are recognized in the consolidated income statement.

d) Other value changes are recognized in other comprehensive income.

As a result, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in profit for the year will be the same as for instruments measured at amortized cost.

When a debt instrument at fair value through other comprehensive income is derecognized, the gain or loss accumulated in equity is reclassified to profit for the period. In contrast, when an equity instrument at fair value through other comprehensive income is derecognized, the gain or loss in accumulated other comprehensive income is not recycled to the income statement but to reserves.

For each of the above portfolios, recognition would change if the instruments formed part of a hedging relationship.

Reclassification of financial instruments between portfolios

Only in the circumstances that the Group changes its business model for managing financial assets, all affected assets are reclassified as follows. This reclassification is done prospectively from the date of the reclassification, with no need to review previously recognized gains, losses or interest. Changes in business model are generally very rare, but the following circumstances may arise:

i) If the Group reclassifies a debt instrument from amortized cost to fair value through profit or loss, the Group must estimate its fair value at the reclassification date. Any resulting gain or loss, due to a difference between the previous amortized cost and fair value, is recognized in the consolidated income statement.

ii) If the Group reclassifies a debt instrument from fair value through profit or loss to amortized cost, the fair value of the asset at the reclassification date becomes the new gross carrying amount.

iii) If the Group reclassifies a debt instrument from amortized cost to fair value through other comprehensive income, the Bank must estimate its fair value at the reclassification date. Any resulting gain or loss, due to differences between the previous amortized cost and fair value, is recognized in other comprehensive income. The effective interest rate and estimated expected credit loss are not adjusted as a result of this reclassification.

iv) If a debt instrument is reclassified from fair value through other comprehensive income to amortized cost, the asset is booked at its fair value at the reclassification date. Any accumulated gain or loss recorded in equity under "Accumulated other comprehensive income" is cancelled against the carrying amount of the asset at the reclassification date. The debt instrument is valued at the reclassification date as though it had always been carried at amortized cost. The effective interest rate and estimated expected credit loss are not adjusted as a result of this reclassification.

v) If the Group reclassifies a debt instrument from fair value through profit or loss to fair value through other comprehensive income, the financial asset continues to be carried at fair value and previously recognized value changes are unchanged.

vi) If the Group reclassifies a debt instrument from fair value through other comprehensive income to fair value through profit or loss, the financial asset continues to be carried at fair value. Any accumulated gain or loss recorded in equity under "Accumulated other comprehensive income" is transferred to the income statement at the reclassification date.

vii) When an investment in a subsidiary, joint venture or associate ceases to be reported as such any remaining investment is measured at fair value at the reclassification date. Any resulting gain or loss due to differences between the previous carrying amount and fair value is booked to profit or loss or other comprehensive income based on how the investment is to be subsequently measured.

Except for the reclassifications between portfolios explained in Note 1.c) as a consequence of the entry into force of IFRS 9 in 2020 and 2019. Nor were there any reclassifications of financial instruments between portfolios or any sales of financial assets at amortized cost/held to maturity.

f) Transfers and derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets depends on the degree to which the associated risks and rewards are transferred to third parties. The following cases can be distinguished:

I. If substantially all the risks and rewards are transferred, the transferred financial asset is derecognized and any right or obligation retained or created in the transfer recognized separately.

II. If substantially all the risks and rewards associated with the transferred financial asset are retained, the transferred financial asset is not derecognized and continues to be measured by the same criteria used before the transfer. Nonetheless, in these cases the following items are recognized:

- An associated financial liability for an amount equal to the payment received, which is subsequently measured at amortized cost.

- Both the income generated by the transferred (but not derecognized) financial asset and the expense generated by the new financial liability.

III. If substantially all the risks and rewards associated with the financial asset transferred are neither transferred nor retained, the following distinction is made:

- If the Bank does not retain control, the transferred financial asset is written off and any right or obligation retained or created in the transfer is recognized.

- If the Bank retains control of the transferred financial asset, the asset continues to be recognized on the reporting date at an amount equivalent to its exposure to potential changes in value and a financial liability associated with the transferred asset is recognized. The net amount of the transferred asset and associated liability will be the amortized cost of the rights and obligations retained, if the transferred asset is measured at amortized cost, or the fair value of the rights and obligation retained, if the transferred asset is measured at fair value.

As a result, financial assets are only derecognized from the consolidated statement of financial position when the cash flows they generate have been extinguished or the implied risks and benefits have been substantially transferred to third parties. Likewise, financial liabilities are only derecognized once the obligations they generate have been extinguished or they have been acquired with a view to their cancellation or reissue.

At 31 December 2020 and 2019, the Group had no assets transferred prior to 1 January 2004, which, in accordance with previous regulations were derecognized from the consolidated balance sheet.

g) Impairment of financial assets and other credit exposures

The Group applies impairment requirements to debt instruments at amortized cost or fair value through other comprehensive income and other exposures that carry credit risk, such as loans and advances, financial guarantees given and other commitments given.

The IFRS 9 approach to impairment is to recognize expected credit loss on transactions, measured collectively or individually, considering all reasonable and supportable information available, including forward-looking information.

Impairment losses over the period in debt instruments are recognized as an expense in “Impairment of value or (-) reversal of impairment of financial assets not measured at fair value through profit or loss and net modification gains or losses” in the consolidated income statement. Impairment losses on debt instruments at amortized cost are recognized against an allowance account that reduces the carrying amount of the assets, while losses on debt instruments at fair value through other comprehensive income is recognized against accumulated other comprehensive income.

Hedges of impairment losses on credit risk exposures other than debt instruments are recognized as a provision in “Provisions – Commitments and guarantees given” on the liability side of the balance sheet. Write-downs and reversals of these hedges are recognized under “Provisions or (-) reversals” on the consolidated income statement.

The criteria for impairment by type of instrument and accounting portfolio are as follows:

Debt instruments measured at amortized cost

The Group determines its impairment losses by monitoring debtors individually, including all debtors of material amounts, and collectively, for groups of financial assets with similar credit risk characteristics indicative of the debtors’ capacity to pay the amounts outstanding. When a specific instrument cannot be classified in a group of assets with similar risk characteristics it is assessed only individually to determine if it has been impaired and, if so, to estimate the impairment loss.

The Group has policies, methods and procedures to estimate potential losses from its credit risk as a result of counterparty insolvency or country risk. These policies, methods and procedures cover the concession, amendment, measurement, monitoring and control of debt instrument transactions and off-balance sheet exposures, the identification of any impairment and, where applicable, the calculation of amounts needed to cover estimated losses.

Accounting classification in light of insolvency credit risk

The Group has defined criteria to identify creditors presenting weaknesses or objective signs of impairment and rank them according to their credit risk.

The following sections set out the principles of and methodology used by the Group for its classification.
Classification categories

Debt instruments not included as "Financial assets held for trading" and off-balance sheet exposures are classified, based on their insolvency credit risk, as either:

i. Standard risk (Phase 1):
   a) Transactions that do not meet the criteria for any other classification.

ii. Standard risk on special watch (Phase 2): transactions that do not meet the criteria to be classed as individually doubtful or written off, but whose solvency shows weaknesses that may lead to greater losses than similar risks classified as standard.

iii. Doubtful risk (Phase 3):
   a) On grounds of arrears: transactions where a contractual payment of principle, interest or expenses is, in general, more than 90 days overdue but not classed as written off. This category also includes guarantees given when the recipient of the guarantee is in arrears on the guaranteed transaction. Also, all sums owed by a particular borrower when they are, in general, more than 90 days overdue on loans representing more than 20% of the total amounts pending payment.

   b) For reasons other than arrears: transactions that, while not qualifying as doubtful or written off on grounds of arrears, present reasonable doubt as to the recovery of the whole of the contractual amounts, or off-balance sheet exposures that are not classed as doubtful on grounds of arrears but whose payment by the Group is probable and whose recovery doubtful.

iv. Write-offs:

This category includes all debt instruments, whether overdue or not, where the probability of recovery, individually assessed, is considered to be remote due to a clear or irrecoverable impairment of the solvency of either the transaction or the borrower. Assets classified as written off are automatically derecognized and provisioned for the full gross carrying amount of the transaction.

Transaction classification criteria

The Group uses a range of criteria to classify borrowers and transactions into various credit risk categories. These include:

i. Automatic criteria,

ii. Specific criteria for refinancing, and

iii. Criteria based on monitoring models, supported by monitoring specific parameters.

The automatic factors and specific classification criteria for refinancing constitute a classification and clean-up process that is applied to the whole portfolio. In addition, to help early identification of weakness and impairment, the Group has a monitoring model that prescribes appropriate management procedures for debts according to their different levels of default risk.

Transactions classed as doubtful are reclassified as standard risk when, as a result of having collected all or part of the amounts owed, in the case of doubtful loans on grounds of arrears, or having successfully completed the clean-up period, in the case of doubtful loans for other reasons, the original motivation for their classification as doubtful has disappeared, unless there are other reasons to retain this classification, such as the borrower being more than 90 days overdue on other outstanding credit transactions.

Using these procedures, the Group classifies its borrowers as standard on special watch or doubtful on grounds of arrears or maintains them as standard risk.

The Group has set an exposure threshold of EUR 3,000 thousand, beyond which borrowers are deemed to be material. This classification includes risks which have been manually classified – i.e. not because of automatic classification criteria – as doubtful risks for reasons other than arrears, such as transactions that no longer have substantial amounts more than 90 days overdue but have not been reclassified as standard risks because of the borrower's arrears on other debts – and transactions identified as at "no appreciable risk" or guaranteed by third parties posing "no appreciable risk" but classified as doubtful on grounds of arrears or for other reasons.

Refinancing and restructuring transactions

The Group's credit risk management policies and procedures ensure careful monitoring of borrowers and provisions are taken on any indication that their solvency may be impaired. The Group recognizes insolvency provisions on any restructuring/refinancing transaction where the position of their borrower so requires, when the transactions are arranged. Restructuring/refinancing transactions are defined as follows:

- Refinancing transaction: transactions undertaken for economic or legal reasons related to existing or expected financial difficulties of the borrower. They involve the Bank or other Group entities cancelling one or more credit arrangements to the borrower or another company or company in its economic group, or recognising them as fully or partly paid, to make it easier for the borrowers to pay their debt (principal and interest) where they are unable, or expect to be unable, to meet their repayment terms on time.

- Restructuring transaction: the financial terms of a transaction are amended for economic or legal reasons related to existing or expected financial difficulties of the borrower to make it easier for them to pay their debt (principal and interest) where they are unable, or expect to be unable, to meet their repayment terms on time, even when such an amendment is allowed for in the original agreement. A transaction is always considered to be a restructuring if its terms are amended to extend the maturity, the repayment schedule is amended to reduce the size of repayments in the short term or reduce their frequency or extend the grace period for payment of principal, interest or both, except where the terms and conditions are amended for reasons other than the borrower's financial difficulties and are similar to the market terms that other lenders would offer to similar risks.

If a transaction is classified to a particular risk category, refinancing cannot improve its risk profile. Refinanced transactions are initially classified by their characteristics, mainly related to the financial difficulties of the borrower, and include a number of clauses such as extended grace periods.

In general, the Group classifies refinancings and restructurings as standard risk on special watch, unless they meet the criteria for doubtful loans. Exceptionally, the Group may class some refinanced or restructured transactions as standard risk (if they have cash guarantees, are underwritten by a mutual guarantee society or public sector company guarantor or if the guarantees have been increased). Also, the Group assumes there is a restructuring or refinancing in the following circumstances:

- When all or some payments were more than 60 days overdue (without being classed as doubtful risk) at least once in the three months before the transaction was amended or would have been more than 60 days in arrears without such amendment.

- When, on or around the time the additional financing is granted, the borrower has paid principal or interest on another transaction all or some of which were more than 60 days overdue during the three months before the refinancing.

- When the Bank has approved the application of implied restructuring or refinancing clauses on debtors with payments more than 60 days overdue or which would have been 60 days in arrears without the application of these clauses.

These types of transaction are specifically flagged in the IT system so that they can be appropriately accounted for and monitored.

Once initially classified, any transaction can only be reclassified to a lower risk category where this is justified by significant evidence of an improvement in the outlook for the transaction's recovery, whether because the borrower has been meeting its payment obligations on schedule for a long time, because a significant percentage of the initial debt has been repaid, because more than 2 years have passed since the approval date of the transaction or because the borrower has no other transaction more than 30 days overdue at the end of the trial period.

Calculation of coverage

The Group applies the criteria set out below to calculate the coverage provided for credit risk losses.

Transactions identified as having no appreciable risk (fundamentally, with central banks, financial institutions, mutual guarantee societies and government transactions, all in the EU or certain countries considered to be risk-free) are assigned 0% coverage, unless classed as doubtful in which case an individual estimate of impairment loss is made.

Individual estimates of coverage

The following exposures are individually estimated:

i. Coverage of doubtful loans of individually material borrowers (risks above EUR 3,000 thousand).

ii. Any transactions or borrowers whose characteristics make a collective impairment calculation impossible.

iii. Coverage of transactions identified as having no appreciable risk which are classified as doubtful, either on grounds of arrears or for reasons other than arrears.

The Group has developed a methodology for estimating such coverage, calculating the difference between the gross carrying amount of the transaction and the present value of estimated cash flows that it expects to collect, discounted at the effective interest rate. In such cases any effective guarantees received are taken into consideration.

Two methods are used to calculate the recoverable amount of individually valued assets:

i. Estimated cash flows: debtors whose estimated capacity to generate future cash flows through the development of their own business makes it possible, by the development of the borrower's business and their financial structure, to repay part or all of the contracted debt. This involves estimating the cash flows that the borrower will earn from the conduct of their business. Additionally, such cash flows may be supplemented by sales of assets that are not essential to generating cash flows from the business.

ii. Execution of guarantees: debtors who cannot generate cash flows from their own business, who will have to liquidate assets to meet their debt payments. This involves estimating cash flows based on the execution of guarantees.

Collective estimates of coverage

The following exposures are collectively estimated:

i. Exposures classified as standard risk (including those classified as on special watch).

ii. Exposures classified as doubtful that are not measured by individual estimates of coverage.

The impairment assessment takes into account all credit exposures, debt instruments and off-balance sheet exposures. The Group has applied Bank of Spain parameters and methodology, based on data and statistical models that aggregate average behaviour across the whole Spanish banking sector and provides full compatibility with IFRS, to define the classification and assessment of impairment in the Group's on- and off-balance sheet exposures to its customers. The methodology considers, among other points, the credit risk segment of the transaction, real and effective personal guarantees received, the debtor's financial position and, where applicable, the age of amounts overdue.

In estimating coverage for credit risk losses, the recoverable amount of property collateral is calculated by adjusting the benchmark value for any uncertainty in the estimate and potential falls in value before foreclosure and sale, as well as foreclosure, maintenance and selling costs.

The Group determines the recoverable amount of real effective guarantees at their benchmark value less haircuts, based on experience and information available to the Spanish banking sector, in accordance with the methodology required by IFRS and other regulations in force.

Classification and coverage for credit risk derived from country risk

Country risk is the risk affecting counterparties living in a certain country due to circumstances other than the normal run of business: sovereign risk, transfer risk or risks derived from international financial activity. The Bank groups transactions with third parties based on countries' economic performance, political situation, regulatory and institutional structure, payment capacity and experience, assigning each group the percentage insolvency provisions prescribed by regulations in force.

Transactions are classed as doubtful assets due to materialisation of country risk where the final debtors are resident in countries facing prolonged difficulty in servicing their debt and the possibility of repayment is considered doubtful and where the chances of recovering off-balance sheet exposures are considered remote due to circumstances attributable to the country.

Provisions for this risk are immaterial compared to coverage for impairment constituted by the Group.

Guarantees

Real and personal guarantees are deemed to be effective when the Group can show that they validly mitigate credit risk. Analysis of the effectiveness of guarantees takes into account, among other matters, the time it would take to execute the guarantees and the Group's capacity and experience in doing so.

In no case are guarantees considered effective if their effectiveness depends substantially on the creditworthiness of the debtor or any group to which it may belong.

Subject to these conditions, the following types of guarantee can be considered effective:

i. Property guarantees structured as first charge mortgages:

a) Finished buildings and parts of buildings:

- Residential properties.
- Offices, commercial premises and multi-use units.
- Other buildings, such as non-multi-use units and hotels.

b) Urban and licensed urbanisable land.

c) Other real property (buildings, parts of buildings and other land plots).

ii. Pledges of financial instruments:
- Cash deposits.
- Debt or equity securities issued by issuers of recognized creditworthiness.

iii. Other real guarantees:
- Movable goods deposited in guarantee.
- Second and lower-ranking mortgages on buildings.

iv. Personal guarantees which engage the direct and joint liability of the new guarantors to the customer. Guarantors must be people or entities of demonstrable solvency for the purpose of guaranteeing the full repayment of the transaction on the terms agreed.

The Group applies measurement criteria for real collateral against assets in Spain compliant with regulations in force. In particular, the Group applies criteria to the selection and contracting of suppliers of appraisers designed to guarantee their independence and the quality of their valuations. All appraisers are appraisal companies and agencies registered in the Bank of Spain's Special Register of Appraisal Companies and valuations are carried out using criteria set by Ministerial Order ECO/805/2003 on measurement standards for property and certain rights for financial purposes.

Property posted as collateral for loans and buildings are appraised at the time the loan is granted or recognized, in the case of buildings either on purchase, foreclosure or grant in payment and when the asset suffers a significant fall in value. Various additional updates are also applied, including as a rule annual updating of doubtful and foreclosed risks.

Debt instruments at fair value

Impairment losses on debt securities classed as "Financial assets at fair value through other comprehensive income" are equal to the positive difference between acquisition cost (net of any principal repayments) and fair value less any impairment loss previously recognized in the consolidated income statement.

Where there is objective evidence that the decline in fair value is due to impairment, the unrealized losses recognized in "Accumulated other comprehensive income" in equity are taken directly to income. If all or part of the impairment loss is subsequently recovered, the corresponding amount is recognized in the income statement for the period when it is recovered.

In the case of debt securities recognized as "Available-for-sale financial assets" and/or "Financial assets held for trading", the Group deems them to be impaired if any payment of principal or interest is more than 90 days in arrears or if they have lost more than 40% of their cost value and credit rating.

In the case of debt instruments transferred to "Non-current assets and disposal groups held for sale" losses previously recorded in equity are considered to be realised and recognized in the consolidated income statement on their transfer.

Equity instruments

Impairment losses on equity instruments classed as "Financial assets at fair value through other comprehensive income" are equal to the positive difference between acquisition cost (net of any principal repayments) and fair value less any impairment loss previously recognized in the consolidated income statement.

Where there is objective evidence that the decline in fair value is due to impairment, the unrealized losses recognized in "Accumulated other comprehensive income" in consolidated equity are taken directly to "Other consolidated reserves". If all or part of the impairment loss is subsequently recovered, the corresponding amount is recognized in equity in "Accumulated other comprehensive income" in consolidated equity.

In the case of equity instruments transferred to "Non-current assets and disposal groups held for sale" losses previously recorded in equity are considered to be realised and recognized in the consolidated income statement on their transfer.

In the case of investments in associates, the Group estimates the amount of impairment losses by comparing their recoverable amount to their carrying amount. Impairment losses are recognized in consolidated income as they occur and subsequent recoveries are recognized in income in the period in which the recovery takes place.

h) Financial guarantees

Financial guarantees are defined as contracts whereby the Group undertakes to pay specific amounts on behalf of a third party if the latter fails to do so. The main types of contracts included in this category, which are recognized in the memorandum accounts at the end of the consolidated statement of financial position, are financial and technical guarantees, irrevocable documentary credits issued or confirmed by the Group, insurance policies and credit derivatives in which the Group acts as the seller of protection.

When the Group issues contracts of this kind, they are recognized in the "Other liabilities" line in the consolidated statement of financial position at fair value and also, at the same time, in the "Other financial assets" line of "Loans and advances – Customers" at the present value of cash flows receivable. Both entries use a discount rate similar to that applied to credits with a similar term and risk extended to the same counterparty by the Group. Subsequent to issuance, contracts of this type are recognized by recording the differences in consolidated income as "Finance income" or "Fee and commission income", according to whether they correspond to "Other financial assets" or "Other liabilities", respectively.

Financial guarantees are classified on the basis of the default risk assigned to the customer or transaction and, where applicable, an estimate made of the provisions required to cover the credit risk (Note 18). The credit risk is determined by applying criteria similar to those used to quantify impairment losses on financial assets classified under "Financial assets at amortized cost" (Note 2.g).

i) Tangible assets

Property and equipment for own use are presented at acquisition price, discounted pursuant to certain legal regulations and re-measured in accordance with the provisions of the new accounting standards, less the related accumulated depreciation and any impairment losses. Tangible assets are grouped into the following items: property and equipment for own use, investment property, assigned to operating leases and assigned to the Social Welfare Fund.

All tangible asset items are depreciated on a straight-line basis according to the estimated years of useful life shown below. The land on which buildings and other structures are constructed has an indefinite life and is not therefore depreciated.

Annual provisions for the depreciation of tangible assets are recognized with a balancing entry in the consolidated income statement and are calculated using the following percentage depreciation rates, determined on the basis of the average estimated years of useful life of the related assets:

	Annual percentage
Buildings for own use	4%
Furniture and fixtures	15-20%
Computer hardware	(*)

(*) Decreasing digit method (based on three or four years, depending on the items).

The depreciation periods and methods used for each tangible asset item are reviewed by the Group as a minimum at the end of each reporting period. Upkeep and maintenance expenses that do not improve the productivity or extend the useful life of the respective assets are charged directly to the consolidated income statement when incurred.

At each closing date, the Group reviews whether there are internal or external indications that the net value of its tangible asset items exceed their recoverable amount. If so, it writes down the carrying amount accordingly and reduces future depreciation charges to match the new carrying amount and the remaining useful life, where this has been re-estimated. Any such reduction to the carrying amount of property and equipment for own use is charged to "Net impairment/(reversal) of non-financial assets – Tangible assets" in the consolidated income statement.

Similarly, where there are indications that property or equipment has recovered previously impaired value, the Group reverses the prior period impairment loss, through a credit to "(Impairment or (-) reversal of impairment on financial assets) – Tangible assets" in the consolidated income statement and adjusts future depreciation charges accordingly. Reversals can never increase the carrying amount of an asset above its initial pre-impairment value.

Tangible assets are derecognized from the consolidated statement of financial position when they are disposed of, including if assigned under finance leases, or when they are permanently withdrawn from use and no future economic benefits are expected to be obtained from their disposal, assignment or abandonment. The difference between the sale price and carrying amount is recognized in the consolidated income statement for the period in which the asset is derecognized.

j) Leasing

I. Finance leases

Finance leases are those that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Factors that the Group considers when deciding whether a lease is a finance lease include the following:

- Whether the lease covers most of the asset's useful life.

- Whether the exercise price of the purchase option is less than the residual fair value of the asset when the lease ends.

- Whether at the inception of the lease the present value of the minimum lease payments amounts to substantially all of the fair value of the asset.

- Whether the use of the asset is confined to the lessee.

When the Group acts as lessor of an asset in a finance lease, the summed present values of the amounts the lessee will receive plus guaranteed residual value, usually taken to be the exercise price of the lessee's call option at the end of the contract, are recognized as third-party finance, and are therefore included in "Loans and receivables" on the consolidated statement of financial position, based on the nature of the lessee.

When the Group acts as lessee in a finance lease, the cost of the leased assets is presented in the statement of financial position according to the type of asset leased and a liability for the same amount simultaneously recognized. This amount is determined as the lower of the fair value of the leased asset and the present value of all amounts payable to the lessor plus, where relevant, the exercise price of the call option. These assets are depreciated on the same basis as property and equipment for the Group's own use (Note 2.j).

In both cases, the finance income and finance expense generated by the lease contracts are credited or debited to "interest income" or "interest expense", respectively, discounted to present at the effective interest rate of the transactions as prescribed in Bank of Spain Circular 4/2017.

II. Operating leases

Lease accounting differentiates between leases where the Group acts as lessee and those there it acts as lessor:

i. The Group acts as lessee

At the start of any contract the Group assesses whether it is or contains a lease. Where it is found to be or contain a lease, the Group books an asset on its statement of financial position, representing its right to control the use of the leased asset for a set period. At the same time, it recognizes a lease liability representing the Group's obligation to make the outstanding payments for use of the underlying asset.

Exceptions to this treatment apply to short-term leases (with terms of 12 months or less) or those where the underlying assets are of low value. For these two types of lease, the Group recognizes the lease payments as expenses on a straight-line basis over the lease period under "Administrative expenses – Other general administrative expenses" on the consolidated income statement.

At the start date of the lease, the Group recognizes a lease liability on the underlying asset at the present value of the outstanding lease payments at that date, discounted at the lease's implied interest rate, if this can be easily determined. If not, the rate the Group pays on the financing it used to acquire the asset is used. The lease liability is recognized under "Financial liabilities at amortised cost – Other financial liabilities" on the statement of financial position. Meanwhile, the finance expense associated with the lease liability is recognized under "Interest expense – Financial liabilities at amortised cost" on the consolidated income statement. The lease liability is measured initially as the carrying amount plus the present value of the interest payments discounted at the effective interest rate, which then reduces as lease payments are made.

The right-of-use asset is initially recognized under "Tangible assets – Property and equipment" on the statement of financial position, at the value of the lease liability adjusted for any payments made at or before the start date, initial direct expenses or the cost of dismantling or eliminating the underlying asset or returning it to the condition specified in the contract.

Thereafter, the right-of-use asset is adjusted to reflect:

- Accumulated depreciation. The right-of-use asset is depreciated over the shorter of the useful life of the underlying asset and the lease term. Annual depreciation writedowns are recognized with a balancing entry under “Depreciation and amortization” on the consolidated income statement.

- Any impairment losses recognized under “Impairment or (-) reversal of impairment on financial assets” on the consolidated income statement.

- Any change in valuation of the lease liability.

The criteria used for depreciation, estimating useful lives and recognizing any impairment losses are the same as those applied to tangible assets for own use, described in Note 2.j).

Variable lease payments that are not benchmarked to an index or interest rate are not included when measuring the lease liability or corresponding right-of-use asset. They are instead recognized as an expense for the period under “Administrative expenses – Other general administrative expenses” on the consolidated income statement.

ii. The Group acts as lessor

Leases where the Group acts as lessor are classified as finance or operating leases. Where analysis of the lease conditions indicates that substantially all the risks and benefits of the leased asset are transferred to the lessee, the contract is classified as a finance lease. All other cases are classified as operating leases.

k) Intangible assets

Intangible assets are non-monetary assets that are without physical substance. They are deemed to be identifiable when they are separable from other assets – i.e. they can be individually disposed of, let or transferred – or when they arise from contractual or other legal rights. An intangible asset is recognized when, besides satisfying the above definition, the Group considers it probable that the economic benefits arising from the asset will be realized and its cost can be measured reliably.

Intangible assets are initially recognized at cost of acquisition or production and subsequently measured at cost less any accrued amortization or impairment loss.

Goodwill

Goodwill corresponds to payments made by the Group in anticipation of future economic benefits deriving from assets of an acquired entity that cannot be individually and separately identified and recognized. It is recognized only when acquired for consideration in a business combination.

Positive differences between the acquisition cost of interests in the capital and the corresponding carrying amounts of the assets acquired, adjusted on the date of first consolidation, are recognized as follows:

i) If the excess can be assigned to specific assets or liabilities of the companies acquired, it is added to the value of assets whose market value is higher than the carrying amount stated in the consolidated statement of financial positions of the companies acquired, or subtracted from the value of liabilities whose market value is lower than the carrying amount. The accounting treatment is similar to that of the corresponding Group assets or liabilities, respectively.

ii) Where differences can be assigned to specific intangible assets, they are explicitly recognized in the consolidated statement of financial position provided their fair value at the acquisition date can be measured reliably.

iii) The remaining amount is recognized as goodwill, which is allocated to one or more specific cash-generating units.

Negative differences between the acquisition cost of interests in the capital of associates and the corresponding carrying amounts of the assets acquired, adjusted on the date of first consolidation, are recognized as follows:

i) If the difference can be assigned to specific assets or liabilities of the companies acquired, it is added to the value of liabilities whose market value is higher than the carrying amount stated in the consolidated statement of financial position of the companies acquired, or subtracted from the value of assets whose market value is lower than the carrying amount, where the accounting treatment is similar to that of the Group's equivalent liabilities or assets, respectively.

ii) Unassignable amounts are recognized in the consolidated income statement for the year when the acquisition took place.

The remaining intangible assets are divided into two groups: those with an indefinite useful life when, based on analysis of all relevant factors, there is no foreseeable limit to the period when they are expected to generate net cash flows to the Group, and those with a finite useful life. Intangible assets with an indefinite useful life are not amortized. At each reporting date, the Group reviews their remaining useful life to determine whether it can still be considered indefinite and, if not, makes the corresponding accounting changes. Intangible assets with a finite useful life are amortized over that life using similar criteria to the depreciation of property and equipment.

The Group also recognizes any impairment loss to the carrying amount of these assets, with a balancing entry in the consolidated income statement. The criteria for recognising impairment losses in these assets and any recoveries of previously recognized impairment are similar to those used for tangible assets.

l) Inventories

Inventories include, inter alia, land and other property held by the Group for sale as part of its real estate development activities and any other assets, other than financial instruments, that are held for sale in the ordinary course of its business and are in the process of production, construction or development.

Inventories are carried at the lower of cost, including all costs of acquisition or transformation and other direct and indirect costs incurred to create their current condition and location, and net realisable value. Net realisable value is defined as the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs of sale.

The cost of inventory items that are not tradable in the normal course of business and the cost of goods and services produced and reserved for specific projects are determined individually for each case. The cost of other inventories is determined using the first-in, first-out method (FIFO).

Both reductions and subsequent recoveries in the net realisable value of inventories are recognized in income for the year in which they occur.

In the event of their sale, the carrying amount of inventories is derecognized from the consolidated statement of financial position and recycled to the consolidated income statement as an expense under "Other operating expenses" for the same period in which the revenue from their sale is recognized under "Other operating income".

m) Provisions and contingent exposures

The Group makes a distinction between provisions and contingent liabilities. Provisions are defined as present obligations of the Group arising as a result of past events, which are specific in nature at the reporting date but uncertain as to their amount or timing of cancellation, which the Group expects to cancel on maturity through an outflow of resources embodying economic benefits.

Such obligations may arise for the following reasons:

i) A legal or contractual requirement.

ii) An implicit or tacit obligation, arising from a valid expectation created by the Group in respect of third parties that it will assume certain kinds of responsibilities. Such expectations arise when the Group publicly accepts responsibilities, and derive from past performance or business policies in the public domain.

iii) Near certain changes in the regulations on certain issues. In particular, draft legislation with which the Group will be required to comply.

Contingent exposures are possible obligations of the Group that arise out of past events which are contingent upon the occurrence or non-occurrence of one or more future events over which the Group does not have control. Contingent exposures include present obligations of the Group where an outflow of funds including economic benefits is unlikely to be required to settle them or, in extremely rare cases, where the amount of the obligation cannot be measured reliably.

Provisions and contingent exposures are classified as probable when they are more likely to occur than not, possible when they are less likely to occur than not, and remote when their occurrence is extremely rare.
The Group includes in the consolidated financial statements all significant provisions and contingent exposures in respect of which the probability of the obligation having to be met is greater than the probability of its not having to be met. Contingent exposures classified as possible are not recognized in the consolidated financial statements, but are reported, unless the likelihood of an outflow of funds including economic benefits being required is considered remote.

Provisions are quantified on the basis of the best available information on the consequences of the event at their origin and are estimated at the close of each accounting period. They are used to cover the specific obligations for which they were recognized and are reversed in full or in part when such obligations cease to exist or are reduced.

Provisions for commitments and guarantees given include the amount of the provisions established to cover contingent commitments given – defined as transactions where the Group guarantees the obligations of a third party as a result of financial guarantees granted or contracts of another kind – and contingent commitments – defined as irrevocable commitments that could give rise to the recognition of a financial asset – and the amount of other provisions established by the Group.

Ongoing lawsuits and/or claims

At 31 December 2020 and 2019 a number of lawsuits and claims had been filed against the Group as a result of the normal conduct of its business. Both the Bank's legal advisors and its directors are of the view that the outcome of these proceedings and claims will have no significant effect beyond that provisioned in the accompanying consolidated financial statements, totalling EUR 22,248 thousand at 31 December 2020 (EUR 83,800 thousand at 31 December 2019), recorded under "Provisions – Other provisions" (Note 18) on the consolidated balance sheet.

n) Non-current assets and liabilities and disposal groups held for sale

"Non-current assets and disposal groups held for sale" on the consolidated statement of financial position include the carrying amount of items intended for sale (discontinued operations), either individually or as part of a disposal group or business unit, and whose sale is highly probable, in the current state of the assets, within one year of the reporting date of the consolidated financial statements. Also classed as "Non-current assets and disposal groups held for sale" are investments in associates that meet the same criteria.

The carrying amount of these items, which may be financial or non-financial assets, is expected to be recovered via their sale price rather than through their continued use.

And so, real estate or other non-current assets received by the group as full or part payment of its debtors' obligations are reported under "Non-current assets and disposal groups held for sale" unless the Group has decided to make continuing use of these assets.

Also, "Liabilities included in disposal groups held for sale" include credit balances of the Group's disposal groups and discontinued operations.

Non-current assets and disposal groups held for sale are generally measured at the lower of carrying amount at the time they are classified as such and their estimated fair value net of costs to sell, except those of a financial nature. For as long as they remain classified as "Non-current assets and disposal groups held for sale" tangible and intangible assets that would normally be depreciated or amortized are not.

Foreclosed assets or assets received in settlement of debt, whatever the legal procedures that led to this outcome, are initially recognized at the lower of the carrying amount of the associated financial asset, i.e. amortized cost less any estimated impairment, and fair value at the time of foreclosure or receipt less estimated costs to sell. Fair value is taken to be the market value measured by full appraisal of each asset less costs to sell.

All costs of the foreclosure process are recognized immediately in the consolidated income statement for the year the foreclosure took place. Registration fees and taxes paid may be added to the value initially recognized provided that their addition does not raise this amount above the appraisal value less estimated costs to sell referred to in the previous paragraph. All costs to maintain and protect the asset incurred between foreclosure and sale, such as insurance or security, are taken to consolidated income as accrued.

Subsequently, this appraisal value is updated in line with a benchmark valuation used to estimate fair value. When measuring fair value less costs to sell, the Group takes into account appraisals by different appraisal companies all of whom are registered in the Bank of Spain Special Register and the discounts to benchmark value estimated by the Bank of Spain on the basis of past experience and information held by the Spanish banking sector. Also, when a building has a fair value of EUR 250,000 or less it is updated using automated valuation models. Any buildings that have remained on the balance sheet for three years undergo a full reappraisal in any event. Also, the appraisal company that updates the valuation is different from the one that carried out the previous valuation.

Where the carrying amount exceeds the fair value of the assets less costs to sell, the Group adjusts the carrying amount of assets by the difference, with an offsetting entry in "Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations" on the income statement. In the event of any subsequent rise in the fair value of assets, the Group reverses previously taken losses, increasing the book value of the assets up to the pre-impairment amount, with an offsetting entry in "Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations" on the income statement.

Proceeds from the sale of non-current assets held for sale are reported under "Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations" on the consolidated income statement.

Discontinued operations

The Group classifies as a discontinued activity or operation any Group component that has been sold or otherwise disposed or classified as "Non-current assets or disposal groups held for sale" and also fulfils any of the following conditions:

- It represents a business line or geographical area of operations which is material and independent of the rest.
- It forms part of an individual and coordinated plan to sell, or otherwise dispose of, a business line or geographical area of operations which is material and independent of the rest.
- It is a subsidiary acquired for the sole purpose of selling it.

Results generated during the year by Group components classified as discontinued operations are recognized under "Profit or (-) loss after tax from discontinued operations" on the consolidated income statement whether or not the component still remains on the balance sheet at the end of the year. If activities previously presented as discontinued operations are reclassified as continuing operations, their income and expenses are reported by nature on the consolidated income statements for the current and prior years.

o) Foreign currency transactions

I. Functional currency

The Group's functional currency is the euro. Consequently, all non-euro balances and transactions are considered foreign currency balances and transactions.

II. Translation criteria for foreign currency balances

Balances receivable and payable in foreign currency are translated to euros at the spot rate on initial recognition. The following translation criteria are subsequently applied:

- Cash items denominated in foreign currency are translated to their functional currencies using the official average Spanish spot rate at the close of the year.
- Non-cash items measured at historical cost are translated at the exchange rate applying on the date of acquisition.
- Non-cash items recognized at fair value are translated at the exchange rate applying on the date of fair value measurement.
- Income and expenses are translated at the exchange rate applying on the transaction date or using the average exchange rate for the period for all transactions performed in that period.
- Equity items are translated at historical exchange rates.

III. Recognition of translation differences

Translation differences arising on the translation of foreign currency balances are generally recognized in income, except for differences arising on non-cash items.

At 31 December 2020, the value of assets and liabilities denominated in foreign currencies was EUR 54,268 thousand and EUR 54,268 thousand, respectively (compared with EUR 53,646 thousand and EUR 54,580 thousand at 31 December 2019).

p) Recognition of income and expense

As a general rule, income is recognized at the fair value of the consideration received or to be received, less trade and other discounts. Where the cash inflows are deferred, fair value is determined by discounting the future cash flows.

The recognition of any revenue item in consolidated income or consolidated equity is subject to fulfilment of the following prerequisites:

- The amount can be reliably estimated.
- It is probable that the Bank will receive the economic benefits of the transaction.
- The information must be verifiable.

The main criteria applied by the Group for the recognition of income and expense are described below.

I. Interest and similar income and expense

As a general rule, interest and similar income and expense items are recognized according to their accrual periods, using the effective interest rate method. Dividends received from other companies are recognized in income at the time the Group becomes entitled to receive them.

II. Fees, commissions and similar items

Income and expense arising from fees, commissions and similar charges are recognized in income according to various criteria, depending on their type. The main fee and commission items are:

- Fees related to financial assets and liabilities designated at fair value through profit and loss, which are recognized when paid.
- Fees originating from transactions or services that continue over an extended period, which are recognized over the life of the transaction or service.
- Fees relating to a service rendered in a single act, which are recognized when the single act is carried out.

The Group classifies fees and commissions received or paid as follows:

Finance fees and commissions

Fees of this type, which form an integral part of the effective return or cost of a finance transaction, are collected or paid in advance and generally recognized in income over the expected term of the finance, net of direct costs, as an adjustment to the cost incurred or effective revenue generated on the transaction.

Non-finance fees and commissions

Fees of this type arise when services are rendered by the Group and are recognized in income over the period in which the service is rendered or, if relating to a service rendered in a single act, when the single act is carried out.

III. Non-finance income and expense

These are recognized for accounting purposes on an accrual basis.

q) Swaps of tangible and intangible assets

When tangible and intangible assets are the subject of swaps, the Group measures the assets received at their fair value plus, if applicable, any cash considerations delivered in exchange, unless clearer evidence of the fair value of the asset received exists. When it is not possible to measure fair value reliably, the assets received are recognized at the carrying amount of the assets delivered plus, if applicable, any cash considerations delivered in exchange.

Losses on asset swaps are recognized directly in the consolidated income statement, while gains are only recognized if the swap is of a commercial nature and the fair values of the swapped assets can be reliably measured.

r) Social Welfare Fund

The Group recognizes mandatory allocations to the Education and Development Fund under liabilities and as an expense for the year. Voluntary contributions are recognized as a distribution of earnings.

Applications of this fund are normally credited to cash and banks, unless the amount of the related welfare project corresponds to the Group's own activities, in which case the Education and Development Fund is reduced and a revenue item is simultaneously recognized in the consolidated income statement.

s) Off-balance sheet customer funds

The Group recognizes funds deposited by third parties for investment in investment funds, pension funds and endowment policies at their fair value in memorandum accounts, making a distinction between funds managed by Group companies and funds marketed by the Group, managed by non-Group third parties.

The memorandum accounts also include the fair value or, if no reliable fair value estimate is available, cost value of assets acquired by the Group on behalf of third parties as well as debt securities, equity instruments, derivatives and other financial instruments held in custody, under guarantee or on commission at the Group on behalf of those responsible for the same.

The fees charged for these services are recognized in the consolidated income statement as "Fee and commission income".

t) Personnel expenses and post-employment benefits

Short-term benefits

Short-term employee benefits are measured, without discounting, at the amount payable for services received and generally recognized as personnel expenses for the year plus an accrued liability of an amount equal to the difference between the total expense and the amount already settled.

Pension commitments

The only Group company that has significant pension commitments to its employees is the Parent Company.

In accordance with the current collective wage agreement, Caja Rural de Navarra is obliged to supplement the state social security system benefits accruing to widows and orphans of employees who die while employed by the Group. It must also pay a seniority bonus to employees who leave the Parent Company due to retirement or serious full and permanent disability after twenty or more years' service. The amount of this bonus is established in the collective agreement.

Caja Rural de Navarra has covered all the aforementioned commitments through various policies contracted with the insurance company Vidacaixa Seguros y Reaseguros, S.A..

Liabilities recognized under the defined benefit plans are measured as the current value of the obligation at the reporting date less the fair value of plan assets. Obligations under defined benefit plans are calculated annually by independent actuaries using the projected unit credit method assuming the earliest possible retirement age.

"Plan assets" are those assets associated with a specific defined benefit obligation which will be used directly to settle these commitments and which meet the following conditions:

- They are owned by a legally separate third party that is not related to the Group.

- They can be used only to pay or finance commitments to employees and are unavailable to creditors of the Parent Company even in the event of insolvency.

- They can be returned to the Parent Company only if all employee benefit commitments have been settled or if they are to be used to reimburse the Parent Company for employee benefits already paid.
- They are not non-transferable securities issued by the Parent Company.

At 31 December 2020, the defined benefit obligation was in deficit as the fair value of plan assets was less than the present actuarial value of the contracted obligations.

This deficit was recognized as a provision for defined benefit pension plans under "Provisions – Pensions and other defined-benefit post-employment obligations" on the consolidated statement of financial position at 31 December 2020.

Post-employment benefits are defined as any remuneration to employees paid after they have ceased to be employed by the Group. Post-employment benefits, including those covered by internal or external pension funds, are divided into defined contribution or defined benefit plans based on the terms and conditions of the associated obligations, taking into consideration all commitments undertaken both within and outside the terms and conditions formally agreed with employees.

Post-employment benefits are reported as follows:

i) On the income statement: employee current service costs and past service costs that were not recognized in the year accrued, net interest on provisions (assets), and the gain or loss on settlement.

ii) On the statement of changes in equity: revaluations of provisions (assets), impact of actuarial gains and losses, any returns on plan assets that were not included in net interest on provisions (assets), and changes in the present value of plan assets as a result of changes in the present value of cash-flows available to the entity which are not included in net interest on provisions (assets). Amounts recognized in the statement of changes in equity will not be reclassified to the income statement in future years.

Defined benefit plans are therefore reported in the income statement as follows:

a) Current service cost as "Personnel expenses".
b) Net interest on provisions as "Interest expense".

c) Net interest on assets as “Interest income”.
d) Past service cost as “(Provisions) reversals”.

The most significant actuarial assumptions applied are as follows:

Actuarial assumption	2020	2019
Interest rate	0.40%	0.60%
Expected return on plan assets	0.40%	0.60%
Mortality tables	PERM/F2000P	PERM/F2000P
Incapacity tables	N/A	N/A
Annual cumulative salary increase	2.00%	2.00%

The discount rate applied to plan commitments is based on the duration of the commitment, 16.4 years for post-employment obligations at a rate of 0.40%, and the benchmark curve is based on the yield paid by high-rated (AA) corporate bonds denominated in euros (Source: Iboxx AA at 31 December 2020).

The percentage sensitivity of the defined benefit obligation to changes in the main assumptions for 2020 is as follows:

	Change in assumption	Increase	Decrease
Discount rate	0.40%	-7.78%	6.88%
Annual salary growth rate	0.50%	8.46%	-7.65%

The sensitivity analysis above assumes a change in the assumptions shown while all other factors remain constant.

The amounts recognized in the Bank’s financial statements for pensions and similar obligations are as follows:

	Thousands of euros	
	2020	2019
Assets/liabilities on statement of financial position		
Post-employment obligations	(3,792)	(3,513)
Fair value of plan assets	2,390	2,323
Other	(15)	-
Net asset (provision) recognized on statement of financial position (Note 18)	**(1,417)**	**(1,190)**

Expenses charged to the income statement for defined benefit obligations to employees are as follows:

	Thousands of euros	
	2020	2019
Charged (credited) directly to income		
Personnel expenses:		
- Current service cost	218	178
- Allocation to provisions	-	-
Net income and interest expense	9	17
Total expenses charged	**227**	**195**

The table below reconciles the amounts reported as present value of defined benefit obligations at the start and end of 2020 and 2019:

	Thousands of euros
Balance at 31 December 2018	**3,024**
Current service cost	178
Interest expense	50
Remeasurements	375
Benefits paid	(114)
Effect of curtailments/settlements	-
Balance at 31 December 2019	**3,513**
Current service cost	218
Interest expense	22
Remeasurements	98
Benefits paid	(59)
Effect of curtailments/settlements	-
Balance at 31 December 2020	**3,792**

The table below reconciles the amounts reported as fair value of defined benefit plan assets at the start and end of 2020 and 2019:

	Thousands of euros
Fair value at 31 December 2018	**2,005**
Expected return on plan assets	32
Remeasurements	290
Contributions by the Bank	110
Benefits paid	(114)
Effect of curtailments/settlements	-
Fair value at 31 December 2019	**2,323**
Expected return on plan assets	9
Remeasurements	117
Contributions by the Bank	-
Benefits paid	(59)
Effect of curtailments/settlements	-
Fair value at 31 December 2020	**2,390**

The breakdown of the main asset classes in the defined benefit plan (as % of total plan assets) is as follows:

	2020	2019
Equities	-	-
Debt instruments	-	-
Property	-	-
Insurance policies	100%	100%
Other assets	-	-
Total	**100%**	**100%**

The Bank expects to contribute EUR 242 thousand to defined post-employment benefit plans in respect of 2021.

The estimate of the corresponding payments expected from defined post-employment benefit plans over the next 10 years is as follows (in thousands of euros):

	2021	2022	2023	2024	2025	2026-2030
Probably post-employment benefits	233	80	110	108	40	477

Termination benefits

Termination benefits are recognized as a provision for pensions and other defined-benefit post-employment obligations and as personnel expenses only when it can be demonstrated that the Group has committed to terminating the employment of an employee or group of employees before the normal retirement date or to paying termination benefits to employees as incentives in a voluntary redundancy offer.

u) Tax on profit from continuing operations

The income tax expense for the year is recognized in the consolidated income statement except when it results from a transaction recognized directly in equity, in which case the income tax effect is also recognized in equity.

"(Tax expense or (-) income on profit from continuing operations)" is tax payable on taxable profit for the year, adjusted for changes arising in the year due to temporary differences, tax relief, tax credits and tax loss carryforwards.

Deferred tax assets and liabilities include the aforesaid temporary differences, which are the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their related tax bases.

Deferred tax assets, tax relief, tax credits and tax loss carryforwards are only recognized if it is considered likely that the Group will have sufficient future taxable profits against which they can be offset.

Deferred tax liabilities are always recognized, except those arising upon the initial recognition of goodwill or the deferred tax liabilities associated with investments in subsidiaries, associates and jointly-controlled entities, provided that the investor is able to control the timing of the reversal of the temporary difference and, in addition, that it is probable that the difference will not reverse in the foreseeable future. Notwithstanding the above, deferred tax assets and liabilities are not recognized in connection with the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are reviewed on each reporting date to determine whether they remain valid and whether there is sufficient evidence on the probability of future taxable profits being made against which tax assets can be applied. Any corrections identified as necessary in the review are then made.

The reviews consider the following factors:

- Projected profits of the Parent Company and each subsidiary, based on budgets approved by the Group's directors, adjusted using constant growth rates estimated by the Parent Company's management;

- Estimates of reversals of temporary differences depending on their nature and

- Legal expiry periods or caps for the use of deferred tax assets in each country.

Income and expenses recognized directly in equity are accounted for as temporary differences.

On 28 December 2016, Navarre Regional Law 26/2016, on Company income tax, was published in the Navarre Official Bulletin, taking effect the next day and applying to all tax periods starting as from 1 January 2018. This amended Navarre Regional Law 24/1996, of 30 December, on Company income tax, used to determine company income tax until that date, although it did not actually change the tax rate payable by the Bank.

v) Consolidated statement of recognized income and expense and consolidated statement of changes in equity

These statements form part of the consolidated financial statements and show all changes in equity occurring in the reporting period. The main features of the information presented in each part of the statement are outlined below.

Consolidated statement of recognized income and expense

This statement shows the income and expense generated by the Group as a result of its activities in the reporting period, distinguishing between items of income and expense that are recognized in profit and loss for the year and items of income and expense that, as required under current regulations, are recognized directly in equity.

This financial statement therefore presents:

- Consolidated profit for the year
- The net income or expense recognized under "Other comprehensive income" that will not be reclassified to profit or loss.
- The net income or expense recognized under "Other comprehensive income" that may be reclassified to profit or loss.
- "Total recognized income and expenses for the year", calculated as the sum of the three items above.

Changes in net income or expense recognized under "Other comprehensive income" as "Items that will not be reclassified to profit or loss" are composed of:

a) Actuarial gains or losses on defined benefit pension plans: this includes gains or losses over the period from changes in the valuation of obligations due to changes and differences in actuarial assumptions, certain returns on plan assets and changes in the limit of the asset.

b) Non-current assets and disposal groups held for sale: this includes gains and losses for the period that must be recognized in other comprehensive income as a result of the measurement of this asset class and which are not subsequently taken to income.

c) Share of other recognized income and expense of investments in joint ventures and associates: this item, which only appears in the consolidated statement of recognized income and expense, summarizes gains and losses for the period from companies accounted for using the equity method obligatorily recognized in OCI and not subsequently taken to income.

d) Changes in fair value of equity instruments at fair value through other comprehensive income: this item includes gains or losses for the period from changes in the fair value of equity instruments, when an entity has irrevocably opted to report these in OCI.

e) Gains or losses from hedge accounting for equity instruments at fair value through other comprehensive income, net: this represents changes over the period in the ineffectiveness of fair value hedges where the hedged item is an equity instrument at fair value through OCI. It also includes the difference between changes in fair value of equity investments recognized as "Changes in fair value of equity instruments at fair value through other comprehensive income (hedged item)" and changes in fair value of hedging derivatives booked under "changes in fair value of equity instruments at fair value through other comprehensive income (hedge)"

f) Changes in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in credit risk: this shows changes in the fair value for the period of financial liabilities designated at fair value through profit or loss attributable to changes in own credit risk.

Changes in net income or expense recognized under "Other comprehensive income" as "Items that can be reclassified to profit or loss" are composed of:

a) Hedges of net investments in foreign operations (effective portion): this includes the change over the period in retained earnings due to the impact of exchange rate differences on the effective portion of hedges, continuing or discontinued, of net investments in foreign operations.

b) Currency translation: this recognizes changes over the period due to the translation of functional currency items into the reporting currency.

c) Cash flow hedges (effective portion): this recognizes the gain or loss over the period in the effective portion of the changes in fair value of hedging instruments in this type of hedging relationship.

d) Hedging instruments (undesignated): this includes changes over the period in accrued change in the fair value of the following items when they have not been designated as a hedge: time value of options, future elements of futures contracts, base differential of exchange differences on financial instruments.

e) Debt instruments at fair value through other comprehensive income: this includes gains or losses for the period on these instruments not due to impairment or exchange differences, recognized in, respectively, "impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)" and "Gains or (-) losses from translation differences, net", in the income statement.

f) Non-current assets and disposal groups held for sale: this includes gains and losses for the period that must be recognized in other comprehensive income as a result of the measurement of this asset class and which can subsequently be taken to income.

g) Share of other recognized income and expense recognized in investments in joint ventures and associates. This item, which only appears in the consolidated statement of recognized income and expense, summarizes gains and losses for the period from companies accounted for using the equity method obligatorily recognized in OCI which can be subsequently taken to income.

Each individual item is also broken down into the following sub-items:

a) Gains or losses recognized in equity: reflects the amount of income, net of expenses arising in the year, recognized directly in equity. Amounts recognized directly in equity during the year are held in this item, although they are recycled in the same year to income or transferred to the initial carrying amount of assets and liabilities, or reclassified to another item, in accordance with paragraphs b), c) and d) below, respectively. When this breakdown refers to paragraph b) of the previous item, it is called "Gains or (-) losses on currency translation recognized in equity".

b) Reclassified to profit or loss: measurement gains or losses previously recognized in equity, including in the same year, which are recognized in the income statement (sometimes this process is referred to as "recycling of income and expense" and the amount transferred as "Reclassification adjustments").

c) Reclassified to initial carrying amount of hedged items: this sub-item is only used for the items covered by c) in the previous section. It shows measurement gains or losses previously recognized in equity, even in the same year, which are recognized in the initial carrying amount of assets and liabilities as a result of cash flow hedges.

d) Other reclassifications: transfers between items during the year, in accordance with the criteria set out in the standards of this section.

The amounts of items in this account are carried gross. Income tax for each item, whether or not they are recyclable to income, is shown in a separate item at the end.

Consolidated statement of changes in equity

This statement shows all changes in equity, including those resulting from changes in accounting policies and the correction of errors. The statement therefore provides a reconciliation between the carrying amount of each item of consolidated equity at the beginning and end of the period, grouping movements by type under the following headings:

- Effects of changes in accounting policies and correction of errors: reflecting changes in equity resulting from retrospective adjustments to consolidated financial statement balances because of changes in accounting principles or to correct errors.

- Total recognized income and expenses for the year: representing the aggregate value of all the aforementioned items recognized in the statement of recognized income and expense.

- Other changes to equity: representing the remaining items recognized in equity, including capital increases or decreases, distribution of earnings, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in equity.

w) Consolidated cash flow statementWW

The consolidated cash flow statement uses a number of specific concepts, which are defined as follows:

i) Cash flows are inflows and outflows of cash and cash equivalents, that is, investments that are short-term, highly liquid and subject to a low risk of changes in value.

ii) Operating activities are the Group's typical activities and other activities that cannot be classified as investing or financing and interest paid by financing received, even if it relates to financial liabilities classified as financing activities.

iii) Investing activities are those relating to the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and equivalents, such as property and equipment, intangible assets, equity investments, joint ventures and associates, non-current assets and disposal groups classified as "Financial assets at fair value through other comprehensive income" and the associated liabilities. Changes arising from the acquisition or disposal of a set of assets or liabilities making up a business or activity are reported under "Other business units" in the standalone financial statements or under "Subsidiaries and other business units" in the consolidated statements as positive or negative items as appropriate.

iv) Financing activities are activities that result in changes in the size and composition of the consolidated net assets and liabilities that are not part of operating activities.

The Group treats the balances included under "Cash, cash balances at central banks and other demand deposits" in the consolidated statement of financial position as cash and cash equivalents.

x) Business combinations

Business combinations are defined as transactions through which two or more entities or economic units are merged into a single entity or group of companies.

When the business combination results in the creation of a new entity that issues shares to the owners of two or more entities that have merged. one or other of the two original entities is deemed to be the acquirer and the transaction is treated in the same way as if one entity had acquired the other.

Business combinations are booked by the acquisition method. The consideration transferred to acquire another company is measured as the fair value of the assets transferred, any liabilities to the previous owners that the Group takes on and any equity interests in the acquiree issued by the Bank. Consideration also includes the fair value of any assets or liabilities resulting from any contingent consideration agreement. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. In each business combination, the Group can choose to measure any non-controlling interest in the acquiree either at fair value or at its proportionate share of the identifiable net assets of the acquiree.

Acquisition costs are recognized as expenses for the year they are incurred.

Any contingent consideration to be transferred by the Group is measured at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration treated as an asset or liability are recognized in accordance with IFRS 9 in the consolidated income statement.

Goodwill is initially measured as the total consideration paid plus the fair value of the non-controlling interests less the net amount of identifiable assets acquired and liabilities assumed. If this consideration turns out to be less than the fair value of net assets of the subsidiary acquired, the difference is recognized in profit or loss.

During a one-year "measurement period" from the date of the business combination the acquirer can adjust the provisional amounts recognized as it completes the estimates required to prepare the first consolidated financial statements following the combination.

y) Goodwill

Positive differences between the acquisition cost of business combinations and the percentage interest acquired in the net fair value of the assets and contingent liabilities of the acquirees are recognized as goodwill on the consolidated balance sheet. Goodwill therefore corresponds to payments made by the Group in anticipation of future economic benefits deriving from assets of an acquired entity that cannot be individually and separately identified and recognized. It is recognized only when acquired for consideration as a result of a business combination. This goodwill is never amortized but at each reporting date it is tested for any impairment that would reduce its fair value below its recognized net cost and, if so, it is written down with the resulting loss being recognized in the consolidated income statement.

Goodwill impairment tests are based on measurements that principally use the discounted distributed profits method, which takes account of the following parameters:

- Key business assumptions. These assumptions are the basis for forecasting future cash flows used in the valuation. For financial businesses the variables projected may include: lending volumes, non-performing loans, customer deposits and interest rates in a projected economic environment and capital requirement.

- Estimates of macro-economic and other financial variables.

- Forecast period. The forecast term/period is usually 5 years. Beyond this, profits and yields are assumed to run at a constant level. Economic projections at the time of the valuation are used to make forecasts over this period.

- Discount rate. The present value of future dividends, used to derive value in use, is calculated at a discount rate based on the entity's cost of equity (Ke) to a market participant. It is determined using the capital asset pricing model (CAPM) method: "$Ke = Rf + ß * (Rm - Rf) + \alpha$; where Ke = rate of return demanded by the shareholder, ß = the company's systemic risk factor, Rm = market rate of return, Rf = risk-free rate and α = an additional premium to take account of future contingencies".

- A growth rate used to extrapolate cash flows beyond the period covered by the most recent forecasts. This is based on long-term estimates of key economic and business variables, taking into account at all times the state of financial markets. The estimated perpetual growth rate is 1%.

Impairment losses recognized for goodwill are not reversed in subsequent periods.

3. Changes and errors in accounting principles and estimates

I. Changes in accounting principles

Changes in accounting principles, whether resulting from a change in an accounting standard affecting a particular transaction or event or a decision of the Governing Board of the Bank or the Board of Directors of a Group company, for duly disclosed reasons, are applied retrospectively, except where:

- It would be impractical to determine the effects of a given change on the comparative information for a prior year. In this case the new accounting principle is applied as from the earliest prior year for which retrospective application is practical. Sometimes it may be impractical to determine the cumulative impact at the start of the current financial year of the application of a new accounting principle to all prior years. In this case the new accounting principle is applied prospectively starting from the earliest practical date.

- The measure or accounting standard that amends or creates the principle sets a start date for its application.

Certain accounting standards applied to the Group in 2020 underwent changes from those applied in the prior year. The most significant of these changes are detailed below:

a) Standards and interpretations adopted by the European Union and applied for the first time this year.

Revised Conceptual Framework for IFRS

The revised Conceptual Framework sets out the fundamental concepts that guide the IASB in developing standards and help ensure the Standards are consistent and that similar transactions are treated the same way. It also assists companies in developing accounting policies when no specific standard applies to a particular transaction.

The revised Conceptual Framework includes a new chapter on measurement, improves definitions and guidance and clarifies key areas such as the concept of prudence and making estimates under conditions of uncertainty.

Amendments to IAS 1 and IAS 8 – Definition of material

Amendments were made to the definition of materiality to make it easier to decide which items are material. The definition of material helps companies decide what information should be included in the consolidated financial statements. These amendments clarify the definition and come with guidance on how it should be applied. They also improve the accompanying explanations and ensure consistency across all standards. These amendments have had no material impact on the Group’s consolidated financial statements for the year.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest rate benchmark reform

These amendments provide a series of reliefs, which apply to all hedging relationships directly affected by reforms to benchmark interest rates (IBOR). A hedging relationship is affected if the reform creates uncertainty as to the timing and/or amount of cash flows benchmarked to the interest rate in either the hedged item or hedging instrument. These amendments have had no material impact on the Group’s consolidated financial statements for the year.

Amendments to IFRS 3 – Business combinations

The amendments change the definition of business in IFRS 3 to help reporting companies determine whether a transaction should be recognized as a business combination or as an acquisition of a group of assets. This is a key distinction as goodwill is only recognized by the buyer when it acquires a business.

The new definition of a business focuses on its providing goods and services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. The previous definition focused on a business providing a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members or participants.

Amendments to IFRS 16 – Covid-19-related rent concessions

These amendments permitted lessees, as a practical expedient, not to assess whether particular rent concessions granted in response to Covid-19 are lease modifications. If they so choose, the lessee recognizes the concessions in accordance with IFRS 16 – Leases as if they did not constitute a modification.

This practical expedient can only be applied to rent concessions that are a direct consequence of Covid-19, which means they have to meet the following conditions:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,

(ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021, and

(iii) There is no substantive change to other terms and conditions of the lease.

These amendments have had no material impact on the Group's consolidated financial statements for the year.

b) Standards and interpretations issued but not applicable this year

Amendment to IFRS 4 – Insurance contracts: deferral of IFRS 9

Currently, under IFRS 4 – Insurance contracts, companies to which it applies must adopt IFRS 9 – Financial instruments on 1 January 2021. The IASB has decided to defer adoption by applicable companies to financial years beginning on 1 January 2023. This standard does not apply to the Group.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 – Insurance contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. When it comes into effect, IFRS 17 will replace IFRS 4 – Insurance contracts which was issued in 2005. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, which is supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).

- A simplified approach (focus on premium allocation) mainly for short-term contracts.

IFRS 17 is effective for all years beginning from 1 January 2023 (allowing for deferred application), and requires the inclusion of comparative figures. Early adoption is permitted, provided the company also applies IFRS 9 and IFRS 15 on the same date. This standard does not apply to the Group.

Amendments to IAS 1 – Presentation of financial statements: classification of financial liabilities as current or non-current

In January 2020, the IASB issued its amendments to paragraphs 69-76 of IAS 1 – Presentation of financial statements to clarify the requirements when classifying liabilities as current or non-current. Specifically, it clarified:

- What it means to have the right to defer settlement
- That the right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- Only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

These amendments are effective for periods starting on or after 1 January 2023 and must be applied retrospectively.

Amendments to IFRS 3 – Business combinations: Reference to the Conceptual Framework

These amendments issued by the IASB in May 2020 replace references to the 1989 Conceptual Framework with a reference to the 2018 version, without any material impact on reporting requirements.

The IASB also added an exemption to IFRS 3 requirements to avoid "day 2" gains or losses arising for liabilities and contingent liabilities (within the scope of IAS 37 or IFRIC 21) if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for the recognition of contingent assets that would not be affected by the references to the Framework.

These amendments are effective for periods starting on or after 1 January 2022 and apply retrospectively. The Group does not expect these amendments to have any impact.

Amendments to IAS 16 – Property, plant and equipment: Proceeds before intended use

These amendments, issued by the IASB in May 2020, prohibit deducting from the cost of assets any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These amounts are instead recognized in the income statement.

The amendments are effective for periods beginning on or after 1 January 2022. They must be applied retrospectively only to assets brought to the location and condition necessary for them to operate as intended by management after the start of the earliest period presented in the financial statements where they were first applied. The Group does not expect these amendments to have any material impact.

Amendments to IAS 37 – Cost of fulfilling a contact

These amendments, issued by the IASB in May 2020, specify which costs companies must consider when assessing whether a contract is onerous. The amendments propose a "focus on costs that relate directly to the contract". Costs that directly relate to a contract to deliver goods or services include both incremental costs and allocation of costs directly related to the contract. Administrative and general costs cannot be allocated to a contract and therefore are not counted unless they are explicitly chargeable to the counterparty under the contract.

These amendments are effective for periods starting on or after 1 January 2022.

Annual improvements 2018-2020

As part of the 2018-2020 cycle of annual improvements to the IFRS, the IASB has published an amendment to IFRS 9 and IAS 41.

IFRS 9 “Financial instruments”: fees and costs included in the 10 per cent test

The amendment clarifies which fees and costs should be considered when assessing whether changes to the terms of a financial liability make it substantially different from the original liability. These fees and costs should only include fees paid or received between the entity and the lender, including those paid or received by either on the other’s behalf.
This amendment is effective for periods starting on or after 1 January 2022. Early adoption is permitted.

IAS 41 Farming – Taxation in fair value measurements

This amendment eliminates the requirement in paragraph 22 of IAS 41 under which companies measuring the fair value of assets under this standard had to exclude cash flows going to pay taxe
s.
This amendment is effective for periods starting on or after 1 January 2022. Early adoption is permitted.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark reform – Phase 2

In August 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark reform – Phase 2. These amendments provide temporary relief from some financial reporting obligations while the interbank offer rates (IBOR) are replaced by risk-free interest rates (RFR).

II. Errors and changes in accounting estimates

Accounting errors

Errors made in preparing the consolidated financial statements for prior years are omissions or misstatements caused by a failure to use, or misuse of, reliable financial information that was available when the consolidated financial statements for those periods were authorised for issue and which the Parent Company could reasonably be expected to use in preparing the consolidated financial statements.
Prior period errors are corrected retrospectively in the first consolidated financial statements prepared after their discovery, so that they read as if the error had not occurred. This means:

- restating the amounts of all affected items in the consolidated financial statements, including notes, for publication as comparative information for the year the error occurred and any subsequent years and, if applicable,

- restating the opening balances of assets, liabilities and equity for the earliest year presented as comparative information if the error occurred before this date.

When it is impractical to establish the effects of a prior year error on each specific year, initial balances are restated for the earliest years where it is practical to do so. Where it is impractical to determine the cumulative effect, at the start of the current year, of an error on all prior years, comparative information should correct the error prospectively starting at the earliest possible year that it is possible to do so.

Prior year errors that affect consolidated equity are corrected in the year they are discovered through the corresponding consolidated equity item. In no circumstances can errors from prior year periods be corrected through the consolidated income statement of the year in which they are discovered unless they are immaterial or it is impractical to determine the effect of the error as indicated in the paragraph above.

Changes in accounting estimates

A change in an accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, the corresponding assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Changes are recognized prospectively in the consolidated income statement for the year or for the current and future years affected by the change.

There were no corrections of material prior period errors in 2020 and 2019, nor were there any material changes in accounting estimates that had an effect in those years or are expected to have an effect in future periods.

4. Appropriation of earnings

The appropriation of the Parent Company's net profit for 2020 that the Parent Company's Governing Board will propose to members for approval at the Annual General Meeting, together with the appropriation for 2019 approved at the General Meeting held on 30 June 2020, is as follows:

	Thousands of euros	
	2020	2019
Profit or (-) loss for the year before mandatory allocation to the Education and Development Fund and after Income Tax	90,249	94,428
To dividends and remuneration	(1,678)	(1,676)
Total retained earnings or surplus available	**88,571**	**92,752**
To the Mandatory Reserve Fund	79,714	83,477
To the Education and Development Fund	8,857	9,275
Total appropriated	**88,571**	**92,752**

(*) Of this, EUR 417 thousand had been paid at 31 December 2020.

The profits or losses of consolidated subsidiaries will be appropriated as agreed at their respective General Shareholders' Meetings.

5. Remuneration and other benefits paid to key management personnel

The Parent Company considers certain members of the Management Committee, as well as the members of its Governing Board, to be key management personnel.

Remuneration paid to members of the Governing Board

Members of the Parent Company's Governing Board receive no remuneration for the work they perform as board members, except for per diem allowances and other expenses.

The table below sets out the gross remuneration received by members of the Parent Company's Governing Board in 2020 and 2019:

Board members	Thousands of euros	
	2020	2019
Ignacio Terés Los Arcos	19	19
Pedro Jesús Irisarri Valencia	5	5
Marcelino Etayo Andueza	5	5
Carlos Sánchez Diestro	5	4
Alberto Arrondo Lahera	2	3
Manuel García Díaz de Cerio	2	3
José Angel Ezcurra Ibarrola	-	2
Pedro María Echarte Sevine	-	2
Francisco Javier Artajo Carlos	-	1
Jesús Andrés Mauleón Arana	-	2
Roberto Zabaleta Ciriza	1	2
Fernando Olleta Gayarre	2	2
Jesús María del Castillo Torres	2	2
Gabriel Urrutia Aicega	2	2
Pedro Jose Goñi Juamperez	2	2
Ignacio Zabaleta Jurio	4	2
José Joaquín Rodriguez Eguilaz	2	1
Fermín Esandi Santesteban	2	1
Total	**55**	**60**

The Parent Company has no pension commitments in respect of any current or former member of its Governing Board.

As regards professional indemnity insurance for damages caused in the discharge of their duties, the Parent Company has taken out insurance policies covering all directors. The premiums on these policies were EUR 26 thousand and EUR 24 thousand in 2020 and 2019, respectively, and were recognized under "Administrative expenses" in the income statement.

Credit facilities

Any credit facilities extended to members of the Parent Company's Governing Board at 31 December 2020 and 2019 are detailed in Note 39.

Remuneration paid to senior executives

Ordinary remuneration accrued by the Bank's senior executives in 2020 totalled EUR 1,744 thousand. This amount was shared among 14 persons composing the "identified staff" – executives whose professional activities have a major incidence on the Bank's risk profile – including the Managing Director and other members of the Management Committee. Remuneration in 2019 was EUR 1,782 thousand to 14 people). The Bank has no additional commitments with any member of senior management beyond their entitlements as employees of the Parent Company (Note 2.t).

As well as ordinary remuneration, the Bank's employees, including members of senior management also received one-off extraordinary remuneration in 2020 (Note 32).

6. Risk management

a) Credit risk

Credit risk is the possibility of losses being incurred as a result of non-fulfilment of contractual obligations on the part of the Group's counterparties, the Bank being the Group company most exposed to this risk. In the case of repayable finance extended to third parties (in the form of credit facilities, loans, deposits, securities and other instruments), credit risk is a consequence of non-recovery of principal, interest and other items in the amount, within the deadlines and pursuant to the other terms and conditions set out in the credit agreements. Off-balance sheet risk arises when counterparties fail to fulfil their obligations in respect of third parties and the Group is required to assume these obligations itself by virtue of its contractual undertaking.

Credit risk is the most significant risk to which the Group is exposed in the execution of its banking activities and is defined as the risk of a counterparty being unable to repay the amounts it owes in full.

The Group's credit risk management policies are thus defined and structured based on objective, professional criteria while also being designed to allow maximum flexibility in final customer decisions.
Management of credit risk in the Bank is an integrated, streamlined process that is initiated as soon as a customer applies for a loan through the branch network and ends when the funds lent out have been repaid in full. In addition, there are different basic criteria for accepting any credit risk and minimum documentation required under regulations in force, all of which relate to the key issues of liquidity, security, profitability and collateral business.

With a view to establishing more flexible and specialized procedures for examining and analysing customer credit applications, the Bank has set up dedicated units for each segment or type of credit facility that, due to their specific characteristics, is or should be processed in a particular way. In this way, we are able to provide a highly professional but flexible service to customers while at the same time ensuring the precision in decision-making that allows us to build a credit portfolio of the highest quality.
Credit risk management encompasses three key areas:

Money markets

Credit risk on money market positions is limited as wherever possible the Bank uses the services of Banco Cooperativo Español, the bank providing centralized services to the cooperative credit institutions making up the Caja Rural Group.

Debt instruments

The breakdown of these instruments by rating, in order of the highest rating awarded by any of the rating agencies shown below, at 31 December 2020 and 2019 is as follows:

Credit rating	2020	2019	S&P's	Moody's	Fitch	DBRS
1	9.33%	12.63%	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AAL
2	73.34%	69.01%	A+ to A-	A1 to A3	A+ to A-	AH to AL
3	15.97%	17.65%	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBBH to BBBL
4	0.34%	0.35%	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BBH to BBL
5	0.02%	0.02%	B+ to B-	B1 to B3	B+ to B-	BH to BL
6	-	0.04%	Lower than B-	Lower than B3	Lower than B-	Lower than BL
Unrated	1.00%	0.30%				
	100.00%	**100.00%**				

Loans and receivables

Caja Rural de Navarra's risk management procedure is initiated as soon as a customer applies for a loan and ends when the funds lent have been repaid in full.

When granting loans and credit facilities, the Bank places great importance on case-by-case analyses that take account of the type of applicant (individual, company, agricultural sector, etc.), the type of facility (current loan, consumer credit, investment, trade discounting, etc.), the applicant's repayment capacity, and the guarantees provided (personal, mortgage, collateral, etc.).

Before the Bank can perform this analysis, certain information must be collected, essentially from three sources:

- Customers
- External sources (RAI, the Bank of Spain Register of Defaults, other registers, etc.)
- Internal records on existing Bank customers (average balances, payment history, etc.).

Once approved and arranged, all loans and credit facilities are subject to ongoing monitoring, which may take either of the following forms: in the case of high-risk customers (either individually or as part of an economic group), the Bank monitors financial position, any increases in system debt, payment history, etc.; for all other customers, all transactions that result in payment incidents are monitored.

In addition to monitoring individual customers and customer groups, the Group monitors its investment portfolio by product, by interest rate and by decision-making centre, with a view to identifying potential changes in portfolio returns and the manner in which credit facilities are being granted (amounts, rates, charges, etc.) such that decisions affecting the investment policy to be adopted at any given time can be taken as quickly as possible.

The following table gives a breakdown of credit risk exposure at the close of 2020 and 2019:

	Thousands of euros	
	2020	2019
Loans and advances – Customers	9,313,938	8,176,553
Loans and advances – Credit institutions	123,963	108,436
Debt securities	4,379,268	3,713,888
Derivatives	16,980	13,492
Guarantees given	729,699	696,049
Total risk	**14,563,848**	**12,708,418**
Credit lines drawable by third parties	1,396,654	1,111,916
Total exposure	**15,960,502**	**13,820,334**

The breakdown of the amortized cost of credit risks benefiting from guarantees and credit enhancements in addition to the personal guarantee of the debtor at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Mortgages (guaranteed by real property)	4,685,046	4,630,598
Residential buildings	3,704,415	3,991,486
Commercial buildings	980,631	639,112
Other loans with real guarantees	199,660	59,584
Cash	41,492	57,838
Other	158,168	1,746
Financial guarantees received	1,650,214	974,663
Total	**6,534,920**	**5,664,845**

Information on the distribution of "Loans and advances – Customers" by sector, NPL ratio, provisions and risk concentration is provided below.

Sector

	2020	2019
Farming and cattle-raising	3.30%	3.42%
Industry and construction	22.32%	21.06%
Services	21.79%	20.27%
Personal and other	52.59%	55.25%

Impaired assets and impairment adjustments

	2020	2019
Total impaired assets	176,466	162,817
Total loans and advances to customers, gross (before valuation adjustments)	9,497,353	8,295,504
NPL ratio (*)	1.97%	1.97%
Total valuation adjustments for impairment of financial assets	210,404	129,572
NPL coverage	119.29%	79.58%
Coverage of total loans and advances to customers	2.21%	1.56%

(*) The calculation of this ratio does not include balances with financial corporations in order to more accurately reflect the NPL ratio.

Concentration risk

The EU Capital Requirements Regulation, as amended, sets restrictions on large exposures, defined as those with a value of at least 10% of eligible capital. No exposure to a single client or group can exceed 25% of eligible capital, except exposures which are subject to an excess capital charge if they exceed the large exposure limits. The Parent Company applies these limits via its risk policy, which sets counterparty exposure limits that comply with the regulatory requirements and establishes excess control procedures.

At 31 December 2020, only two groups are considered to be a "large exposure", exceeding 10% of capital. Exposure to these groups totals EUR 382,896 thousand, equivalent to 29.08% of capital. At 31 December 2019, only one group was considered to be a "large exposure" as it exceeded 10% of capital. Exposure to this group totals EUR 176,134 thousand, equivalent to 14.46% of capital.

The table below gives a breakdown of "Loans and advances to customers" in "Financial assets at amortized cost – Loans and advances – Customers" by type of counterparty at 31 December 2020 and 2019, showing the amounts covered by each of the main types of guarantee and, for secured loans, the carrying amount of the loan as a percentage of latest appraised or measured value of the collateral (loan to value).

				Secured loans: Carrying amount/last appraised value (loan to value) (c)				
31/12/2020 (a)	Total	Of which: mortgages (b)	Of which: Other real collateral (b)	Up to 40%	Between 40% and 60%	Between 60% and 80%	Between 80% and 100%	Above 100%
General governments	223,371	776	52	798	-	20	10	-
Other financial corporations and self-employed (financial businesses)	563,544	7,593	513,167	752	2,425	4,433	6	513,145
Non-financial corporations and self-employed (non-financial businesses) by purpose	3,988,771	1,031,936	183,714	393,703	308,390	255,285	106,748	151,526
- Construction and real-estate development (including land) (d)	436,643	348,834	10,533	106,645	94,269	68,682	24,679	65,093
- Civil engineering	46,922	14,240	5,554	5,780	850	8,683	2,469	2,012
- Other	3,505,206	668,862	167,627	281,278	213,271	177,920	79,601	84,421
Large corporates (e)	669,597	20,971	10,462	20,139	4,409	3,769	2,380	736
SMEs and self-employed	2,835,609	647,891	157,165	261,139	208,862	174,150	77,220	83,685
Other households (f) by purpose (g)	4,520,056	4,049,263	28,929	552,241	844,521	1,358,983	724,791	597,656
– Housing	3,987,992	3,870,986	13,583	491,720	795,142	1,318,211	707,931	571,566
– Consumption	85,109	13,033	2,755	5,111	5,368	2,774	1,435	1,102
– Other	446,955	165,243	12,591	55,410	44,011	37,999	15,425	24,988
TOTAL	9,295,742	5,089,568	725,863	947,493	1,155,335	1,618,721	831,555	1,262,327
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured loans	54,071	39,451	387	13,492	10,239	10,220	2,965	2,924

				Secured loans: Carrying amount/last appraised value (loan to value) (c)				
31/12/2019 (a)	Total	Of which: mortgages (b)	Of which: Other real collateral (b)	Up to 40%	Between 40% and 60%	Between 60% and 80%	Between 80% and 100%	Above 100%
General governments	203,003	825	-	25	-	-	-	800
Other financial corporations and self-employed (financial businesses)	45,698	956	-	330	250	363	-	13
Non-financial corporations and self-employed (non-financial businesses) by purpose	3,487,788	1,022,969	33,659	242,595	211,381	215,395	81,511	305,746
- Construction and real-estate development (including land) (d)	292,432	256,045	501	39,042	21,471	28,318	6,052	161,663
- Civil engineering	169,553	60,071	274	10,548	12,684	15,746	13,969	7,398
- Other	3,025,803	706,853	32,884	193,005	177,226	171,331	61,490	136,685
Large corporates (e)	521,902	22,375	498	2,834	11,453	1,560	4,144	2,882
SMEs and self-employed	2,503,901	684,478	32,386	190,171	165,773	169,771	57,346	133,803
Other households (f) by purpose (g)	4,376,978	3,958,898	22,265	472,042	766,153	1,279,613	735,140	728,215
– Housing	3,866,918	3,754,693	13,523	425,615	713,002	1,235,839	710,757	683,003
– Consumption	80,878	14,709	984	4,528	3,632	3,898	1,520	2,115
– Other	429,182	189,496	7,758	41,899	49,519	39,876	22,863	43,097
–								
TOTAL	8,113,467	4,983,648	55,924	714,992	977,784	1,495,371	816,651	1,034,774
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured loans	32,568	28,666	41	5,056	3,682	4,772	3,922	11,275

(a) Loans to customers are defined in the same way as in preparing the statement of financial position. This statement includes all transactions of this type, irrespective of the item under which they are recognized in the statement of financial position. Amounts shown are the carrying amount of transactions, i.e. after deducting valuation adjustments for hedging of specific transactions.

(b) The carrying amount of all loans with mortgages or other real collateral of whatever loan to value and form (mortgage, finance lease, reverse repurchase loan, etc.).

(c) Loan to value is the ratio that comes from dividing the carrying amount of each loan at the reporting date by the last appraisal or other valuation of the corresponding real collateral.

(d) Includes all activities related to construction and real-estate development, including land bank financing, irrespective of the principal economic activity of the counterparty.

(e) Non-financial corporations are classified as "Large corporates" and "SMEs" based on the definitions set out in Recommendation 2003/361/EC, of 6 May 2003, concerning the definition of micro, small and medium-sized enterprises. Self-employment is the activity exercised by individuals in the course of their business activities.

(f) Households includes not-for-profit entities providing services to households but not the business activities of the self-employed.

(g) Loans are classified by purpose using the criteria in Circular 4/2017.
The table below gives the concentration of risk by geographical location, broken down by type of counterparty and showing the carrying amount (a) of each exposure at 31 December 2020 and 2019:

31/12/2020	Total	Spain	Rest of EU	Americas	Rest of World
Central banks and credit institutions	2,272,555	1,740,928	369,998	60,544	101,086
General governments	3,296,478	3,032,808	263,670	-	-
– Central government	2,859,238	2,595,567	263,670	-	-
– Other public sector	437,241	437,241	-	-	-
Other financial corporations and self-employed (financial businesses)	1,091,299	921,144	101,056	31,296	37,803
Non-financial corporations and self-employed (non-financial businesses)	4,905,632	4,682,033	164,868	28,079	30,652
– Construction and real-estate development (including land) (b)	626,379	625,866	59	-	453
– Civil engineering	76,394	76,019	-	375	-
– Other	4,202,859	3,980,148	164,809	27,704	30,199
Large corporates (c)	1,131,286	964,179	131,986	11,449	23,672
SMEs and self-employed (c)	3,071,573	3,015,969	32,822	16,255	6,527
Other households (d)	4,540,306	4,531,135	3,139	1,476	4,556
– Housing	3,987,992	3,982,739	3,019	708	1,527
– Consumption	85,109	85,018	74	14	2
– Other	467,205	463,378	45	755	3,028
TOTAL	16,106,271	14,908,048	902,730	121,396	174,097

31/12/2020 Spain	REGIONAL GOVERNMENTS Total	Navarre	Madrid	Basque country	La Rioja	Other
Central banks and credit institutions	1,740,928	1,288,345	228,756	94,947	-	128,880
General governments	3,032,808	81,395	80,821	137,641	10,588	2,722,363
– Central government	2,595,567	-	-	-	-	2,595,567
– Other public sector	437,241	81,395	80,821	137,641	10,588	126,796
Other financial corporations and self-employed (financial businesses)	921,144	5,005	867,426	6,156	1,074	41,483
Non-financial corporations and self-employed (non-financial businesses)	4,682,033	1,785,126	252,066	1,848,740	455,362	340,739
– Construction and real-estate development (including land) (b)	625,866	217,241	3,996	323,044	63,565	18,020
– Civil engineering	76,019	29,958	11,585	30,907	3,267	302
– Other	3,980,148	1,537,927	236,486	1,494,789	388,530	322,416
Large corporates (c)	964,179	298,638	177,044	296,960	42,883	148,654
SMEs and self-employed (c)	3,015,969	1,239,289	59,442	1,197,829	345,647	173,762
Other households (d)	4,531,135	2,196,683	17,274	1,910,081	353,196	53,901
– Housing	3,982,739	1,878,839	14,711	1,757,238	284,933	47,018
– Consumption	85,018	50,517	219	25,406	7,546	1,330
– Other	463,378	267,327	2,344	127,437	60,717	5,553
TOTAL	14,908,048	5,356,555	1,446,343	3,997,565	820,220	3,287,365

31/12/2019	Total	Spain	Rest of EU	Americas	Rest of World
Central banks and credit institutions	1,239,887	819,485	355,154	25,590	39,658
General governments	2,781,998	2,553,399	228,599	-	-
– Central government	2,432,771	2,204,172	228,599	-	-
– Other public sector	349,227	349,227	-	-	-
Other financial corporations and self-employed (financial businesses)	357,210	216,757	105,640	23,699	11,114
Non-financial corporations and self-employed (non-financial businesses)	4,336,728	4,119,238	185,478	23,320	8,692
– Construction and real-estate development (including land) (b)	320,356	320,356	-	-	-
– Civil engineering	194,003	191,858	2,145	-	-
– Other	3,822,369	3,607,024	183,333	23,320	8,692
Large corporates (c)	882,127	727,049	137,188	12,602	5,288
SMEs and self-employed (c)	2,940,242	2,879,975	46,145	10,718	3,404
Other households (d)	4,414,373	4,403,469	3,035	1,618	6,251
– Housing	3,866,919	3,862,237	2,832	783	1,067
– Consumption	83,808	83,746	50	12	0
– Other	463,646	457,486	153	823	5,184
TOTAL	13,130,196	12,112,348	877,906	74,227	65,715

31/12/2019 Spain	**Total**	**REGIONAL GOVERNMENTS**				
		Navarre	**Madrid**	**Basque country**	**La Rioja**	**Other**
Central banks and credit institutions	819,485	1	608,653	95,629	0	115,202
General governments	2,553,399	71,690	83,158	102,313	25,870	2,270,368
– Central government	2,204,172	0	0	0	0	2,204,172
– Other public sector	349,227	71,690	83,158	102,313	25,870	66,196
Other financial corporations and self-employed (financial businesses)	216,757	627	209,374	5,738	610	408
Non-financial corporations and self-employed (non-financial businesses)	4,119,238	1,672,060	257,358	1,501,685	373,167	314,968
– Construction and real-estate development (including land) (b)	320,356	126,965	896	148,754	12,942	30,799
– Civil engineering	191,858	83,649	23,651	72,862	10,721	975
– Other	3,607,024	1,461,446	232,811	1,280,069	349,504	283,194
Large corporates (c)	727,049	183,338	146,824	248,286	37,325	111,276
SMEs and self-employed (c)	2,879,975	1,278,108	85,987	1,031,783	312,179	171,918
Other households (d)	4,403,469	2,131,857	17,227	1,841,035	359,839	53,511
– Housing	3,862,237	1,835,676	14,172	1,680,254	286,137	45,998
– Consumption	83,746	48,848	295	26,171	6,851	1,581
– Other	457,486	247,333	2,760	134,610	66,851	5,932
TOTAL	**12,112,348**	**3,876,235**	**1,175,770**	**3,546,400**	**759,486**	**2,754,457**

(a) Exposures shown in this statement include loans and advances, debt securities, equity instruments, derivatives (held-for-trading or hedging), investments in subsidiaries, joint ventures and associates, and guarantees given, irrespective of the item under which they are reported on the statement of financial position.

Assets are shown at the carrying amount of transactions, i.e. after deducting valuation adjustments for hedging of specific transactions. Guarantees are measured at their nominal value.

The geographical breakdown of risk is based on the country of residence of the borrowers, securities issuers or counterparties for the derivatives or guarantees given.

(b) Includes all activities related to construction and real-estate development, including land bank financing, irrespective of the principal economic activity of the counterparty.

(c) Non-financial corporations are classified as “Large corporates” and “SMEs” based on the definitions set out in Recommendation 2003/361/EC, of 6 May 2003, concerning the definition of micro, small and medium-sized enterprises. Self-employment is the activity exercised by individuals in the course of their business activities.

(d) Households includes not-for-profit entities providing services to households but not the business activities of the self-employed.

The geographical breakdown of risk is based on the country or autonomous region of residence of the borrowers, securities issued or counterparties for the derivatives or contingent exposure.

Refinancing

The aim of any refinancing process is to reach an agreement satisfactory to both parties, which allows the customer to cancel its debts with the Group, meet all its other commitments and, where applicable, remain in business. To achieve this may require more than a financial restructuring. It may involve a restructuring of business operations and strategy to ensure the firm's viability.

The basic principles that will be followed when agreeing such transactions are as follows:

- Viability of the loan is fundamental. If there is no prospect of viability for the loan and/or customer then there can be no refinancing. If there is no viability the Bank must realize its collateral (foreclosure) or negotiate the taking of assets in lieu of payment to avoid a rise in costs.

- Collateral improvement. No refinancing should lead to a reduction in collateral. All arrangements should tend to increase the collateral already held by the Group.

- Try to reduce the size of the loan. As a rule, the Group's risk to its customer, should not increase unless the increase in collateral reduces the risk to below its previous level.

- Allow for possible problems in the event of insolvency. When dealing with companies, it is essential to be aware of the law on accepting guarantees and the circumstances in which they may be cancelled.

- Improve the Group's position. The aim of these transactions must always be to improve the Group's position relative to the debtor and other creditors.

- Medium/long-term vision. It is essential to seek comprehensive solutions for customers in the medium/long term.

- Approval by central services. These transactions must all be approved by central services.

The Group may consider a transaction is viable, i.e. the customer should be able to pay, if the following requirements are met:

Individuals

- For transactions with monthly repayments, these must be no more than 50% of recurrent monthly income.

- A transaction based on the sale of assets can be considered viable provided there has been no prior refinancing based on the same grounds.

- Inclusion of guarantors that could on their own either settle the debt or contribute to its repayment.

Legal entities

- A credible viability/repayment plan must be submitted. A plan based on the sale of assets can be considered viable provided there has been no prior refinancing based on the same grounds.

- Inclusion of guarantors that could on their own either settle the debt or contribute to its repayment.

The Group carries out regular monitoring of those transactions classified as standard as well as those classified as doubtful or special watch. Transactions classified as doubtful or special watch may be reclassified into another category if the Group's analysis shows that the borrower's ability to pay has improved and it has been meeting its contractual obligations over a sufficiently long period (Note 2.g).

In accordance with the changes brought in by Circular 6/2012 of 28 September, which defined criteria for classifying transactions as refinancing, refinanced or restructured loans, and with the Group's own policies and the Bank of Spain's published recommendations, the table below gives a breakdown, at 31 December 2020 and 2019, of the refinancing, refinanced and restructured loans made by the Bank:

31 December 2020	TOTAL							Of which: in arrears/doubtful						
	Unsecured		Secured					Unsecured		Secured				
					Maximum applicable collateral							Maximum applicable collateral		
	No. transactions	Gross carrying amount	No. transactions	Gross carrying amount	mortgages	Other real collateral	Cumulative impairment	No. transactions	Gross carrying amount	No. transactions	Gross carrying amount	mortgages	Other real collateral	Cumulative impairment
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations and self-employed (financial businesses)	-	-	1	37	37	-	(4)	-	-	1	37	37	-	(4)
Non-financial corporations and self-employed (non-financial businesses)	83	21,401	123	34,997	29,650	330	(19,353)	45	12,668	61	20,438	16,115	330	(17,408)
Of which: Loans for construction and real estate development (including land)	*1*	*18*	*16*	*6,388*	*5,541*	-	*(1,971)*	-	-	*4*	*3,707*	*3,253*	-	*(1,489)*
Other households	62	1,959	153	21,579	17,723	7	(6,508)	38	552	59	11,953	9,087	-	(5,609)
Total	**145**	**23,360**	**277**	**56,576**	**47,410**	**337**	**(25,865)**	**83**	**13,220**	**121**	**32,428**	**25,239**	**330**	**(23,021)**
NEW INFORMATION														
Loans classified as non-current assets and liabilities and disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 December 2019	TOTAL							Of which: in arrears/doubtful						
	Unsecured		Secured					Unsecured		Secured				
					Maximum applicable collateral							Maximum applicable collateral		
	No. transactions	Gross carrying amount	No. transactions	Gross carrying amount	mortgages	Other real collateral	Cumulative impairment	No. transactions	Gross carrying amount	No. transactions	Gross carrying amount	mortgages	Other real collateral	Cumulative impairment
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations and self-employed (financial businesses)	-	-	1	41	41	-	(5)	-	-	1	41	41	-	(5)
Non-financial corporations and self-employed (non-financial businesses)	51	5,382	113	25,457	14,245	335	(11,079)	26	3,365	50	15,139	6,848	336	(9,940)
Of which: Loans for construction and real estate development (including land)	*16*	*311*	*60*	*11,716*	*7,196*	*36*	*(4,994)*	*10*	*256*	*26*	*7,993*	*4,693*	*36*	*(4,544)*
Other households	44	978	139	16,706	10,289	9	(4,912)	21	418	45	8,034	4,429	-	(4,075)
Total	**95**	**6,360**	**253**	**42,204**	**24,575**	**344**	**(15,996)**	**47**	**3,783**	**96**	**23,214**	**11,318**	**336**	**(14,020)**
NEW INFORMATION														
Loans classified as non-current assets and liabilities and disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Policies, methods and procedures regarding responsible consumer lending and transparency and protection of banking services customers

Caja Rural de Navarra has established risk policies compliant with Act 2/2011, of 4 March, on the sustainable economy, with Ministerial Order EHA/2899/2011, of 28 October, on transparency in banking services and

These policies are contained in the “Lending Policy Handbook” approved when first published by the Governing Board and whose latest version was approved by the Governing Board at their meeting on 26 March 2018. The Handbook includes the following policies:

- Rigorous analysis of the customer’s ability to repay, i.e. an appropriate ratio of income to obligations.
- Documentary verification of the information provided by the customer and of his/her solvency.
- Appropriate independent appraisal of real collateral.

Caja Rural de Navarra has also taken the following measures to ensure transparency and protection of banking services customers:

- Posting its current charges in branches and websites (including interest rates, fees and expenses) for the different financial products.

- Each year, customers are sent a personal letter detailing the interest, fees and expenses charged in the previous year for the products they had contracted.

Support measures for customers impacted by the Covid-19 pandemic

The economic impact of the Covid-19 pandemic meant that some customers needed adjustments to the repayment schedules on their loans, whether secured or unsecured by mortgages. These support measures were implemented by applying moratoria as provided for in Article 16 bis of Royal Decree-Law 8/2020, of 17 March and Article 27 of Royal Decree-Law 11/2020, of 31 March (“legislative moratoria”).

In general, these moratoria comply with the principles laid down by the European Banking Authority in its “Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis”, of 2 April 2020 as updated on 25 June and 2 December 2020, enabling the application of a different accounting treatment. Note 10 gives details of the number and amounts of moratoria granted by the Bank.

The moratoria supported by the Royal Decrees (legislative moratoria) were focused on especially vulnerable groups. These measures involved deferring payments of principal or principal and interest, as applicable. The moratoria were focused on individuals, companies and self-employed customers.

The Instituto de Crédito Oficial (ICO) announced a number of support programmes for the self-employed, SMEs and companies, underwriting between 60% and 80% for up to 5 years on new lending. The amount and term of the guarantee depends on the size of the company and type of product. Customers also took advantage of programmes offered by other public bodies, such as Sociedad de Desarrollo de Navarra, S.L., la Compañía Española de Seguros de Crédito a la Exportación, S.A., Compañía de Seguros y Reaseguros, Sociedad Mercantil Estatal (CESCE), and Sociedades de Garantía Recíproca such as Elkargi, S.G.R., which offered support on similar terms and conditions to ICO.

Moratoria and finance with public guarantee granted at 31 December 2020 are as follows:

Thousands of euros							
Moratoria				Finance with public guarantee		Guaranteed moratoria and finance	% total gross loans and advances
Outstanding	Finished	Total	Customers	Total	Customers	Total	
59,916	513	60,429	660	1,002,900	6,286	1,063,329	11.25%

The breakdown of moratoria granted by credit risk is as follows:

	Thousands of euros			
	Moratoria			
	Phase 1	Phase 2	Phase 3	Total
Amount	58,554	1,253	622	60,429
% of total	*96.90%*	*2.07%*	*1.03%*	*100.00%*
Transactions	628	17	15	660

The amount of the 632 moratoria outstanding at 31 December 2020 was EUR 58,525 thousand.

The breakdown of guaranteed financing granted by credit risk is as follows:

	Thousands of euros			
	Guaranteed financing			
	Phase 1	Phase 2	Phase 3	Total
Amount	983,421	11,214	8,265	1,002,900
% of total	*98.06%*	*1.12%*	*0.82%*	*100.00%*
Transactions	6,238	33	15	6,286

The amount of the guaranteed financing transactions outstanding at 31 December 2020 was EUR 871,734 thousand.

These measures, depending on their type, involve the temporary suspension, in full or in part, of contractual obligations, effectively deferring them for a specified period of time. The moratorium measures granted were not considered substantial changes to the contracts and therefore the amended loans continued to be recognized in the same way as the originals.

Regarding the classification of exposures by credit risk, Caja Rural de Navarra rigorously applied the standards in force at the time the moratoria were granted and strengthened procedures for monitoring credit risk during and at the end of the moratorium period. This means that granting a moratorium does not in itself automatically entail a material increase in risk. Accordingly, transactions subject to moratoria initially continue to be classified in the same category as previously unless their risk profile indicates that they should be downgraded.

Public support for loans does not affect the assessment of a material increase in risk as this is based on the creditworthiness of the instrument and debtor. That said, when estimating expected loss, the level of provisions required may be reduced as the loss on the guaranteed portion of the loan would be measured after the execution of the guarantee. The public guarantees granted by the Spanish government were treated as an integral part of the contractual terms and conditions of the loans on the grounds that the guarantees are granted at the same time as the finance is granted to the customer and is inseparable from it.

b) Market risk

The Group is exposed to market risk due to its banking activities. However, as the Parent Company engages in only a limited level of market trading, its main controls of market risk are various limits on market activity including limits on fixed income and equity exposures, monthly stop-losses and a global annual stop-loss. The Bank also applies concentration limits on exposures to securities and economic sectors, as well as on positions in foreign currency.

In addition, to measure the risks assumed on certain portfolios, the Bank also performs VaR (Value at Risk) analyses and analyses of portfolio sensitivity to interest rate fluctuations.

b.1.) Interest rate risk

Interest rate risk is managed by the Assets and Liabilities Committee (ALC), which meets regularly to systematically analyse exposure to this risk and to plan and manage the balance sheet. The ALC sets guideline risk policies to be applied on an ongoing basis, so that the Group can maximize its finance income and optimize its balance sheet financing.

Interest rate risk in the whole balance sheet is measured by calculating interest gaps and performing duration analyses and simulations. For these purposes, the Bank has the support and assistance of the Asset and Liabilities Department of Banco Cooperativo Español, which draws up regular reports on interest rate risk. The Bank's statement of financial position has a high level of immunity to interest rate fluctuations. At 31 December 2020, it was estimated that a 200 basis point decline in interest rates would reduce net interest income by 8.76% (at 31 December 2019 the impact of such a movement was estimated to be a 17.61% fall in net interest income).

The table below details the Group's exposure to interest rate risk, grouping the carrying amount of financial assets by the interest rate reset date or by the maturity date in the case of fixed-rate transactions. The table uses contractual interest rate review dates in the case of floating-rate transactions. For fixed-rate transactions, it uses contractual maturity dates. In the case of traditional banking liabilities, such as current or savings accounts, these have been classified according to the balance and the remuneration of each account: balances of up to EUR 90,000 at interest rates of less than or equal to 0.5% are classified in the "Between 2 and 3 years" tranche; balances of up to EUR 90,000 with interest rates of over 0.5% are classified in other tranches up to 1 year, in line with the said interest rate; and lastly, balances of over EUR 90,000 are considered more sensitive and are classified in the shortest tranches based on the Bank's experience, with more than 50% in the "Less than 1 month" tranche.

	Thousands of euros								
2020	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Assets									
Loans and advances – Credit institutions	112,420	-	-	11,543	-	-	-	-	123,963
Loans and advances – Customers	1,417,118	1,611,754	3,865,091	658,546	557,631	325,438	200,633	677,728	9,313,939
Debt securities	116,265	423,758	319,336	492,931	688,055	1,245,369	265,987	827,567	4,379,268
Total	1,645,803	2,035,512	4,184,427	1,163,020	1,245,686	1,570,807	466,620	1,505,295	13,817,170
Liabilities									
Deposits – Central banks	-	-	-	346,460	1,589,880	-	-	-	1,936,340
Deposits – Credit institutions	150,027	2,668	11,420	20,727	12,464	10,048	8,611	109,171	325,136
Deposits– Customers	2,305,260	717,668	2,123,229	369,664	184,953	307,674	312,462	3,877,227	10,198,137
Debt securities issued	-	99,910	-	501,225	499,276	-	618,224	51,557	1,770,192
Total	2,455,287	820,246	2,134,649	1,238,076	2,286,573	317,722	939,297	4,037,955	14,229,805
Gap	(809,484)	1,215,266	2,049,778	(75,056)	(1,040,887)	1,253,085	(472,677)	(2,532,660)	(412,635)
Cumulative gap	(809,484)	405,782	2,455,560	2,380,504	1,339,617	2,592,702	2,120,025	(412,635)	(412,635)

2019	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
	Thousands of euros								
Assets									
Loans and advances – Credit institutions	94,949	-	-	13,487	-	-	-	-	108,436
Loans and advances – Customers	1,131,182	1,656,353	3,894,346	697,606	202,443	126,257	99,906	368,460	8,176,553
Debt securities	68,576	90,276	126,247	449,461	506,265	279,936	963,735	1,229,392	3,713,888
Total	1,294,707	1,746,629	4,020,593	1,160,554	708,708	406,193	1,063,641	1,597,852	11,998,877
Liabilities									
Deposits – Central banks	-	-	98,769	479,554	349,937	-	-	-	928,260
Deposits – Credit institutions	101,056	3,475	6,487	31,443	227	116	78	90,034	232,916
Deposits– Customers	1,829,675	725,835	2,084,789	308,697	150,634	248,080	252,410	3,129,349	8,729,469
Debt securities issued	-	99,850	-	-	500,583	498,932	-	561,754	1,661,119
Total	1,930,731	829,160	2,190,045	819,694	1,001,381	747,128	252,488	3,781,137	11,551,764
Gap	(636,024)	917,469	1,830,548	340,860	(292,673)	(340,935)	811,153	(2,183,284)	447,114
Cumulative gap	(636,024)	281,445	2,111,993	2,452,853	2,160,180	1,819,245	2,630,398	447,114	447,114

b.2.) Price risk

This is defined as the risk arising as a result of changes in market prices caused either by factors specific to the instrument or by factors affecting all instruments traded on the market.

The Group uses the VaR method to manage its portfolios of "Equity instruments", using data series of one year, calculated with a 99% confidence level, and a time horizon of one day. Using these assumptions, the "Equity instruments" portfolio would have a one-day VaR of EUR 1,424 thousand at 31 December 2020 (compared with EUR 621 thousand at 31 December 2019). Since most of the portfolio of listed equities is classified as "Available-for-sale financial assets", the greatest impact would be on equity.

b.3.) Exchange rate risk

The Group had no significant exposure to exchange rate risk on the date of these consolidated annual financial statements.

c) Liquidity risk

This risk reflects the potential difficulties the Group could experience in raising or accessing liquid assets in sufficient quantity and value to cover its payment obligations at any given time.

At Caja Rural de Navarra, as a credit institution focused on retail banking, this risk derives mainly from the existence of a very significant volume of liabilities (customer deposits) payable on demand, but for which the timing of repayment is not certain. However, past experience demonstrates that the behaviour of this category of liabilities tends to be very stable over time.

Caja Rural de Navarra monitors the performance of those lines of the statement of financial position that affect its liquidity on an ongoing basis, keeping within certain limits and using dedicated tools to predict potential fluctuations that may require action to sustain short-, medium- and long-term liquidity. These controls are carried out by the ALC.

A breakdown of financial securities by residual term to maturity at 31 December 2020 and 2019 is given below. The maturity dates used are those in the contractual terms and conditions. The same criteria as in the section on interest rate risk were applied to group customer demand deposits, current accounts and savings by tranche. In its management of liquidity risk, the Group considers the collection/payment of cash flows, which include the principal of transactions and interest that mature in each tranche.

2020	Demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	Thousands of euros						
Assets							
Loans and advances – Credit institutions	-	112,420	-	-	11,543	-	123,963
Loans and advances – Customers	-	826,950	291,922	986,077	3,779,548	4,183,415	10,067,912
Debt securities	-	114,465	224,374	347,640	2,851,849	947,414	4,485,742
Total	-	1,053,835	516,296	1,333,717	6,642,940	5,130,829	14,677,617
Liabilities							
Deposits – Central banks	-	-	-	-	1,936,340	-	1,936,340
Deposits – Credit institutions	-	196	(4,149)	(5,322)	192,042	131,961	314,728
Deposits – Customers	-	2,288,117	698,621	2,089,021	1,226,264	3,887,215	10,189,238
Debt securities issued	-	-	4,998	5,437	1,725,224	57,347	1,793,006
Total	-	2,288,313	699,470	2,089,136	5,079,870	4,076,523	14,233,312
Gap	-	(1,234,478)	(183,174)	(755,419)	1,563,070	1,054,306	444,305
Cumulative gap	-	(1,234,478)	(1,417,652)	(2,173,071)	(610,001)	444,305	444,305

2019	Demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	Thousands of euros						
Assets							
Loans and advances – Credit institutions	-	94,949	-	-	13,487	-	108,436
Loans and advances – Customers	-	409,844	373,205	893,067	3,086,068	4,364,166	9,126,350
Debt securities	-	73,775	17,659	162,987	2,542,060	1,001,229	3,797,710
Total	-	578,568	390,864	1,056,054	5,641,615	5,365,395	13,032,496
Liabilities							
Deposits – Central banks	-	-	-	98,769	829,491	-	928,260
Deposits – Credit institutions	-	459	627	3,442	117,796	114,006	236,330
Deposits – Customers	-	1,823,116	705,426	2,051,253	1,013,197	3,141,453	8,734,445
Debt securities issued	-	-	5,051	9,343	1,148,420	565,420	1,728,234
Total	-	1,823,575	711,104	2,162,807	3,108,904	3,820,879	11,627,269
Gap	-	(1,245,007)	(320,240)	(1,106,753)	2,532,711	1,544,516	1,405,227
Cumulative gap	-	(1,245,007)	(1,565,247)	(2,672,000)	(139,289)	1,405,227	1,405,227

As the table shows, the Group has a short-term liquidity gap, as is normal in retail banking, although as mentioned above historical data reveal a high degree of stability in its deposits.

d) Fair value of financial instruments

This risk corresponds to changes occurring in the fair value of financial instruments, as defined in Note 2.e).

As described in Note 2.e.), except for financial instruments classified as "Financial assets at amortized cost" and equity instruments whose fair value cannot be reliably measured or derivative securities with such equity instruments as their underlying, the Group's financial assets are recognized in the consolidated balance sheet at their fair value. Likewise, except for financial liabilities designated as "Financial liabilities at amortized cost", all the Group's financial liabilities are recognized in the consolidated statement of financial position at their fair value.

In addition, certain items recognized in "Financial assets at amortized cost" and "Financial liabilities at amortized cost" could be related to fair value hedges (Note 2.e), their value having been adjusted by an amount equivalent to the changes in fair value resulting from the hedged risk, mainly interest rate risk.

The table below shows the fair values, at the close of 2020 and 2019, of the financial assets and liabilities indicated below grouped according to the different measurement methods used by the Group to determine fair value:

2020	Thousands of euros				
			Fair value hierarchy		
	Total balance	Fair value	Level 1	Level 2	Level 3
Cash, cash balances at central banks and other demand deposits	1,282,136	1,282,136	1,282,136	-	-
Financial assets held for trading	6,002	6,002	2,879	-	3,123
Financial assets not held for trading mandatorily measured at fair value through profit or loss	7,570	7,570	1,461	-	6,109
Financial assets at fair value through other comprehensive income	1,358,754	1,358,754	1,114,409	35,478	208,867
Financial assets at amortized cost	12,669,450	13,836,087	3,402,610	10,243,241	190,236
Derivatives – hedge accounting	13,856	13,856	-	13,443	413
Total financial assets	**15,337,768**	**16,504,405**	**5,803,495**	**10,292,162**	**408,748**
Financial liabilities held for trading	1,732	1,732	-	-	1,732
Financial liabilities at amortized cost	14,333,854	14,423,105	-	14,161,729	261,376
Derivatives – hedge accounting	97	97	-	97	-
Total financial liabilities	**14,335,683**	**14,424,934**	-	**14,161,826**	**263,108**

2019			Fair value hierarchy		
	Total balance	Fair value	Level 1	Level 2	Level 3
Cash, cash balances at central banks and other demand deposits	412,390	412,390	412,390	-	-
Financial assets held for trading	6,717	6,717	3,891	2,371	455
Financial assets not held for trading mandatorily measured at fair value through profit or loss	11,959	11,959	11	3,659	8,289
Financial assets at fair value through other comprehensive income	1,338,129	1,338,129	1,140,889	2,426	194,814
Financial assets at amortized cost	10,876,659	11,819,473	2,713,790	8,936,009	169,674
Derivatives – hedge accounting	10,666	10,666	-	-	10,666
Total financial assets	**12,656,520**	**13,599,334**	**4,270,971**	**8,944,465**	**383,898**
Financial liabilities held for trading	854	854	-	847	7
Financial liabilities at amortized cost	11,664,632	11,720,884		11,501,987	218,897
Derivatives – hedge accounting	-	-	-	-	-
Total financial liabilities	**11,665,486**	**11,721,738**	-	**11,502,834**	**218,904**

The following criteria were used to determine fair values:

- Level 1: the prices quoted in active markets for these financial instruments.
- Level 2: the prices quoted in active markets for similar instruments or other valuation techniques in which all significant inputs are based on directly or indirectly observable market data.

- Level 3: valuation techniques in which some of the significant inputs are not based on observable market data.

The particular valuation techniques used and the assumptions made for determining fair values are as follows:

- Cash, cash balances at central banks and other demand deposits: The fair value of these assets is considered equal to their carrying amount since they are either redeemable on demand or payable in the near term.

- Debt securities: For government bonds and certain fixed-income securities issued by credit institutions, the price quoted on active markets is used (Level 1). For some fixed-income securities, measurement methods based on discounting cash flows have been applied, using the yield curves and market spreads of similar instruments (Level 2). For all other debt securities, prices calculated by accredited external appraisers are used (Level 3).

- Equity instruments: the price quoted on active markets has been used (Level 1). For some venture capital funds and investments in foreign financial institutions fair value has been calculated using valuation techniques in which all the significant inputs are based on market data (Level 2).

- Financial assets at amortized cost – Customers: Fair value has been estimated by discounting future cash flows based on the yield curve at the close of each year, using a discount factor corresponding to the residual term between the date of analysis and the date of revision or amortization. Likewise, the level of credit risk provisions for the credit risk portfolio has been quantified in accordance with the accounting standard applicable and is considered sufficient to cover the credit risk in question. However, in an economic and financial crisis of the kind we are currently experiencing, and given that there is no market for these financial assets, the amount at which such assets might be exchanged between interested parties could be lower than the net asset value recognized since the potential buyer may wish to discount not only losses incurred and already recognized in accordance with applicable accounting standards but also the losses that it is estimated might occur in future in the event of a prolongation of the current unusually lengthy and severe economic downturn.

- Financial liabilities at amortized cost: Fair value has been estimated by discounting future cash flows based on the yield curve at the close of each year, using a discount factor corresponding to the residual term between the date of analysis and the date of revision or maturity.

Differences between the fair value and carrying amount of financial instruments may exist for the following reasons:

- In the case of fixed-income instruments, fair value changes according to movements in market interest rates. The longer the instrument's residual term to maturity, the greater the change in fair value.

- In the case of instruments bearing interest at a floating rate, fair value may differ from carrying amount if the spread on the benchmark interest rate has changed since the instrument was issued. Assuming spreads remain stable, fair value is equal to carrying amount only on reset dates. On all other dates, flows that are already certain are subject to interest rate risk.

No financial instruments were transferred between measurement levels in 2020 and 2019. Movements in Level 3 assets during both years were as follows:

	Assets	Liabilities
Balance at 31 December 2018	**282,746**	**229,858**
Valuation adjustments recognized in income	-	-
Valuation adjustments not recognized in income	20,846	-
Purchases, sales and settlements	80,306	(10,954)
Net inflows/(outflows) to Level 3	-	-
Translation and other differences	-	-
Balance at 31 December 2019	**383,898**	**218,904**
Valuation adjustments recognized in income	-	-
Valuation adjustments not recognized in income	(10,685)	-
Purchases, sales and settlements	35,535	44,204
Net inflows/(outflows) to Level 3	-	-
Translation and other differences	-	-
Balance at 31 December 2020	**408,748**	**263,108**

e) Transparency of information on loans for construction and real estate development, home loans, assets received in settlement of debts and finance requirements and strategies

In accordance with the Bank of Spain's transparency guidelines on loans for construction and real estate development, home loans and assets received in settlement of debt and assessment of market financing needs and with Bank of Spain Circular 5/2011, of 30 November, the Group reports as follows:

Information on loans for construction and real estate development

The value of loans for construction and real estate development and associated coverage at 31 December 2020 and 2019 was as follows:

	2020		
	Gross carrying amount	Excess of gross exposure over recoverable amount of effective guarantees	Cumulative impairment
Loans for construction and real estate development (including land) (Spanish business)	359,747	180,839	(10,548)
Of which: in arrears/doubtful	6,166	4,569	(4,336)
Memorandum items: Write-offs	52,607		
Memorandum items:			
- Loans and advances to customers, excluding public sector (Spanish businesses) (carrying amount)	9,072,426		
- Total assets (all businesses)	15,847,716		
- Impairment and provisions for exposures classified as standard (all business)	99,985		

	2019		
	Gross carrying amount	Excess of gross exposure over recoverable amount of effective guarantees	Cumulative impairment
Loans for construction and real estate development (including land) (Spanish business)	304,095	134,507	9,620
Of which: in arrears/doubtful	9,220	5,930	5,249
Memorandum items: Write-offs	51,780		
Memorandum items:			
- Loans and advances to customers, excluding public sector (Spanish businesses) (carrying amount)	7,910,464		
- Total assets (all businesses)	13,133,114		
- Impairment and provisions for exposures classified as standard (all business)	47,443		

The table below shows disclosures of finance for construction, real estate development and home loans at 31 December 2020 and 2019:

	Loans for construction and real estate development. Gross carrying amount	
	2020	2019
Unsecured by property	33,313	36,418
Secured by property	326,434	267,677
Buildings and other completed constructions	96,067	33,958
Homes	86,917	29,432
Other	9,150	4,526
Buildings and other constructions under construction	204,602	201,182
Homes	204,301	197,639
Other	301	3,543
Land	25,765	32,537
Consolidated urban land	17,573	26,194
Other land	8,192	6,343
Total	**359,747**	**304,095**

Information on home loans

The breakdown of home loans at 31 December 2020 and 2019, is as follows:

	2020		2019	
	Gross carrying amount	Of which: in arrears/doubtful	Gross carrying amount	Of which: in arrears/doubtful
Home loans	3,861,641	29,102	3,724,888	28,255
Unsecured by mortgages	91,390	563	82,145	431
Secured by mortgages	3,770,251	28,539	3,642,743	27,824

At 31 December 2020 and 2019 the breakdown of home loans secured by mortgages according to the percentage loan to latest available value is as follows:

	LTV 2020					
	LTV under 40%	LTV 40-60%	LTV 60-80%	LTV 80-100%	LTV over 100%	Total
Gross carrying amount	449,438	765,053	1,290,434	696,517	568,810	3,770,252
Of which: in arrears/doubtful	3,720	3,128	6,361	5,874	9,455	28,538

	LTV 2019					
	LTV under 40%	LTV 40-60%	LTV 60-80%	LTV 80-100%	LTV over 100%	Total
Gross carrying amount	390,482	682,323	1,211,626	692,501	665,811	3,642,743
Of which: in arrears/doubtful	3,158	3,801	5,683	3,309	11,873	27,824

Information on assets acquired in settlement of debt

The detail of assets acquired in settlement of debt at 31 December 2020 and 2019 is as follows:

	Thousands of euros			
	2020		2019	
	Gross carrying amount	Cumulative impairment	Gross carrying amount	Cumulative impairment
Real estate assets acquired from construction and real estate development loans	40,774	15,733	42,928	15,524
Buildings and other completed constructions	6,506	701	7,183	905
Homes	3,138	503	3,971	784
Other	3,368	198	3,212	121
Buildings and other constructions under construction	49	49	49	49
Homes	-	-	-	-
Other	49	49	49	49
Land	34,219	14,983	35,696	14,570
Consolidated urban land	14,324	6,921	16,259	7,683
Other land	19,895	8,062	19,437	6,887
Real estate assets originating from loans to individuals to fund home purchases	5,119	875	6,647	841
Other real estate assets foreclosed or received in settlement of debt	9,641	2,533	11,382	2,074
Equity instruments foreclosed or received in settlement of debt	945	-	945	-
Equity instruments of holding companies of real estate assets foreclosed or received in payment of debt	-	-	-	-
Loans to holding companies of real estate assets foreclosed or received in payment of debt	-	-	-	-
Total	**56,479**	**19,141**	**61,902**	**18,439**

Policies for managing problematic assets

As part of its general risk management policy, Caja Rural de Navarra has specific processes for dealing with assets from the construction and real estate development sector.

These processes aim to sustain, wherever possible and without impairing the recovery of contracted risks, the business continuity and viability of companies and other customers, mitigating the risks to which the Group is exposed. This means seeking alternatives that allow projects to be completed and sold, analysing where risks can be renegotiated if the customer's credit position improves, with a view to keeping the debtor in business. The process considers the Bank's track record with the debtor, their manifest ability to pay and potential improvements to the customer's expected loss, looking to increase loan collateral without increasing risk exposure to the customer.

The Group also supports developers once developments have been completed, working in partnership to manage and speed up sales.

If the above approach fails or is insufficient, other alternatives are analysed, such as taking assets in lieu of payment or buying assets and, as a last resort, legal proceedings to foreclose the buildings.

All assets taken onto the Group's balance sheet are managed with a view to their disposal or lease. For this purpose, the Group has operating companies that specialize in the sale or leasing of real estate assets. The Group has the resources to develop these strategies and coordinate the work of the subsidiaries and branch network.

In accordance with Act 8/2012, at 31 December 2020 and 2019 the Group held, among other assets, all the real estate assets acquired as a result of its financing of construction and real estate development operations in Promoción Estable del Norte, S.A.. The breakdown and percentage interest in each asset are given in Note 1.e).

The cumulative volume of assets transferred to Promoción Estable del Norte, S.A. at 31 December 2020 and 2019 was EUR 20,599 thousand and EUR 24,204 thousand, respectively, and the net carrying amount of the company at these two dates was EUR 10,780 thousand and EUR 14,002 thousand, respectively. At 31 December 2020 the balance of capital or member contributions transferred to the company was EUR 84,046 thousand (EUR 95,300 thousand at 31 December 2019), against a revaluation for impairment of EUR 76,863 thousand (EUR 76,028 thousand at 31 December 2019).

Assessment of market financing needs

Caja Rural de Navarra has historically adhered to a liquidity management policy that does not rely on wholesale financing that involves future repayment commitments. This means that the Group's liquidity assumptions do not include the issue of securities on wholesale markets that entail future repayment commitments as sources of funding to grow its core business (loans and advances).

Notwithstanding the foregoing, the Group has concluded a number of issues on the market for the following purposes:

- To increase and diversify available liquidity.
- To maintain ample regulatory liquidity ratios
- To gain experience of different forms of financing in different markets and instruments, including those that can be used to meet the requirements of regulations or prudential supervision, subordinated or unsubordinated, and maintain an ongoing relationship with investors and other market participants such as investment banks and rating agencies.
- To strengthen its Sustainability strategy based on issues made within the existing sustainability framework.

- To generate collateral discountable at the European Central Bank and/or usable as security for secured financing transactions at clearing houses.

Overall, the Group foresees no need for wholesale financing given its repayment schedule and the current level of available liquidity.

In addition, Caja Rural de Navarra has various contingency plans for obtaining liquidity. These include a sizeable stock of assets discountable at the European Central Bank.

In the medium to long term the Group will maintain the same policy of not using market financing to grow its lending business, while at the same time maintaining the aforementioned contingency plans.

7. Cash, cash balances at central banks and other demand deposits

The detail of this line of the statement of financial position at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Cash	49,572	49,990
Cash balances at central banks	-	-
Other demand deposits	1,232,564	362,400
	1,282,136	**412,390**

The Bank complies with the minimum reserve requirement pursuant to the provisions of Article 10 of Regulation (EC) 1745/2003 of the European Central Bank, of 12 September 2003, regulating the maintenance of minimum reserves held indirectly through an intermediary (Note 10).

Banco Cooperativo Español, S.A. and the rural credit cooperatives and cooperative credit institutions that constitute its membership have concluded agreements whereby members assign funds to Banco Cooperativo Español, S.A. for exclusive investment in the interbank and money markets, with members assuming joint liability for any losses that may be incurred as a result of such investments. The liability assumed by the Group under these agreements amounted to EUR 54,672 thousand and EUR 49,810 thousand at 31 December 2020 and 2019, respectively, and is recognized in "Guarantees given – Other guarantees given" in the memorandum accounts (Note 23).

For purposes of preparation of the consolidated cash flow statement, the Group treated the balance of this line of the consolidated statement of financial position as "Cash and cash equivalents".

The average annual interest rate applied to "Other demand deposits" in 2020 was -0.18% (-0.15% in 2019). Interest accrued on the financial assets included in this portfolio in 2020 totalled a negative EUR 2,248 thousand compared with a negative EUR 750 thousand in 2019 (Notes 25 and 26).

8. Financial assets and liabilities held for trading

The breakdown of this line of the statement of financial position at 31 December 2020 and 2019 by type of counterparty and type of instrument is as follows:

	Thousands of euros			
	Assets		Liabilities	
	2020	2019	2020	2019
By counterparty				
Credit institutions	2,556	2,067	1,319	312
Other resident sectors	3,446	4,650	413	542
Other non-resident sectors	-	-	-	-

The fair value of items included in "Financial assets and liabilities held for trading" was calculated using valuation techniques based on market data.

Financial assets held for trading. Equity instruments

The breakdown of this line of the consolidated statement of financial position at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Shares in credit institutions	752	1,075
Shares in other resident companies	2,126	2,816
Shares in other non-resident companies	-	-
Total	**2,878**	**3,891**

All securities classified as "Equity instruments" at 31 December 2020 and 2019 were shares listed for trading on official markets.

Financial assets held for trading. Derivatives

This line includes, at 31 December 2020 and 2019:

- Swaps related to the Group's securitisation transactions.
- Transactions contracted to hedge the market risk associated with structured customer deposits incorporating an embedded derivative.
- Currency hedging transactions with customers (currency forward contracts).

Details of the notional and fair values of the financial derivatives recognized under "Derivatives", by type of market, counterparty, residual term to maturity and type of risk, are as follows:

	Thousands of euros					
	Notional value Memorandum accounts		Fair value Assets		Fair value Liabilities	
	2020	2019	2020	2019	2020	2019
By type of market						
Bilateral (OTC) markets	295,951	312,813	3,124	2,826	1,732	854
TOTAL	**295,951**	**312,813**	**3,124**	**2,826**	**1,732**	**854**
By type of product						
Swaps	178,142	158,753	1,553	1,925	-	-
Futures	68,752	56,325	1,571	474	1,556	427
Options	49,057	97,735	-	427	176	427
TOTAL	**295,951**	**312,813**	**3,124**	**2,826**	**1,732**	**854**
By counterparty						
Resident credit institutions	212,483	235,339	1,805	2,476	1,319	312
Other resident sectors	83,468	77,474	1,319	350	413	542
TOTAL	**295,951**	**312,813**	**3,124**	**2,826**	**1,732**	**854**
By residual term to maturity						
Less than 1 year	87,390	56,325	1,648	474	1,556	427
1 to 5 years	79,288	97,735	99	427	176	427
More than 5 years	129,273	158,753	1,377	1,925	-	-
TOTAL	**295,951**	**312,813**	**3,124**	**2,826**	**1,732**	**854**
By type of risk						
Interest rate risk	178,142	158,753	1,553	1,925	-	-
Equity risk	49,057	97,735	-	427	176	427
Currency risk	68,752	56,325	1,571	474	1,556	427
TOTAL	**295,951**	**312,813**	**3,124**	**2,826**	**1,732**	**854**

The notional and/or contractual value of the formal derivative contracts does not represent the real risk assumed by the Group as the net position is obtained by offsetting and/or grouping together these financial instruments.

9. Financial assets at fair value through other comprehensive income

The breakdown of this line in the consolidated statement of financial position by region, type of counterparty and type of instrument, is as follows:

		Thousands of euros
	2020	2019
By counterparty		
Spanish public sector	278,817	484,349
Non-resident General governments	5,682	2,150
Credit institutions	501,126	355,343
Other resident sectors	322,188	289,779
Other non-resident sectors	250,941	206,508
Total	**1,358,754**	**1,338,129**
By type of instrument		
Debt securities	1,110,151	1,110,259
Spanish government debt	278,817	484,349
Non-resident General governments	5,682	2,150
Issued by credit institutions	495,666	349,361
Other Spanish fixed-income securities	94,141	71,074
Other non-resident fixed-income securities	235,845	203,325
Equity instruments	248,603	227,870
Shares in credit institutions	6,108	5,982
Shares in Spanish companies	226,311	218,705
Shares in foreign companies	11,351	3,181
Units and shares in investment funds	4,833	2
Total	**1,358,754**	**1,338,129**

The average annual interest rate for debt securities included in "Financial assets at financial assets at fair value through other comprehensive income" in 2020 was 0.48% (0.88% in 2019), while interest accrued in 2020 on these financial assets was EUR 4,515 thousand (EUR 4,063 thousand in 2019) (Note 25).

A breakdown by residual term to maturity at 31 December 2020 and 2019 is given in Note 6.

At the close of 2020 and 2019, the breakdown of "Equity instruments" according to the listing status of the securities included in the entry and the percentage accounted for by each category was as follows:

	2020		2019	
	Thousands of euros	% of total	Thousands of euros	% of total
Listed for trading	39,084	15.72%	31,637	13.88%
Not listed for trading	209,519	84.28%	196,233	86.12%
	248,603	**100.00%**	**227,870**	**100.00%**

The Group has recognized the following investments measured at fair value under "Equity instruments – Not listed for trading":

Company	2020	2019
Banco Cooperativo Español, S.A. (*)	5	5
Seguros Generales Rural, S.A. de Seguros y Reaseguros (*)	1	1
Grucajrural Inversiones, S.L. (*)	183,682	176,134
Espiga Capital Inversión, Sociedad de Capital Riesgo	-	739
Espiga Capital Inversión II, Sociedad de Capital Riesgo de Régimen Simplificado, S.A.	-	167
Espiga Equity Fund, Fondo de Capital Riesgo de Régimen Simplificado	506	473
Rural Servicios Informáticos, S.C. (*)	12,653	8,752
Docalia, S.L. (*)	2,003	1,610
Nessa Global Banking Solutions, S.A.	279	274
DZ Bank A.G.	1,176	1,219
Minicentrales Canal de las Bardenas A.I.E.	180	180
Start-Up Capital Navarra, S.A.	137	137
Caja Rural de Jaén, S.C.C.	648	648
Caja Rural de Burgos, Fuentepelayo, Segovia y Castelldans, S.C.C.	819	983
Caja Rural de Teruel, S.C.C.	71	71
Guuk Telecom, S.A.	3,200	-
Other	4,159	4,840
Total	**209,519**	**196,233**

(*) Due to agreements between existing shareholders, the Group has valued its ownership interest in these companies on the basis of its share in their equity at 31 December 2019 and 2018.

The breakdown of "Accumulated other comprehensive income" shown under equity at 31 December 2020 and 2019 resulting from changes in the fair value of the assets in this portfolio is as follows:

	Thousands of euros	
	2020	2019
Debt securities	12,747	6,957
Equity instruments	20,153	29,269
	32,900	**36,226**

Movements recognized in "Accumulated other comprehensive income" corresponding to securities classified in "Financial assets at fair value through other comprehensive income" are detailed in Note 19.

Overdue and impaired assets

> Debt securities

Details of the valuation adjustments recognized by the Group at the 2020 and 2019 accounting close due to the impairment of debt securities included in "Financial assets at fair value through other comprehensive income" are as follows:

	Thousands of euros	
	2020	2019
Opening balance	1,582	717
Net additions charged/(credited) to income (Note 34)	358	865
Balances for the year	-	-
Other movements	-	-
Closing balance	**1,940**	**1,582**

10. Financial assets at amortized cost

The breakdown of this asset item in the consolidated statement of financial position by nature of the related financial instrument is as follows:

	Thousands of euros	
	2020	2019
Loans and advances		
Credit institutions	123,963	108,436
Customers	9,308,345	8,168,732
Debt securities	3,267,142	2,599,491
Total	**12,669,450**	**10,876,659**

Loans and advances – Credit institutions

The breakdown of this line of the consolidated statement of financial position by type of credit facility and the region in which the borrower is resident is as follows:

	Thousands of euros	
	2020	2019
By type		
Term deposits	109,736	98,324
Other assets	14,184	9,992
Total	**123,920**	**108,316**
Valuation adjustments	43	120
Total	**123,963**	**108,436**
By currency		
Euro	112,377	94,822
US dollar	9,768	12,521
Other	1,818	1,093
Total	**123,963**	**108,436**

In accordance with Article 10 of European Central Bank Regulation (EC) 1745/2003 of 12 September 2003, concerning the application of minimum reserves, the Parent Company uses the services of Banco Cooperativo Español, S.A. to indirectly maintain its minimum reserves through an intermediary. Accordingly, the Bank holds a deposit in the Banco Cooperativo Español, S.A. for the purpose of indirect compliance with the minimum reserves rate, registered under "Term accounts", with a balance at 31 December 2020 of EUR 98,193 thousand, compared with EUR 84,836 thousand at 31 December 2019.

A breakdown by residual term to maturity in 2020 and 2019 is given in Note 6.

The average annual interest rate applied to deposits with credit institutions in 2020 was 0.43% (0.71% in 2019). Interest accrued on the financial assets included in this portfolio in 2020 totalled EUR 495 thousand compared with EUR 734 thousand in 2019 (Note 25).

Loans and advances – Customers

The breakdown of this item in the consolidated statement of financial position by type and status of facility, borrower sector, region in which the borrower is resident and type of interest rate applied is as follows:

	Thousands of euros	
	2020	2019
Gross risk	9,497,353	8,295,504
Of which doubtful assets (Note 6.a)	*176,466*	*162,817*
Valuation adjustments	(189,008)	(126,772)
Total	**9,308,345**	**8,168,732**
By product		
On demand and short notice	798	869
Credit cards	41,003	42,694
Trade debtors	429,797	671,608
Finance leases	184,671	197,438
Reverse repurchase agreements	513,145	-
Other term loans	8,124,170	7,193,036
Non-loan advances	14,762	63,087
Total	**9,308,345**	**8,168,732**
By borrower sector		
General governments	225,820	206,644
Other financial corporations	562,546	45,836
Non-financial corporations	3,642,698	3,194,876
Home loans	4,877,281	4,721,376
Total	**9,308,345**	**8,168,732**
By guarantee		
Mortgages (guaranteed by real property)	4,685,046	4,630,599
Other loans with real guarantees	712,805	59,584
Financial guarantees received	1,650,214	974,663
Unsecured loans	2,260,280	2,503,886
Total	**9,308,345**	**8,168,732**
By interest rate type		
Floating	7,615,890	6,964,541
Fixed	1,692,455	1,204,191
Total	**9,308,345**	**8,168,732**
By risk status		
Standard	8,994,669	7,867,775
Special watch	137,210	138,140
Doubtful	176,466	162,817
Total	**9,308,345**	**8,168,732**

The average annual interest rate applied to the financial instruments included in this item in 2020 was 1.42% (1.55% in 2019) and the interest accrued was EUR 119,517 thousand (EUR 123,114 thousand in 2019) (Note 25).

The carrying amount shown in the above table, ignoring the portion corresponding to "Accumulated other comprehensive income", represents the Group's maximum credit risk exposure from these financial instruments.

A breakdown by residual term to maturity is given in Note 6.

Bank of Spain Circular 4/2017 exempts from its derecognition requirements all financial assets and liabilities that were derecognized before 1 January 2004 (Note 2.f).

In respect of derecognitions that took place after 1 January 2004, as the conditions governing the asset transfers meant that the Bank retained material risks and benefits from the securitized assets (basically credit risk on the transactions transferred), these assets have not been derecognized from the statement of financial position. Also, in compliance with the standard, a financial liability has been initially recognized for an amount equal to the payment received and is carried at amortized cost. These transactions therefore remain on the consolidated statement of financial position, in amounts of EUR 131,196 thousand and EUR 160,252 thousand at 31 December 2020 and 2019, respectively.

In addition, liabilities of EUR 2,600 thousand and EUR 8,584 thousand were recognized in "Financial liabilities at amortized cost – Deposits – Customers" in the statements of financial position at 31 December 2020 and 2019, respectively, (Note 17). The difference between the liability balances and the carrying amounts of the assets transferred in the securitizations reflects securitization fund assets initially retained or subsequently recovered by the Bank which are presented in the aforementioned liability account after netting.

The Bank transferred assets to the following securitization funds: Rural Hipotecario VI, Rural Hipotecario VII, Rural Hipotecario VIII, Rural Hipotecario IX, Rural Hipotecario X, Rural Hipotecario XI, Rural Hipotecario XII and Rural Hipotecario XVII, all managed by Europea de Titulización S.A., S.G.F.T.

In addition, the Group had subordinated loans in the amount of EUR 27,375 thousand outstanding with the aforementioned securitization funds at 31 December 2020 (EUR 28,873 thousand at 31 December 2019).
The detail of the valuation adjustments made in relation to transactions classified as "Loans and advances – Customers" is as follows:

Valuation adjustments	Thousands of euros	
	2020	2019
Valuation adjustments for impairment of financial assets	(204,202)	(129,572)
Accrued interest	8,418	7,779
Fees and commissions	(11,623)	(10,448)
Transaction costs	18,399	5,469
	(189,008)	(126,772)

Loans and advances – Customers. Valuation adjustments for impairment of financial assets

Details of the movement in 2020 and 2019 in "Valuation adjustments for impairment of financial assets" forming part of the balance of the "Loans and receivables – Customers" line are as follows:

	Phase 1	Phase 2	Phase 3	Total
Opening balance 2020	34,009	12,296	83,267	129,572
Increases from origination/(Reductions from derecognition)	4,810	(937)	164	2,037
Changes in credit risk (net)	46,949	8,771	21,539	77,259
Changes without derecognition (net)	-	-	(2)	(2)
Decreases due to derecognized write-offs	-	-	(6,566)	(6,566)
Other movements	(163)	(6,702)	6,767	(98)
Closing balance at end-2020	**85,605**	**13,428**	**105,169**	**204,202**

	Phase 1	Phase 2	Phase 3	Total
Opening balance 2019	31,990	20,372	92,086	144,448
Increases from origination/(Reductions from derecognition)	5,637	(1,379)	(6,463)	(2,205)
Changes in credit risk (net)	(3,227)	4,693	11,250	12,716
Changes without derecognition (net)	-	13	29	42
Decreases due to derecognized write-offs	-	-	(24,538)	(24,538)
Other movements	(391)	(11,403)	10,903	(891)
Closing balance at end-2019	**34,009**	**12,296**	**83,267**	**129,572**

The detail of "(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss) – Loans and receivables – Customers" on the consolidated income statement at 31 December 2020 and 2019, is as follows:

	Thousands of euros	
	2020	2019
Net impairment in the period	85,515	16,840
Suspense items recovered	(7,047)	(4,981)
Assets directly derecognized	358	865
Other items	-	-
Total (Note 36)	**78,826**	**12,724**

The impairment losses recognized at 31 December 2020 and 2019 cover the minimum provisions required by the Bank of Spain, taking account of the status and circumstances of the transactions and borrowers.

Loans and receivables – Debt securities

The breakdown by counterparty of this line of the consolidated statement of financial position is as follows:

	Thousands of euros	
Counterparty	2020	2019
Spanish public sector	2,463,460	1,794,332
Non-resident General governments	257,988	226,449
Credit institutions	337,385	350,165
Other resident sectors	131,882	155,455
Other non-resident sectors	77,378	74,228
Total	**3,268,093**	**2,600,629**
Valuation adjustments for impairment of financial assets	(951)	(1,138)
Total	**3,267,142**	**2,599,491**

The average annual interest rate for debt securities included in “Available-for-sale financial assets” in 2020 was 0.81% (0.98% in 2019), while interest accrued in 2020 on these financial assets was EUR 24,942 thousand (EUR 27,463 thousand in 2019) (Note 25).

At 31 December 2020 and 2019, securities lent to other credit institutions totalled EUR 309,655 thousand and EUR 262,794 thousand, respectively.

A breakdown by residual term to maturity at 31 December 2020 and 2019 is given in Note 6.

Details of the valuation adjustments for asset impairment recognized by the Group at the close of 2020 and 2019 for “Debt securities” included in “Financial assets at amortized cost” are as follows:

	2020	2019
Closing balance at end of the prior year	1,138	1,565
Net additions charged/(credited) to income (Note 36)	(187)	(427)
Balances for the year	-	-
Other movements	-	-
Closing balance	**951**	**1,138**

Impaired assets

Details of financial assets classified as “Financial assets at amortized cost” and considered impaired due to credit risk at 31 December 2020 and 2019:

> Impaired assets

	2020	2019
Up to 6 months overdue or not due	76,164	73,967
6 to 9 months overdue	7,340	20,401
9 to 12 months overdue	15,418	14,449
12 to 15 months overdue	4,328	3,802
15 to 18 months overdue	8,335	3,063
18 to 21 months overdue	16,475	6,222
More than 21 months overdue	48,406	40,913
	176,466	162,817

Accumulated finance income from impaired financial assets not recognized in income at 31 December 2020 and 2019 amounted to EUR 4,427 thousand and EUR 3,932 thousand, respectively.

Details of the movements in impaired financial assets derecognized because the likelihood of their recovery was considered remote but where the Group is still seeking to recover the amounts receivable are as follows:

	Thousands of euros	
	2020	2019
Opening balance	246,802	223,712
Additions	12,250	30,758
Charged to valuation adjustments for impairment of financial assets	6,083	24,537
Charged directly to income	790	865
Receivables past-due but not collected	5,377	5,356
Recoveries	(7,047)	(4,981)
Collected in cash	(7,047)	(4,981)
Definitively derecognized	(1,895)	(2,687)
write-offs	(1,895)	(2,687)
Closing balance	250,110	246,802

11. Financial assets not held for trading mandatorily measured at fair value through profit or loss

The breakdown of this line of the statement of financial position at 31 December 2020 and 2019 is as follows:

	2020	2019
Debt securities	1,975	4,138
Loans and advances	5,595	7,821
	7,570	11,959

The breakdown of these instruments by rating, in order of the highest rating awarded by any of the rating agencies, at 31 December 2020 and 2019, is shown in Note 6.

12. Derivatives – hedge accounting for assets and liabilities

Derivatives designated as hedging instruments are recognized at fair value, as detailed in Note 2.d).

The breakdown of hedging derivatives by type of hedge at 31 December 2020 and 2019 was as follows:

	Thousands of euros			
	Assets		Liabilities	
	2020	2019	2020	2019
Micro-hedging				
Fair value hedges	13,856	10,666	-	-
Cash flow hedges	-	-	97	-
	13,856	10,666	97	-

The breakdown of the notional and fair values of the financial derivatives recognized as "Derivatives – Hedge accounting" for assets and liabilities by type of market, type of product, counterparty, residual term to maturity and type of risk is as follows:

	Thousands of euros					
	Notional value Memorandum accounts		Fair value Assets		Fair value Liabilities	
	2020	2019	2020	2019	2020	2019
By type of market						
Bilateral (OTC) markets	338,869	298,869	13,856	10,666	97	-
TOTAL	**338,869**	**298,869**	**13,856**	**10,666**	**97**	**-**
By type of product						
Swaps	338,869	298,869	13,856	10,666	97	-
TOTAL	**338,869**	**298,869**	**13,856**	**10,666**	**97**	**-**
By counterparty						
Resident credit institutions	338,869	298,869	13,856	10,666	97	-
Other resident sectors	-	-	-	-	-	-
TOTAL	**338,869**	**298,869**	**13,856**	**10,666**	**97**	**-**
By residual term to maturity						
Less than 1 year	58,638	-	192	-	97	-
1 to 5 years	280,231	48,869	13,664	21	-	-
More than 5 years	-	250,000	-	10,645	-	-
TOTAL	**338,869**	**298,869**	**13,856**	**10,666**	**97**	**-**
By type of risk						
Interest rate risk	338,869	298,869	13,856	10,666	97	-
Equity risk	-	-	-	-	-	-
TOTAL	**338,869**	**298,869**	**13,856**	**10,666**	**97**	**-**

The following financial swaps have been contracted (listed with their hedged items):

- Interest rate swap, to hedge customer deposits bearing interest at a fixed rate and fixed rate debt securities (Note 17).

- Equity swap, to hedge customer deposits bearing interest at a rate indexed to the price of securities or market indices.

At 31 December 2020, the Group recognized net gains of EUR 2,749 thousand as a result of changes in the fair value of hedging transactions (compared with a net gain of EUR 5,837 thousand in 2019). With regard to the hedged items, a net loss of EUR 2,686 thousand attributable to the hedged risk was recognized in 2020 (versus a net loss of EUR 5,798 thousand in 2019). The net amount of gains from hedges and losses on hedged items was recognized under "Net gain/(loss) from hedge accounting" in the consolidated income statement for 2020 and 2019.

The notional and/or contractual value of the hedging derivatives does not represent the real risk assumed by the Group as the net position is obtained by offsetting and/or grouping together these financial instruments.

13. Non-current assets and disposal groups held for sale

The breakdown of this line of the consolidated statement of financial position at 31 December 2020 and 2019 is as follows:

	2020	2019
Tangible assets	36,388	42,781
Investment property	261	267
Foreclosed property and equipment	55,730	61,153
Valuation adjustments for impairment of financial assets	(19,603)	(18,639)
	36,388	**42,781**

Movements in "Investment property" and "Foreclosed tangible assets" included in "Non-current assets held for sale" in 2020 and 2019 were as follows:

	Thousands of euros	
	Investment property	Foreclosed tangible assets
Cost -		
Balance at 31 December 2018	442	65,805
Additions	-	7,281
Retirements and writedowns	-	(11,933)
Transfers	-	-
Other movements	-	-
Balance at 31 December 2019	442	61,153
Additions	-	1,967
Retirements and writedowns	-	(7,387)
Transfers	-	-
Other movements	-	-
Balance at 31 December 2020	**442**	**55,730**
Accumulated depreciation-		
Balance at 31 December 2018	170	-
Provisions	5	-
Retirements and writedowns	-	-
Transfers	-	-
Balance at 31 December 2019	175	-
Provisions	5	-
Retirements and writedowns	-	-
Transfers	-	-
Balance at 31 December 2020	**180**	**-**
Property and equipment, net -		
Balance at 31 December 2019	**267**	**61,153**
Balance at 31 December 2020	**261**	**55,730**

The fair value of non-current assets in disposal groups held for sale located in Spain was estimated in light of their expected recoverable amounts, taking into account the parameters set out by Bank of Spain Circular 4/2017 for each type of foreclosed asset and, for real estate development assets existing at 31 December 2011, the criteria set out in Royal Decree-Law 2/2012 of 3 February. It also includes as an input the appraisals done by appraisal companies registered with the Bank of Spain and valuations carried out using criteria set by Ministerial Order ECO/805/2003 on valuation standards for property and certain rights for financial purposes. The main appraisal companies used by the Bank in 2020 and 2019 were Sociedad de Tasación, S.A., Krata, S.A., Tasvalor, S.A., Zehazki, S.A., Técnicos en Tasación, S.A., Gestión de Valoraciones y Tasaciones, S.A. and Colectivo de Arquitectos y Tasadores, S.A.

Asset sales were done on an arm's length basis. In 2020, EUR 1,652 thousand of finance was granted for sales transactions equivalent to an average of 18.68% of the sale price. This compares to EUR 2,802 thousand and 19.85% in 2019.

The net impact of such sales in 2020 was to add EUR 494 thousand to net income (2019: +EUR 1,899 thousand).

Movements in "Valuation adjustments for impairment of financial assets" in "Non-current assets and disposal groups held for sale" in 2020 and 2019 were as follows:

	2020	2019
Opening balance	18,639	17,865
Net additions charged to income (Note 35)	1,796	2,104
Reversals or sales	-	-
Transfers	(832)	(1,330)
Closing balance	**19,603**	**18,639**

14. Investments in joint ventures and associates

The detail of the Bank's equity investments at 31 December 2020 and 2019, by company, was as follows:

			Thousands of euros			
	% ownership interest		Acquisition cost		Net carrying amount	
	2020	2019	2020	2019	2020	2019
Associates						
Bodegas Príncipe de Viana, S.L.	50.00%	50.00%	11,015	11,015	13,451	13,684
Omegageo, S.L.	50.00%	50.00%	1,092	1,092	1,397	1,018
Renovables de la Ribera, S.L.	50.00%	50.00%	10,820	18,820	11,065	10,767
Rural de Energía de Tierras Altas, S.A.	50.00%	50.00%	30	30	24	45
Bosqalia, S.L.	48.40%	48.40%	1,452	1,452	627	634
Errotabidea, S.L.	46.01%	46.01%	8,431	8,431	11,025	9,767
Servicios Empresariales Agroindustriales, S.A.	33.33%	33.33%	30	30	138	91
Rioja Vega, S.A.	25.07%	25.07%	4,491	4,491	2,342	2,440
Rural de Energías Aragonesas, S.A.	25.00%	25.00%	475	475	342	330
Compañía Eólica de Tierras Altas, S.A.	23.75%	23.75%	3,184	3,184	4,802	5,438
Iparlat, S.A.	21.54%	21.54%	4,836	4,836	12,958	14,096
Iberjalón, S.A.	20.00%	20.00%	2,222	2,222	2,289	2,192
Total			**48,078**	**48,078**	**60,460**	**60,502**

At 31 December 2020, EUR 149 thousand of implied goodwill was recognized in the carrying amount of subsidiaries (31 December 2019: EUR 149 thousand).

The activities, registered offices and key performance indicators of companies accounted for by the equity method at 31 December 2020 are as follows:

Company	Head office	Line of business	Total assets	Equity	Earnings
			Thousands of euros		
Bodegas Príncipe de Viana, S.L.	Pamplona	Production and sale of wine	43,469	27,520	(459)
Omegageo, S.L.	Pamplona	Civil engineering and building projects	3,993	2,792	(4)
Renovables de la Ribera, S.L.	Pamplona	Construction and operation of wind farms	113,651	22,129	600
Bosqalia, S.L.	Pamplona	Forestry	4,460	1,295	(13)
Errotabidea, S.L.	Pamplona	Development and management of rent-controlled housing	40,609	23,883	1,219
Servicios Empresariales Agroindustriales, S.A.	Pamplona	Management of cooperative services	1,102	415	12
Rioja Vega, S.A.	Viana (Navarre)	Production and sale of wine	15,499	9,397	(384)
Rural de Energías Aragonesas, S.A.	Zaragoza	Generation and sale of renewable energy	1,368	1,368	42
Compañía Eólica de Tierras Altas, S.A.	Soria	Construction and operation of wind farms	23,975	20,219	(163)
Iparlat, S.A.	Urnieta (Guipúzcoa)	Production of dairy products	6,553	63,798	(2,612)
Iberjalón, S.A.	Zaragoza	Construction and operation of wind farms	26,927	10,376	345

The activities, registered offices and key performance indicators of companies accounted for by the equity method at 31 December 2019 were as follows:

Company	Head office	Line of business	Total assets	Equity	Earnings
			Thousands of euros		
Bodegas Príncipe de Viana, S.L.	Pamplona	Production and sale of wine	47,988	27,898	701
Omegageo, S.L.	Pamplona	Civil engineering and building projects	1,909	1,609	(1)
Renovables de la Ribera, S.L.	Pamplona	Construction and operation of wind farms	81,019	21,533	(60)
Bosqalia, S.L.	Pamplona	Forestry	4,931	1,310	(287)
Errotabidea, S.L.	Pamplona	Development and management of rent-controlled housing	42,108	23,601	1,347
Servicios Empresariales Agroindustriales, S.A.	Pamplona	Management of cooperative services	1,159	408	27
Rioja Vega, S.A.	Viana (Navarre)	Production and sale of wine	16,621	9,801	(82)
Rural de Energías Aragonesas, S.A.	Zaragoza	Generation and sale of renewable energy	1,327	1,327	5
Compañía Eólica de Tierras Altas, S.A.	Soria	Construction and operation of wind farms	27,399	22,895	2,254
Iparlat, S.A.	Urnieta (Guipúzcoa)	Production of dairy products	147,653	68,615	3,075
Iberjalón, S.A.	Zaragoza	Construction and operation of wind farms	20,484	10,212	(159)

The total assets, equity and earnings figures shown in the above table are those of the individual companies, prepared in accordance with the accounting principles applied by each one, before standardization and harmonization adjustments for the purposes of consolidation into the financial statements of Caja Rural de Navarra and subsidiaries.

At the close of 2020 and 2019, all balances included under “Investments in joint ventures and associates” corresponded to securities not listed for trading on official markets.

Movements in this line of the consolidated statement of financial position in 2020 and 2019 were as follows:

	Thousands of euros
Balance at 31 December 2018	**49,945**
Additions	11,262
Profit or (-) loss of companies accounted for using the equity method	1,491
Retirements	(2,196)
Transfers	-
Balance at 31 December 2019	**60,502**
Additions	-
Profit or (-) loss of companies accounted for using the equity method	(42)
Retirements	-
Transfers	-
Balance at 31 December 2020	**60,460**

In accordance with the criterion in Note 2.g, no impairment losses were recorded against investments in these companies at 31 December 2020 and 2019.

			Thousands of euros		
Company	**Head office**	**Line of business**	**Total assets**	**Equity**	**Earnings**
Bodegas Príncipe de Viana, S.L.	Pamplona	Production and sale of wine	47,988	27,898	701
Omegageo, S.L.	Pamplona	Civil engineering and building projects	1,909	1,609	(1)
Renovables de la Ribera, S.L.	Pamplona	Construction and operation of wind farms	81,019	21,533	(60)
Bosqalia, S.L.	Pamplona	Forestry	4,931	1,310	(287)
Errotabidea, S.L.	Pamplona	Development and management of rent-controlled housing	42,108	23,601	1,347
Servicios Empresariales Agroindustriales, S.A.	Pamplona	Management of cooperative services	1,159	408	27
Rioja Vega, S.A.	Viana (Navarre)	Production and sale of wine	16,621	9,801	(82)
Rural de Energías Aragonesas, S.A.	Zaragoza	Generation and sale of renewable energy	1,327	1,327	5
Compañía Eólica de Tierras Altas, S.A.	Soria	Construction and operation of wind farms	27,399	22,895	2,254
Iparlat, S.A.	Urnieta (Guipúzcoa)	Production of dairy products	147,653	68,615	3,075
Iberjalón, S.A.	Zaragoza	Construction and operation of wind farms	20,484	10,212	(159)

15. Tangible assets, intangible assets and business combinations

Tangible assets

Movements in "Tangible assets" on the consolidated statement of financial position in 2020 and 2019 were as follows:

	Thousands of euros			
	Property and equipment			
	For own use	Assigned to social projects	Investment property	Total
Cost -				
Balance at 31 December 2018	429,004	416	14,101	443,521
Additions	27,160	-	230	27,390
Retirements and writedowns	(4,607)	-	(14)	(4,621)
Additions/(retirements) in business combinations	-	-	-	-
Transfers	149	-	227	376
Balance at 31 December 2019	451,706	416	14,544	466,666
Additions	30,003	-	10,438	40,440
Retirements and writedowns	(9,564)	-	(621)	(10,185)
Additions/(retirements) in business combinations	1,009	-	-	1,009
Transfers	185	-	(185)	-
Balance at 31 December 2020	**473,339**	**416**	**24,176**	**497,930**
Accumulated depreciation-				
Balance at 31 December 2018	220,882	245	2,825	223,952
Provisions	15,423	-	276	15,699
Retirements and writedowns	(2,886)	-	-	(2,886)
Additions/(retirements) in business combinations	-	-	-	-
Transfers	149	-	(699)	(550)
Balance at 31 December 2019	233,568	245	2,402	236,215
Provisions	15,505	-	85	15,590
Retirements and writedowns	(7,568)	-	-	(7,568)
Additions/(retirements) in business combinations	-	-	-	-
Transfers	-	-	-	-
Balance at 31 December 2020	**241,505**	**245**	**2,487**	**244,237**
Valuation adjustments for impairment -				
Balance at 31 December 2018	-	-	2,012	2,012
Provisions (Note 35)	-	-	1,127	1,127
Additions/(retirements) in business combinations	-	-	-	-
Transfers	-	-	1,881	1,881
Balance at 31 December 2019	-	-	5,020	5,020
Provisions (Note 35)	-	-	(251)	(251)
Additions/(retirements) in business combinations	-	-	-	-
Transfers	-	-	-	-
Balance at 31 December 2020	-	-	**4,769**	**4,769**
Property and equipment, net -				
Balance at 31 December 2019	**218,138**	**171**	**7,122**	**225,431**
Balance at 31 December 2020	**231,834**	**171**	**16,920**	**248,924**

Additions in 2019 included the impact of first-time application of IFRS 16 (Note 1), mainly rights of use on leased buildings. Payments in 2020 totalled EUR 952 thousand (2019: EUR 738 thousand).

At 31 December 2020 and 2019 the Group had no property and equipment that was temporarily out of service or had been withdrawn from active use.

At 31 December 2020 and 2019 the Group had no significant outright sale undertakings relating to tangible assets.

Fully depreciated tangible assets still in use within the Group were worth a total of EUR 130,524 thousand and EUR 122,101 thousand, respectively, at 31 December 2020 and 2019.

The Group carries out regular appraisals of its main buildings to identify potential impairment. Based on the latest available appraisals, the Directors consider that the fair values of the Bank's property and equipment do not differ significantly from their carrying amounts.

Intangible assets

Goodwill arising on consolidation

Goodwill arising on consolidation at 31 December 2020 was EUR 8,301 thousand, of which EUR 8,297 thousand related to subsidiary Harantico, S.L. and EUR 4 thousand to Harinas Selectas, S.A. (31 December 2019: EUR 8,297 thousand related to Harantico, S.L.).

The Parent Company had a 50% direct holding in Harantico, S.L. until 11 July 2011, when it acquired the remaining 50% taking full control. The subsidiary makes and sells flours. Based on the estimates and forecasts available to the Parent Company's Directors, the financial forecasts of the company justify the goodwill acquired during the takeover.

The cash generating unit ("CGU") that was assigned the goodwill generated in the business combination leading to the acquisition of Harantico, S.L. assets (Note 2.y) is regularly tested for impairment, including the portion of goodwill in its carrying amount. This test is carried out at least annually or whenever there are indications of impairment.

The fair value of the CGU and the fair value assigned to its assets and liabilities are based on estimates and assumptions that the Group management considers most appropriate in the circumstances. However, changes in the valuation assumptions used could change the result of impairment tests.

Three key assumptions used in calculating the impairment test sensitively affect the recoverable value:

- Estimates of cash flow projections by Group Management, based on the latest available budgets for the next 7 years. The key variables input to the financial forecasts were: the change in the contribution margin (affected by forecast business volumes and interest rates) and the development of other income statement items.

- The sustainable perpetual growth rate extrapolating cash flows beyond the fifth year (2028) to cover the period beyond budget positions or forecasts. The Group used a sustainable perpetual growth rate of 1.5% based on inflation projections.

- The discount rate for future cash flows, which is taken to be the CGU's assigned cost of capital and comprises a risk-free rate plus a premium reflecting the risk inherent to the business being valued (5.87% and 6.40% at 31 December 2020 and 2019, respectively).

In determining its assumptions Group Management relied on its projections and past experience. The values arrived at are consistent with external sources of information. The present value of distributable cash flows used to derive value in use is based on Harantico, S.L.'s cost of equity (Ke) to a market participant. They were determined using the CAPM (Capital Asset Pricing Model) or discounted cash flow valuations.

In addition, a sensitivity analysis was carried out looking at the key variables in the valuation, which found no evidence of impairment at 31 December 2020 and 2019. The two assumptions that carry greatest weight and whose volatility could weigh most in determining the present value of cash flows beyond the fifth year are the discount rate and the growth rate. If the discount rate applied to discounted cash flows were to be 5% higher than the management's estimates, the Group would still have no need to reduce the carrying amount of its goodwill. Nor would it have to reduce goodwill if the sustainable perpetual growth rate applied to discounted cash flows were to be 5% lower than the management's estimates.

In making the assumptions used to determine the CGU's EBITDA, the base for calculating free cash flow, the most conservative scenario was used so that negative distortions to this line are unlikely. Nevertheless, simulations using other growth rates and 5% increases or decreases in EBITDA, show no risk of impairment in 2020 or 2019.

Other intangible assets – Goodwill

Other goodwill at 31 December 2020 was EUR 2,500 thousand and related in its entirety to subsidiary Harinera del Mar Siglo XXI, S.L. (31 December 2019: EUR 3,000 thousand related to Harinera del Mar Siglo XXI, S.L.).

Until 11 July 2014, the Parent Company directly owned 50% of the share capital in Harinera del Mar Siglo XXL, S.L.. At that date the Parent Company acquired the 50% additional stake through a business combination giving them 100% of the share capital. The subsidiary makes and sells flours.

In the course of this business combination the Group acquired EUR 5,000 thousand of intangible assets. These corresponded to the rights and commercial relationships in various parts of the country that had previously been contributed to Harinera del Mar Siglo XXI, S.L. in a 2008 capital increase by the shareholders from whom the Parent Company acquired the additional 50% in the takeover.

At end-2020 the Group carried out impairment tests on both these intangible assets acquired in the Harinera del Mar Siglo XXI takeover and the company's business by estimating its recoverable amount.

The valuation methodology used to test for impairment was the same as for the Harántico, S.L. goodwill, with a discount rate of 5.87% and 6.40% in 2020 and 2019, respectively, and a sustainable growth rate of 1.5%. The Group valued the whole recoverable amount of the company, including the rights and commercial relations that made up the EUR 5,000 thousand intangible assets, using the abovementioned method based on the best estimates and forecasts available to the Parent Company's Directors at the time.

A sensitivity analysis was carried out looking at the key variables in the valuation, which found no evidence of impairment at 31 December 2020 and 2019. The two assumptions that carry greatest weight and whose volatility could weigh most in determining the present value of cash flows beyond the fifth year are the discount rate and the growth rate. If the discount rate applied to discounted cash flows were to be 5% higher than the management's estimates, the Group would still have no need to reduce the carrying amount of its goodwill. Nor would it have to reduce goodwill if the sustainable perpetual growth rate applied to discounted cash flows were to be 5% lower than the management's estimates.

In making the assumptions used to determine the CGU's EBITDA, the base for calculating free cash flow, the most conservative scenario was used so that negative distortions to this line are unlikely. Nevertheless, simulations using other growth rates and 5% increases or decreases in EBITDA, show no risk of impairment in 2020 or 2019.

16. Other assets and liabilities

The breakdown of these asset and liability items in the accompanying consolidated statement of financial position at the close of 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Assets:		
Inventories relating to non-financial activities	67,704	75,487
Of which: Real estate business	4,774	15,365
Agricultural business	54,251	50,956
Other	8,679	9,166
Transactions in transit	16,797	18,968
Accruals	358	281
Other items	9,857	6,999
	94,716	**101,735**
Liabilities:		
Social Welfare Fund	36,400	31,689
Transactions in transit	35,194	32,505
Accruals	17,320	18,282
Other items	28,478	16,270
	117,392	**98,746**

Social Welfare Fund

In accordance with Act 13/1998 on Cooperative Credit Institutions, Act 27/1999 on Cooperatives and the Parent Company's articles of association, the Education and Development Fund must consist of at least 10% of free cash flow, to be used for activities that fulfil one of the following purposes:

a) Training and education of the members and employees of Caja Rural in the principles and values of the cooperative movement or in specific material relating to its corporate or labour-related activity and other cooperative activities.

b) Promoting the cooperative model and fostering relationships between cooperative entities.

c) Cultural, business and welfare initiatives serving the local area or community in general, initiatives that enhance quality of life, promote community development and/or protect the environment.

The basic guidelines for application of the Education and Development Fund are agreed by members at the General Meeting.

In pursuit of the Fund's objectives, the Group may work in conjunction with other companies and entities, in such cases providing either full or partial funding.

The Education and Development Fund can be neither encumbered nor garnished and allocations to the Fund must be recognized in the consolidated statement of financial position separately from all other items, pursuant to the provisions of the regulations governing the activities of credit institutions.

The definitive allocation to the Education and Development Fund is approved by the Parent Company's Governing Board. Once approved, the Fund is managed by the Marketing Department.

In 2020 and 2019, the Education and Development Fund was used, in accordance with the basic guidelines agreed by members at the General Meeting, for the following activities:

	Thousands of euros	
	2020	2019
Consultancy, training and promotion of the cooperative business model	1,788	1,737
Teaching and research	769	1,291
Sports aid	84	152
Charity work	380	132
Cultural, recreational and other activities	412	263
Economic and social development	713	645
	4,146	4,220

Tangible assets assigned to the Education and Development Fund at 31 December 2020 and 2019 totalled EUR 171 thousand in both years. (Note 15).

The breakdown by item of the balances assigned to the Parent Company's Education and Development Fund at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Application of Education and Development Fund		
Maintenance costs incurred in the year	(4,146)	(4,220)
Financial income	-	55
Applied to property and equipment	171	171
Applied to other investments	21,458	19,006
TOTAL	17,483	15,012
Amount committed	7,380	4,541
Amount not committed (Note 32)	8,857	9,275
Amount committed for investments	2,680	2,861
TOTAL	18,917	16,677
Education and Development Fund (Social Welfare Fund)	36,400	31,689

The Governing Board of Caja Rural de Navarra at its meetings on 25 January 2019 and 31 January 2020 approved the investment of EUR 5,678 thousand and EUR 2,174 thousand, respectively, in Public Debt to cover existing investments committed by the Education and Development Fund at those dates.

17. Financial liabilities at amortized cost

The breakdown of this balance sheet item at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Deposits	12,459,613	9,890,645
Central banks	1,936,340	928,260
Credit institutions	325,136	232,916
Customers	10,198,137	8,729,469
Debt securities issued	1,770,192	1,661,119
Other financial liabilities	104,049	112,868
Total	**14,333,854**	**11,664,632**

Deposits – Central banks

The breakdown of "Deposits – Central banks" in the consolidated statement of financial position at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Other central banks	1,947,700	935,000
Valuation adjustments	(11,360)	(6,740)
Total	**1,936,340**	**928,260**

At 31 December 2020 and 2019, the Bank had various deposits with the ECB totalling EUR 1,948 and EUR 935 million, respectively.

The average interest rate on these deposits in 2020 and 2019 was -0.80% and -0.40%, respectively, and interest expense accrued on financial liabilities in this portfolio was, respectively, -EUR 13,605 thousand and -EUR 3,886 thousand (Note 25), which were recognized in "Interest income – Interest income on liabilities" on the consolidated income statement.

Deposits – Credit institutions

The breakdown of this consolidated statement of financial position item by type of deposit and currency of denomination is as follows:

	Thousands of euros	
	2020	2019
Type of deposit		
Term deposits	310,820	219,764
Other accounts	14,050	12,860
Valuation adjustments	266	292
Total	**325,136**	**232,916**
Currency		
Euro	315,978	207,412
US dollar	8,608	24,523
Other currencies	550	981
Total	**325,136**	**232,916**

A breakdown of this item by residual term to maturity is given in Note 6.

"Term deposits" also included EUR 76,513 thousand at 31 December 2020 corresponding to funds from the Instituto de Credito Oficial (ICO) relating to intermediation loans (EUR 10,896 thousand at 31 December 2019).

The average interest rate of these securities was 1.20% in 2020 (1.35% in 2019) and the accrued interest in 2020 on the financial liabilities included in this portfolio came to EUR 3,347 thousand (EUR 3,519 thousand in 2019) (Note 26).

Deposits – Customers

The breakdown of customer deposits by type of deposit, type of counterparty, type of interest rate and currency of denomination is as follows:

	Thousands of euros	
	2020	2019
Type of deposit		
Demand deposits	8,654,353	6,867,559
Term deposits	1,543,164	1,861,484
Reverse repurchase agreements	-	-
Valuation adjustments	620	426
Total	**10,198,137**	**8,729,469**
Type of counterparty		
General governments	478,579	386,635
Other financial corporations	65,178	47,284
Other non-financial corporations	2,512,689	1,863,854
Home loans	7,141,691	6,431,696
Total	**10,198,137**	**8,729,469**

Type of interest rate		
Floating	423,148	370,659
Fixed	9,774,989	8,358,810
Total	**10,198,137**	**8,729,469**
Currency		
Euro	10,154,499	8,700,394
US dollar	33,420	24,343
Other currencies	10,218	4,732
Total	**10,198,137**	**8,729,469**

The average interest rate applied to these instruments was 0.004% in 2020 (0.02% in 2019). Interest accrued on the financial liabilities included in this portfolio in 2020 came to EUR 998 thousand (versus EUR 2,187 thousand in 2019). (Note 26).

Pursuant to prevailing legislation, term deposits include the liability corresponding to the securitisation transactions mentioned in Note 10, amounting to EUR 2,600 thousand at 31 December 2020 (versus EUR 8,584 thousand at 31 December 2019).

A breakdown of this item by residual term to maturity is given in Note 6.

Debt securities issued

In this line of the statement of financial position, the Group recognizes the value of bonds and other bearer debt securities and promissory notes that are not subordinated liabilities. This line also includes the portion of compound financial instruments that is treated as a financial liability.

The breakdown of this item in the consolidated statement of financial position, by type of financial liability, is as follows:

	Thousands of euros	
	2020	**2019**
Mortgage covered bonds	1,647,449	1,542,500
Other non-convertible securities	99,798	99,798
Valuation adjustments	22,945	18,821
Total	**1,770,192**	**1,661,119**

The details of the "Mortgage covered bonds" item are as follows:

Issue	31/12/2020	31/12/2019	Issue date	Redemption date	Effective interest rate
Issue III – Mortgage covered bonds	50,000	50,000	07/02/2014	07/02/2029	3.67%
Issue V – Mortgage covered bonds	496,890	496,890	16/03/2015	16/03/2022	0.628%
Issue VII – Mortgage covered bonds	498,910	498,910	01/12/2016	01/12/2023	0.694%
Issue VIII – Mortgage covered bonds	496,700	496,700	08/05/2018	08/05/2025	1.010% (*)
Issue VIII – Mortgage covered bonds ("Tap")	104,949	-	01/10/202	08/05/2025	-0.169%
	1,647,449	1,542,500			

(*) The Bank contracted a hedging interest rate swap (IRS), which swaps a fixed rate to a floating rate benchmarked to 6-month Euribor on a nominal equal to 50% of the VIII issue of mortgage covered bonds (Note 12).

At 31 December 2020 and 2019 the Parent Company also held other issues of mortgage covered bonds, which were retained in their entirety on its books with a debit balance of EUR 800,000 thousand and EUR 300,000 thousand, respectively, recorded in the consolidated statement of financial position, as required by regulations on the derecognition of financial assets and liabilities (Note 2.f).

As Caja Rural de Navarra is an issuer of mortgage covered bonds, in accordance with Article 21 of Royal Decree 716/2009, of 24 April, and Bank of Spain Circular 7/2010, of 30 November, Note 38 to the consolidated financial statements gives information on the special accounting register that must be kept by institutions issuing covered bonds and mortgage bonds.

The average interest rate of these securities was 0.68% in 2020 (0.69% in 2019) and the accrued interest in 2020 on the financial liabilities included in this portfolio came to EUR 13,745 thousand (EUR 13,811 thousand in 2019) (Note 26).

Other financial liabilities

All financial liabilities recognized in this line are classified as "Financial liabilities at amortized cost" and measured accordingly. The balance includes any payment obligations having the substance of a financial liability that are not included in other items.

The breakdown of other financial liabilities by type of instrument is as follows:

	Thousands of euros	
	2020	2019
Payment obligations	11,481	6,442
Tax revenue collection accounts	41,098	37,956
Payable for purchases and non-financial services	40,219	57,222
Other items	11,251	11,248
Total	**104,049**	**112,868**

"Payment obligations" at 31 December 2020 and 2019 includes the commitment to the Deposit Guarantee Fund, explained in Note 1.j).

18. Provisions

The breakdown of this line of the consolidated statement of financial position at 31 December 2020 and 2019 is as follows:

	2020	2019
Pensions and other post-employment benefit obligations (Note 2.t)	1,417	1,190
Other long-term employee benefits	-	-
Provisions for taxes and other legal contingencies	-	-
Commitments and guarantees given	10,809	10,497
Other provisions	22,249	83,800
	34,475	**95,487**

The balance recognized under "Provisions for guarantees given" and "Other provisions" of the consolidated statement of financial position at the close of 2020 and 2019 and movements in those years were as follows:

	Commitments and guarantees given	Other provisions
At 31 December 2019		
Opening balance	8,195	83,897
Increases from origination/(Reductions from derecognition)	487	4,553
(Provisions used)	-	(2,130)
(Unused provisions reversed during the year)	-	-
Changes in credit risk (net)	1,950	-
Other movements	(135)	(2,520)
Closing balance	10,497	83,800
At 31 December 2020		
Opening balance	10,497	83,800
Increases from origination/(Reductions from derecognition)	932	-
(Provisions used)	-	(2,853)
(Unused provisions reversed during the year)	-	(58,654)
Changes in credit risk (net)	(941)	-
Other movements	321	46
Closing balance	**10,809**	**22,249**

Loans linked to the mortgage interest rate index (IRPH)

The Bank maintains a portfolio of mortgage loans benchmarked to the Bank of Spain's official mortgage loan reference index (the Referencia de Préstamos Hipotecarios or IRPH), in accordance with Article 27 of Order EHA/2899/2011 of 28 October, on transparency and the protection of banking service customers and Bank of Spain Circular 5/2012 of 27 June, to credit institutions and payment service providers, on transparency in banking services and responsible lending.

Various proceedings were filed against most Spanish credit institutions, alleging that clauses linking the interest rate on mortgages to the IRPH breach the European transparency regulation. On 14 December 2017, the Supreme Court confirmed the clauses were valid as they were benchmarked to an official index which was therefore exempt from transparency requirements. The case was referred up to the European Court of Justice for a preliminary ruling.

On 10 September 2019, the Advocate-General of the EU Court of Justice issued a non-binding opinion that the IRPH clause does not fall outside the scope of the Directive 93/13 and the exemption under the same Directive's Article 4 does not apply. The Advocate General concluded that the information provided to the consumer must be sufficient to allow them to come to a decision prudently and in full knowledge of the facts as regards the method of calculating the interest rate applicable to the mortgage agreement and its component elements, explaining not just the full definition of the index used but also the provisions of national legislation that determine it and also giving an indication of past fluctuations in the index. The Advocate-General adds that it is within the powers of the Spanish judicial authorities to judge the transparency of this clause, and to check, bearing in mind all circumstances that applied when the mortgage was agreed, first, whether it sets out the way the interest rate is calculated transparently, such that the consumer can assess on clear and comprehensible criteria the economic consequences of the agreement, and, second, whether this mortgage agreement meets all its obligations under national law.

On 3 March 2020, the preliminary ruling was resolved by the EU ECJ as follows:

- A clause in a mortgage loan between a consumer and a professional which stipulates the interest rate applicable to the loan based on an official benchmark rate provided for in national regulations and which credit institutions can apply to mortgages is subject to Directive 93/13.

- In this respect, Directive 93/13 should be interpreted as meaning that the courts of a member state are obliged to determine whether a contract clause referring to the main purpose of the agreement is clear and comprehensible.

- To meet the transparency requirements for a contractual clause setting a variable interest rate in a mortgage agreement, the clause must not merely be comprehensible in a formal grammatical way but must also allow the borrower to specifically understand how the interest rate calculation works and so be able to assess, based on specific and comprehensible criteria, the potentially significant economic consequences of the clause with regard to their financial obligations.

- Articles 6.1 and 7.1 of Directive 93/13 should be interpreted as permitting a national judge to impose an applicable official index in the event that an abusive clause setting a mortgage interest rate is declared null and void and the parties do not agree another solution, provided the mortgage agreement could not continue without the struck-down abusive clause and would be cancelled in its entirety.

It must be stressed that the ECJ finds that for the clause to be deemed comprehensible, its financial impacts have to be foreseeable by an average consumer. To establish this, courts must specially consider whether the information on the index is accessible – the IRPH is officially published – and the information provided on the IRPH when the mortgage agreement is signed. A clause is not abusive if, when the mortgage was signed, the lender adequately met its information obligations regarding the reference index under national law applicable at the time. It seems clear that the Bank generally complied with applicable regulations on mortgage lending and therefore no quantified estimates of mortgages likely to be cancelled for this reason have been made.

On 6 November 2020 the Supreme Court ruled that, as the case concerned an official index, it found no lack of transparency in the way the index was compiled, and no evidence that financial institutions had abused their position in their marketing.

Having handed down these rulings, the Supreme court denied the cassation appeals, finding that case law already existed on the matter and there was no cassational interest.

Therefore, Caja Rural de Navarra considers that the ruling by the EU ECJ should have no material impacts on the Bank's financial position or income.

Floor clauses

On floor clauses, on 11 November 2020, the Supreme Court allowed the cassation appeal filed by the Bank, upholding as valid the agreements renegotiating the floor clauses.

"Other provisions" on the consolidated statement of financial position at 31 December 2019, is basically the estimated amount to settle obligations from litigation and other unquantifiable obligations arising from the Group's activities, including compensation for floor clauses. The Parent Company's directors do not expect any additional losses to arise from the resolution of outstanding cases which would materially impact the consolidated financial statements.

Note 2.t) to the consolidated financial statements shows the detail of movements in "Pensions and other post-employment benefit obligations" under this item during 2020 and 2019.

19. Accumulated other comprehensive income

The breakdown of this line of the statement of financial position at 31 December 2020 and 2019 is as follows:

	2020	2019
Items that will not be reclassified to profit or loss:	20,153	29,269
Changes in fair value of equity instruments at fair value through other comprehensive income	20,153	26,269
Items that may be reclassified to profit or loss:	12,747	6,957
Changes in fair value of debt instruments at fair value through other comprehensive income	12,747	6,957
	32,900	**36,226**

The equity item "Accumulated other comprehensive income – Items that may be reclassified to profit or loss" reflects the net change in the fair value of fixed-income instruments recognized in the Group's equity. Changes are taken to consolidated income when the financial assets are sold.

The equity item "Accumulated other comprehensive income – Items that will not be reclassified to profit or loss" reflects the net change in the fair value of equity instruments recognized Group's equity. Changes are taken to equity under "Other reserves" on disposal.

20. Share capital

Capital contributions made to the Parent Company by members in 2020 and 2019, and changes in capital occurring in those years, are shown in the table below.

	Thousands of euros
Balance at 31 December 2018	**167,380**
Subscriptions	2,582
Redemptions	(2,303)
Balance at 31 December 2019	**167,659**
Subscriptions	4,042
Redemptions	(1,909)
Balance at 31 December 2020	**169,792**

Pursuant to prevailing legislation and the Parent's articles of association, the minimum contribution for individuals is EUR 60.11, while the minimum contribution for legal entities is EUR 120.22.

Contributions at 31 December 2020 and 2019 were represented by 2,824,691 and 2,789,210 fully paid-up registered shares, respectively, with a nominal value of EUR 60.11 each. At 31 December 2020 and 2019 the Bank had no own contributions in its portfolio.

The Parent Company satisfies its minimum capital requirement of EUR 4,808,096.83, established pursuant to the provisions of the enacting regulations of Act 13/1989, of 26 May, on Cooperative Credit Institutions.

The remuneration that may be paid on both types of capital contributions is limited to no more than six percentage points above the legal interest prevailing in the reporting period. The rate of remuneration for contributions is determined at the Parent Company's General Meeting each year, where members authorise the Governing Board to set the rate of remuneration and the payment schedule. In 2020 and 2019 remuneration paid to cooperative members in respect of contributions made came to EUR 417 thousand and EUR 1,676 thousand, respectively. Nevertheless, as stated in Note 4, the Governing Board will propose to the General Meeting of the Parent Company that the rate of remuneration for contributions in respect of 2020 should be EUR 1,678 thousand.

In accordance with prevailing regulations, the sum of mandatory and voluntary contributions must not exceed 2.5% of share capital in the case of individuals and 20% in the case of legal entities. Legal entities that are not cooperative entities cannot hold more than 50% of capital. None of the aforementioned limits had been exceeded at 31 December 2020 and 2019.

21. Retained earnings and Other reserves

Definition

The balance in the consolidated statement of financial position under "Equity – Retained earnings" and "Equity – Other reserves" comprises the net amount of retained profit or loss recognized in income in prior years and appropriated to equity, as well as the reserves of companies accounted for by the equity method.

Breakdown

The detail of this item and movements in 2020 and 2019 are as follows:

	Thousands of euros			
	Mandatory Reserve Fund	Other reserves	Accumulated reserves or losses from joint ventures and associates	Total
Balance at 1 January 2019	**834,422**	**23,825**	**4,971**	**863,218**
Appropriation of prior year's profit	89,665	-	-	89,665
Transfers	-	(5,000)	5,000	-
Other movements	-	4,989	962	5,951
Balance at 31 December 2019	**924,087**	**23,814**	**10,933**	**958,834**
Appropriation of prior year's profit	83,477	13,481	1,491	98,449
Transfers	-	-	-	-
Other movements	-	416	(121)	295
Balance at 31 December 2020	**1,007,564**	**37,711**	**12,303**	**1,057,578**

Mandatory Reserve Fund

The aim of the Mandatory Reserve Fund is to strengthen and guarantee the Parent Company's solvency. In accordance with Act 13/1989, of 26 May 1989, on Cooperative Credit Institutions, the Mandatory Reserve Fund is established and maintained by allocating at least 20% of earnings for each year, net of prior years' accumulated losses, if any. Any gains generated on the disposal of property and equipment or obtained from sources unrelated to the Bank's specific objectives must also be assigned to this Fund, unless the Group recognizes an overall loss for the year.

The Parent Company's articles of association establish that 90% of profit for the year must be allocated to the Mandatory Reserve Fund.

Other reserves

The breakdown by company of "Other reserves" at 31 December 2020 and 2019 is as follows:

	Thousands of euros			
	Other reserves		Accumulated reserves or losses from joint ventures and associates	
	2020	2019	2020	2019
Parent institution, after consolidation adjustments	71,256	60,817	-	-
Informes y Gestiones Navarra, S.A.	1,607	1,271	-	-
Harivasa 2000, S.A.	9,932	8,746	-	-
Harinera de Tardienta, S.A.	(2,082)	(2,355)	-	-
Promoción Estable del Norte, S.A.	(47,059)	(47,182)	-	-
Industrial Tonelera Navarra, S.A.	3,238	2,674	-	-
Solera Asistencial, S.L.	2,708	1,685	-	-
Bouquet Brands, S.A.	(1,903)	(2,287)	-	-
Preventia Sport, S.L.	(517)	(480)	-	-
Harantico, S.L.	4,791	4,311	-	-
Harinera del Mar Siglo XXI, S.L.	(1,168)	(637)	-	-
Haribericas XXI, S.L.	(5,681)	(3,446)	-	-
Harivenasa, S.A.	2,233	445	-	-
Tonnellerie de l'Adour, SAS	356	252	-	-
Bodegas Príncipe de Viana, S.L.	-	-	2,665	2,339
Rural de Energía de Tierras Altas, S.A.	-	-	(1)	15
Bosqalia, S.L.	-	-	(819)	(679)
Renovables de la Ribera, S.L.	-	-	(55)	(23)
Omegageo, S.L.	-	-	308	(258)
Servicios Empresariales Agroindustriales, S.A.	-	-	104	61
Rioja Vega, S.A.	-	-	(2,052)	(2,029)
Errotabidea, S.L.	-	-	1,957	1,335
Iberjalón, S.A.	-	-	(1)	1
Investi Navarra In Est, S.L.	-	-	-	-
Rural de Energías Aragonesas, S.A.	-	-	(144)	(145)
Compañía Eólica de Tierras Altas, S.A.	-	-	1,657	1,718
Iparlat, S.A.	-	-	8,684	8,598
Total	37,711	23,814	12,303	10,933

Shareholders' equity and capital management

In managing its capital the Parent Company has since 1 January 2014 followed the conceptual definitions set out in the solvency regulations described in the CRD-IV and CRR (Note 1.i).

The strategic objectives set by the Parent Company's Management Committee in relation to capital management are as follows:

- To comply with applicable regulations on minimum capital requirements at all times, in both its standalone and consolidated financial statements.

- To pursue maximum efficiency in capital management, such that, together with other risk and return variables, capital consumption is considered a key variable in the analyses of investment decisions taken by the Bank.

To achieve these objectives the Parent Company applies a range of capital management policies and processes, whose main elements are:

- The Parent Company is responsible for monitoring, control and analysis of the degree of compliance with capital adequacy regulations.

- In its strategic and commercial planning the Parent Company considers as a key factor in its decisions the impact that they will have on the Bank's eligible capital base and the relationship between capital consumption, profitability and risk.

The detail of its eligible capital base and minimum requirements at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Common equity tier 1 capital ratio (CET1) (I)	1,316,522	1,218,218
Eligible capital	169,792	167,659
Eligible reserves	1,010,515	925,710
Qualifying profit	79,714	83,477
Accumulated other comprehensive income	32,900	36,226
Deductions and transitional adjustments	23,601	5,146
Additional tier 1 capital (II)	-	-
Tier 2 capital (III)	-	-
Complementary credit risk allowances and provisions	-	-
Deductions and transitional adjustments	-	-
Total eligible capital (I) + (II) +(III)	1,316,522	1,218,218
Total minimum capital requirement	(576,099)	(580,385)
Surplus (*)	740,323	637,833
Risk-weighted assets	7,202,493	7,254,810
Capital ratios		
Common equity tier 1 ratio (minimum 4.5%)	18.28%	16.79%
Tier 1 ratio (minimum 6%)	18.28%	16.79%
Capital ratio (minimum 8%) (*)	18.28%	16.79%

(*) The Bank of Spain notified the Bank (Note 1.i) as part of its supervisory review and evaluation process (SREP) that as from 1 January 2021 the Bank must maintain a total capital ratio of 11.63% and a CET1 ratio of 8.13%, measured against regulatory phased-in capital. At 31 December 2020 the Bank calculated it had surpluses over these minimums of EUR 478,872 thousand of total capital and EUR 730,959 thousand of CET 1 capital.

In addition to the guarantee that its shareholders' equity provides to creditors, the Parent Company is required, pursuant to prevailing regulations, to make annual contributions to the Deposit Guarantee Fund for Credit Institutions and the National Resolution Fund. The purpose of these funds is to guarantee deposits pursuant to the terms established in specific regulations (Note 1.j).

21. Tax position

The Group is open to tax inspection on returns filed in the last four years on all the principal taxes to which it is subject. In accordance with tax law, declared taxable income cannot be considered definitive until it has been inspected by the tax authorities or four years has elapsed since the return was filed.

Because the tax regulations relating to the activities of financial institutions can be interpreted in different manners, certain contingent tax liabilities for the years open to inspection could exist. Although it is not possible to objectively quantify the tax obligations that could arise as a result of future tax inspections, the

CAJA RURAL DE NAVARRA

Governing Board is of the opinion that the possibility of significant liabilities arising in this respect is remote, and that any such liabilities would in any case be without material impact on the financial position of the Group and, thus, the consolidated annual financial statements.

Reconciliation between accounting and taxable profit

A breakdown of "(Tax expense or (-) income on profit from continuing operations)" in the 2020 and 2019 consolidated income statement is given below:

	Thousands of euros	
	2020	2019
Income tax expense accrued in the year	10,756	9,278
Tax expense to subsidiaries	1,419	1,408
Positive adjustments to Company income tax	-	(128)
Other taxes on income	12	13
TOTAL	12,187	10,571

Under Navarre Regional Law 26/2016, of 28 December, the Parent Company is subject to a 25% tax rate for the tax years 2020 and 2019.

Certain deductions for double taxation, reinvestment and training expenses may be applied to these rates. Because tax legislation permits different treatments for certain transactions, accounting profit differs from taxable profit.

The Parent Company and its subsidiaries do not file consolidated tax returns as the subsidiaries are public limited companies and cannot therefore be included in the same tax return as the parent, since it is a cooperative entity. However, the reconciliation between the Parent Company's accounting profit and taxable profit for 2020 and 2019 is included below:

	Thousands of euros					
	2020			2019		
	Increases	Decreases	Total	Increases	Decreases	Total
Consolidated profit before accrued tax and after mandatory allocation to the Education and Development Fund			101,005			103,707
Permanent differences	7,778	(63,009)	(55,231)	5,453	(68,760)	(63,307)
Adjusted accounting profit			45,774			40,400
Temporary differences						
- Arising in the year	54,899	(60,876)	(5,977)	4,741		4,741
- Arising in prior years	473	(2,886)	(2,413)	473	(2,231)	(1,758)
Taxable profit for the year			37,384			43,383

In 2020 and 2019, the permanent differences reflect falls in taxable income, mainly due to mandatory contributions to the Mandatory Reserve Fund (Note 21) and the Social Welfare Fund (Note 16), and interest on capital contributions (Note 4).

Applying the Parent Company's effective income tax rate for 2020 to adjusted accounting profit and taxable profit, the amounts of income tax expense accrued and payable for the year were EUR 10,756 thousand and EUR 4,601 thousand, respectively (2019: EUR 9,278 thousand and EUR 4,269 thousand, respectively).

Independently of the income tax expense recognized in the consolidated income statement, the Group recognized as "Tax assets" tax reported under "Accumulated other comprehensive income" that relates to "Financial assets at fair value through other comprehensive income" up to the moment the assets in question are sold, for a total of EUR 2,021 thousand of assets at 31 December 2020 (compared with EUR 1,668 thousand, respectively at 31 December 2019).

Tax assets and liabilities

The balance of "Current tax assets" and "Current tax liabilities" shown in the consolidated statement of financial position includes the assets and liabilities corresponding to various taxes applicable to the Group, including VAT, withholdings at source and income tax payments on account, and the provision for Company income tax relating to profit for each year (Note 2.u.).

The difference between the tax expense accrued and the tax expense payable is the result of the deferred tax assets and liabilities arising due to temporary differences.

The deferred taxes recognized in the consolidated statement of financial position at 31 December 2020 and 2019 arose from the following sources:

	Thousands of euros	
	2020	**2019**
Deferred tax assets arising from:		
Allocations to pension funds	178	183
Deductions pending application	-	-
Other unallowable provisions	19,384	21,479
Tax loss carryforwards of the Parent Company	4,077	6,414
Available-for-sale equity instruments	2,237	651
Deferred tax of subsidiaries	5,145	5,450
Debt securities at fair value	(4,528)	(2,319)
Other items	-	-
Total	**26,763**	**31,858**
Deferred tax liabilities arising from:		
Available-for-sale debt securities	-	-
Remeasurement of property	3,619	3,619
Deferred tax of subsidiaries	2,707	2,660
Total	**6,326**	**6,279**

At 31 December 2020 and 2019, the breakdown of income tax deductions and credits attributable to the Parent Company and pending application in future years is as follows:

			Thousands of euros	
	Year generated	**Deadline for application**	**2020**	**2019**
Tax loss carryforwards	2012	2027	4,077	6,414
			4,077	**6,414**

Deferred tax assets arising from tax loss carryforwards and deductions awaiting offsetting are recognized when it is probable that a taxable profit against which they can be applied will be realized in the next

10 years. At 31 December 2020, the directors of the Bank considered it reasonable to recognize tax loss carryforwards of EUR 4,077 thousand (compared to EUR 6,414 thousand of carryforwards and EUR 2,503 thousand of deductions at 31 December 2019) as they expect these amounts to be offset against taxable income generated by the Parent Company in future years in accordance with the Strategic Plan and its tax planning.

23. Guarantees and contingent commitments given

Guarantees given

At the close of 2020 and 2019, the breakdown of guarantees given, defined as those amounts the Group will have to pay on behalf of third parties if the parties originally liable default, is as follows:

	ısands of euros	
	2020	**2019**
Financial guarantees	60,287	136,366
Guarantees and other sureties	605,963	487,983
Irrevocable documentary credits issued	8,777	21,890
Other guarantees given (Note 7)	54,672	49,810
Total	**729,699**	**696,049**

A significant proportion of these contingent exposures will mature without the Group being required to make any payment. Accordingly, the total balance of these commitments cannot be considered a real future need to provide funding or liquidity to third parties.

"Other guarantees given" includes the Group's formal guarantee to cover the activities in the interbank market of Banco Cooperativo Español, S.A. at 31 December 2020 and 2019, of EUR 54,672 and EUR 49,810 thousand, respectively (Note 7).

Income from guarantee instruments is recognized under "Fee and commission income" in the consolidated income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee.

Contingent commitments given

The breakdown of contingent commitments given at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	**2019**
Drawable by third parties	1,396,294	1,111,916
Subscribed but unpaid capital	360	360
Other contingent commitments	-	223,998
	1,396,654	**1,336,274**

This includes irrevocable commitments to provide financing in accordance with certain previously stipulated conditions and deadlines.

The breakdown by counterparty of amounts drawable by third parties in 2020 and 2019 was as follows:

	Thousands of euros	
	2020	2019
Credit institutions	12	11
General governments	144,349	51,366
Other resident sectors		
Credit cards	274,493	255,532
Demand accounts	976,909	358,727
Other	3	445,787
Non-resident	528	493
Total	**1,396,294**	**1,111,916**

24. Off-balance sheet customer funds

The breakdown of funds from customers managed by the Group off the balance sheet at the close of 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Companies and investment funds	1,714,969	1,645,277
Pension funds and endowment policies	720,521	742,544
Total	**2,435,490**	**2,387,821**

The Group does not manage assets under management or financial mandates directly. Its activities are limited to marketing and the mandates are then entrusted to Banco Cooperativo Español, S.A., which signs the portfolio administration and management contract with the Group's customers and is therefore the party liable in their respect.

The breakdown of the net Fee and commission income generated by the aforementioned activities in 2020 and 2019, which are included in "Sale of non-banking products" (Note 28), is as follows:

	Thousands of euros	
	2020	2019
Investment companies and funds	13,344	12,152
Pension funds and endowment policies	4,643	4,552
	17,987	**16,704**

The Group also provides securities administration and custody services to its customers. Commitments assumed by the Group in relation to these services at 31 December 2020 and 2019 came to EUR 592,236 thousand and EUR 586,834 thousand respectively.

25. Interest income

The breakdown by source of interest income accrued in 2020 and 2019 was as follows:

	Thousands of euros	
	2020	2019
Financial assets held for trading	1	52
Cash, cash balances at central banks and other demand deposits (Note 7)	-	-
Financial assets not held for trading mandatorily measured at fair value through profit or loss	44	225
Financial assets at fair value through other comprehensive income (Note 9)	4,515	4,063
Financial assets at amortized cost (Note 10)	144,954	151,311
Debt securities	24,942	27,463
Loans and advances	120,012	123,848
Credit institutions	495	734
Customers	119,517	123,114
Other assets	753	908
Interest income on liabilities	14,630	4,963
Total	164,897	161,522

26. Interest expense

The breakdown by source of interest expense accrued in 2020 and 2019 was as follows:

	Thousands of euros	
	2020	2019
Financial liabilities at amortized cost (Note 17)	18,090	19,517
Deposits	4,345	5,706
Central banks	-	-
Credit institutions	3,347	3,519
Customers	998	2,187
Debt securities	13,745	13,811
Derivatives – hedge accounting, interest rate risk	(2,485)	(2,464)
Other liabilities	37	85
Interest expense on assets	2,248	750
Total	17,890	17,888

27. Dividend income

“Income from equity instruments” corresponds to dividends and other remuneration on equity instruments paid from the profits of investees after the date of acquisition of the interest.

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2020	2019
Financial assets held for trading	128	120
Financial assets at fair value through other comprehensive income	13,665	10,824
Total	13,793	10,944

28. Fee and commission income

"Fee and commission income" reflects the sum of all fees and commissions accrued in favour of the Group in the year, except those that form an integral part of the effective interest rate on financial instruments.

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2020	2019
For guarantees given	6,132	5,811
For contingent commitments given	1,991	1,570
For exchange of foreign currencies and notes	215	371
For collection and payment services	24,667	25,068
For securities services	5,206	6,085
For sale of non-banking products	31,575	30,439
Other fees and commissions	4,292	4,475
Total	74,078	73,819

29. Fee and commission expense

"Fee and commission expense" reflects the sum of all fees and commissions accrued to the charge of the Group in the year, except those that form an integral part of the effective interest rate on financial instruments.

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2020	2019
Fees and commissions assigned to other entities and correspondents	4,667	4,991
Fees and commissions paid on securities transactions	431	411
Other fees and commissions	210	94
Total	5,308	5,496

30. Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net and Gains or (-) losses on financial assets and liabilities held for trading, net

The breakdown of the balances of these items, by type of instrument and accounting classification, is as follows:

	Thousands of euros	
	2020	2019
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	2,397	6,997
Financial assets at fair value through other comprehensive income	-	-
Financial assets at amortized cost	1,135	6,354
Financial liabilities at amortized cost	1,262	643
Gains or (-) losses on financial assets and liabilities held for trading, net	341	1,315
Total	**2,738**	**8,312**

31. Other operating income

The breakdown of this line of the income statement in 2020 and 2019 was as follows:

	Thousands of euros	
	2020	2019
Rental income	439	331
Accrued income for the period	3,120	2,342
Other operating income from subsidiaries	323,696	318,977
Total	**327,255**	**321,650**

32. Other operating expenses

The breakdown of this line of the income statement in 2020 and 2019 was as follows:

	Thousands of euros	
	2020	2019
Contribution to the Deposit Guarantee Fund (Note 1.h)	5,825	3,756
Contribution to the Single Resolution Fund (Note 1.h)	2,516	2,455
Contribution to the Institutional Protection Scheme (Note 1. i.)	6,792	4,753
Mandatory contribution to Social Welfare Fund (Note 16)	8,857	9,275
Other items	1,108	615
Other operating expenses from subsidiaries	244,339	237,887
Total	**269,437**	**258,741**

33. Personnel expenses

“Personnel expenses” reflects all remuneration accruing to personnel on the payroll, whether permanent or temporary, irrespective of their position or activity, in the course of the year. It includes the current service cost of pension plans and breaks down as follows:

	2020	Thousands of euros 2019
Wages and salaries	41,243	39,841
Social security contributions	11,169	10,510
Transfers to defined benefits plans (Note 2.t)	233	178
Other personnel expenses	755	1,029
Personnel expenses of subsidiaries	25,785	25,362
Total	79,185	76,920

In 2020, an extraordinary, one-off incentive payment of EUR 2,894 thousand was paid, of which EUR 182 thousand went to members of senior management of the Parent Company.

The breakdown by professional category and gender of the Group's average headcount is as follows:

	2020		2019	
	Men	Women	Men	Women
Senior managers	208	67	212	67
Executives	139	201	138	204
Administrative staff	165	184	147	196
Messengers	3	-	3	-
Staff of subsidiaries	391	372	406	351
Total	**906**	**824**	**906**	**818**

Of the total headcount at 31 December 2020 and 2019, respectively 4 and 3 employees of the Parent Company had a recognized disability of 33% or more. One is a senior manager and the others are executives. In addition, another 2 employees of the subsidiaries have the same recognized level of disability at 31 December 2020 (3 at 31 December 2019).

34. Other operating expenses

The breakdown of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2020	2019
Property and equipment	3,178	2,910
Computer hardware and software	15,241	15,000
Communications	1,179	1,593
Advertising and marketing	2,946	3,231
Legal	4,647	4,047
Staff travel and agency costs	886	1,428
Security guards and cash transportation	736	1,071
Subcontracted administrative services	1,422	1,462
Contributions and taxes	3,519	3,005
Other general expenses	2,293	2,084
Other expenses of subsidiaries	37,132	38,854
Total	**73,179**	**74,685**

Fees paid to Ernst & Young, S.L. for the audit of the Bank's and its subsidiaries' financial statements in 2020 amounted to EUR 152 thousand (2019: EUR 166 thousand to PricewaterhouseCoopers Auditores, S.L.). Ernst & Young, S.L. billed fees for non-audit serves totalling EUR 13 thousand. This relates to the Customer Asset Protection Report, Limited Assurance Report and agreed procedures report (2019: EUR 22 thousand billed by PricewaterhouseCoopers, S.L. for Customer Asset Protection, Limited Assurance and Ecoembes reports).
In 2020 and 2019, fees for auditing subsidiaries paid to auditors other than the statutory auditors totalled EUR 10 thousand and EUR 9 thousand, respectively.

35. Provisions and reversals

The detail of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2020	2019
Provisions for commitments and guarantees given (Note 18):	576	2,257
For contingent liabilities	(372)	-
For contingent commitments	948	2,257
Other provisions (Note 18)	(58,654)	4,553
Total	**(58,078)**	**6,810**

36. Net impairment/reversal of financial assets not measured at fair value through profit or loss

The detail of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2020	2019
Financial assets at amortized cost	78,639	13,151
Customers (Note 10)	78,826	12,724
Debt securities (Note 10)	(187)	(427)
Financial assets at fair value through other comprehensive income	357	865
Debt securities	357	865
Equity instruments		-
Total	**78,996**	**13,151**

37. (Impairment or (-) reversal of impairment on financial assets) and Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations

The detail of this line of the consolidated income statement is as follows:

	Thousands of euros	
	2020	2019
(Impairment or (-) reversal of impairment on financial assets)	106	1,165
Tangible assets (Note 15)	13	1,127
Intangible assets (Note 15)	-	-
Other	93	38
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	241	3,109
(Impairment) reversal (Note 13)	(1,796)	(2,104)
Gains or (-) losses on derecognition	2,037	5,213
Total	**347**	**4,274**

38. Contribution to consolidated Profit or (-) loss for the year attributable to owners of the parent

The breakdown of the contributions to consolidated profit made by consolidated companies is as follows:

	Thousands of euros	
	2020	2019
Parent Company (after consolidation adjustments)	86,448	92,813
Subsidiaries (after consolidation adjustments)	408	4,145
Associates	79	1,491
	86,935	**98,449**

39. Related parties

In addition to the information set forth in Note 5 in relation to remuneration received, details of the balances included in the consolidated statement of financial position at 31 December 2020 and 2019 and in the consolidated income statements for 2020 and 2019 that arise from transactions with related parties are as follows:

	Associates		Governing Board and senior management		Other related parties (*)	
	2020	2019	2020	2019	2020	2019
Assets						
Loans and advances to customers	32,429	20,463	768	586	6,245	7,284
Liabilities						
Customer deposits	16,063	21,838	844	601	21,683	20,640
Other						
Contingent exposures	30,712	27,242	-	14	1,054	1,082
Commitments	1,243	17,362	128	82	4,385	6,684
Income						
Interest income	361	225	9	10	76	69
Interest expense	5	5	-	-	4	8
Income from equity investments	717	2,424	-	-	-	-
Fee and commission income	86	70	2	1	22	46

(*) "Other related parties" includes direct family members and companies related to members of the Governing Board and senior

All transactions with related parties were performed at arm's length.

40. Information to be kept by mortgage bond market issuers and the special accounting register

As stated in Note 17, the Parent Company is an issuer of mortgage covered bonds (cédulas hipotecarias). It therefore includes below the information from the special accounting register required by Article 21 of Royal Decree 716/2009, of 24 April, in accordance with Bank of Spain Circular 7/2010, to credit institutions, regulating certain aspects of the mortgage market. The information is broken down as required by Bank of Spain Circular 5/2011, of 30 November.

Also, in accordance with Royal Decree 716/2009, of 24 April, developing aspects of Act 2/1981, of 25 March, on regulation of the mortgage bond market and other rules governing the mortgage and financial system, the Governing Board states that, at 31 December 2020 and 2019, the Group had in place a set of policies and procedures to guarantee compliance with the rules governing the mortgage bond market and takes responsibility for their fulfilment.

These policies and procedures include the following points:

- The criteria for accepting risk are based on the borrower's ability to pay, estimated using internal scoring and rating models.
- The main mitigants considered are the mortgage collateral, particularly LTV (loan to value ratio), and the guarantors.
- The models, based on the data input and historical performance of several variables, are able to estimate the probability of default and assign an initial credit rating to the application. Each transaction is rated on a scale from lower to higher risk and assigned a probability of default (PD).
- The models consider different variables quantifying revenue and income, assets and debt, past payment behaviour, number of other products with the Bank and personal factors relating to the borrower as well as certain features of the risk.
- Specifically, the current models consider the following variables: personal characteristics, default history, ability to obtain revenue and income, debt, net assets, number of other products with the institution, features of the transaction itself and the collateral or guarantees backing the loan (mitigants).

There are also procedures to check information in the system against input data, especially income, assets, mortgage collateral based on the appraisal value of the property, the purpose of the loan, general data on the customer and the customer's behavioural history.

The value of real estate assets to be pledged as mortgage collateral against risky loans is determined using appraisals that are:

- Carried out by appraisers registered with the Bank of Spain's Official Appraisal Registry.
- Compliant with Ministerial Order ECO/805/2003, of 27 March.

The value of these assets is reviewed at different intervals depending on the status of the loan for which they are pledged as collateral, its amount and its LTV. Different policies are applied to loans classed as problematic (doubtful, special watch or foreclosed) and those classed as standard or special mention.

a) Lending

The total nominal value of the portfolio of mortgage loans and advances outstanding at 31 December 2020 and 2019 was EUR 5,106,727 thousand and EUR 5,000,911 thousand, respectively, of which EUR 3,683,968 thousand and EUR 3,511,678 thousand, respectively, qualified as eligible (without taking account of the limits set by Article 12 of the Royal Decree).

Below, we give a breakdown of the nominal values of all the Group's loans and advances backed by mortgage collateral, and all loans eligible under current legislation for inclusion in the calculation of the mortgage bond and mortgage covered bond issuance ceiling:

	Thousands of euros	
	Nominal value	
	2020	2019
Total loans (a)	**5,106,728**	**5,000,911**
Mortgage securities in issue (b)	**10,508**	**20,160**
Of which: loans recognized as assets (c)	10,508	20,160
Mortgage transfer certificates in issue (b)	**120,688**	**140,092**
Of which: loans recognized as assets (c)	120,688	140,092
Mortgage loans pledged as security for funds received	-	-
Loans covering issues of mortgage bonds and mortgage covered bonds	**4,975,532**	**4,840,659**
Non-eligible loans (e)	1,291,564	1,328,981
Meet all eligibility requirements except the limit in article 5.1 of RD 716/2009	1,291,564	1,328,981
Other non-eligible loans	-	-
Eligible loans (f)	3,683,968	3,511,678
Loans used to back issues of mortgage bonds	-	-
Loans eligible for cover pool of mortgage covered bonds	3,683,968	3,511,678
Non-qualifying portions (g)	155,671	99,478
Qualifying portions	3,528,297	3,412,200

(a) Principal drawn down pending collection of loans secured by mortgages to the Bank (including those acquired via mortgage securities and mortgage transfer certificates), whether or not they have been derecognized from the statement of financial position and irrespective of LTV.

(b) Principal drawn down on loans transferred into mortgage securities or mortgage transfer certificates, even if derecognized.

(c) Principal drawn down on transferred loans that have not been derecognized from the statement of financial position.

(d) Total loans less the sum of all mortgage securities issued, mortgage transfer certificates and mortgage loans pledged in guarantee of finances received.

(e) Loans secured by mortgages not transferred to third parties nor pledged as security for funds received which do not meet the requirements of Article 3 of Royal Decree 716/2009 to be eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds.

(f) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of the Royal Decree.

(g) Amount of eligible loans which, in accordance with the criteria set out in Article 12 of Royal Decree 716/2009, do not qualify as collateral for issues of mortgage bonds and mortgage covered bonds.

Below we present a breakdown of the mortgage loans and advances by different criteria, at 31 December 2020 and 2019:

	Thousands of euros			
	2020		2019	
	Loans covering issues of mortgage bonds and mortgage covered bonds (a)	*Of which:* Eligible loans (b)	Loans covering issues of mortgage bonds and mortgage covered bonds (a)	*Of which:* Eligible loans (b)
TOTAL	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
1 ORIGIN OF LOAN	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
1.1 Originated by Bank	4,267,781	3,241,406	4,148,376	3,054,349
1.2 Transferred to other entities	707,751	442,562	692,283	457,329
1.3 Other	-		-	-
2 CURRENCY OF DENOMINATION	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
2.1 Euros	4,975,532	3,683,968	**4,840,659**	**3,511,678**
2.2 Other currencies	-		-	-
3 PAYMENT POSITION	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
3.1 Standard	4,755,052	3,578,280	4,606,769	3,385,655
3.2 Other	220,480	105,688	233,890	126,023
4 AVERAGE RESIDUAL TERM	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
4.1 Up to 10 years	2,217,212	1,717,324	2,117,434	1,554,740
4.2 10 to 20 years	2,751,519	1,960,628	2,714,794	1,949,947
4.3 20 to 30 years	240	57	1,015	403
4.4 More than 30 years	6,561	5,959	7,416	6,588
5 INTEREST RATE	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
5.1 Fixed	558,215	351,606	167,462	104,150
5.2 Floating	4,417,317	3,332,361	4,673,197	3,407,528
5.3 Split fixed/floating	-		-	-
6 BORROWER	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
6.1 Legal entities and self-employed (business activities)	1,091,976	669,524	1,095,729	601,368
Of which: construction and real estate development (including land)	*122,287*	*67,161*	*69,076*	*35,717*
6.2 Other households	3,883,556	3,014,443	3,744,930	2,910,310
7 TYPE OF COLLATERAL	**4,975,532**	**3,683,968**	**4,840,659**	**3,511,678**
7.1 Assets/buildings	4,948,221	3,659,197	4,801,048	3,497,640
7.1.1 Housing	3,990,075	3,043,830	3,871,887	2,951,448
Of which: State-subsidized housing	*695,890*	*512,244*	*678,880*	*503,464*
7.1.2 Offices and commercial premises	20,016	5,809	19,025	8,210
7.1.3 Other buildings and constructions	938,130	609,558	910,136	537,982
7.2 Assets/buildings under construction	10,399	9,169	12,407	1,396
7.2.1 Housing	1,988	1,120	1,588	984
Of which: State-subsidized housing	*386*	*386*	*431*	*126*
7.2.2 Offices and commercial premises	576	216	7,897	412
7.2.3 Other buildings and constructions	7,835	7,833	2,922	-
7.3 Land	16,912	15,602	27,204	12,642
7.3.1 Consolidated urban land	4,297	3,593	20,467	6,575
7.3.2 Other land	12,615	12,009	6,737	6,067

(a) Principal drawn down and pending collection of loans and advances secured by mortgages to the Bank, irrespective of their LTV, not transferred to third parties nor pledged as security for funds received.

(b) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of Royal Decree 716/2009.

The total amount of loans which, in accordance with the criteria set out in Article 12 of the Royal Decree, qualified to be used as collateral for issues of mortgage bonds and covered bonds at 31 December 2020 and 2019 was EUR 4,975,532 thousand and EUR 4,840,659 thousand, respectively.

Regarding nominal and present value, the latter being calculated in accordance with Article 23 of the Royal Decree, the Group had no mortgage bonds in issue at 31 December 2020 and the nominal value of the mortgage loans and advances remaining on the loan book that had been used for mortgage securities or mortgage transfer certificates at 31 December 2020 and 2019 was EUR 131,516 thousand and EUR 160,252 thousand, respectively.

The nominal value of all non-eligible mortgage loans and advances was EUR 1,291,564 thousand and EUR 1,328,981 thousand at 31 December 2020 and 2019, respectively. Of this, the amounts classed as non-eligible for failing to comply with the limits set in Article 5.1 of Royal Decree 716/2009 while meeting all other requirements for eligibility (Article 4 of the same standard) were EUR 1,291,564 thousand and EUR 1,328,981 thousand at end-2020 and end-2019, respectively.

The breakdown of the nominal values of mortgage loans and advances eligible to be used as collateral for mortgage bonds and mortgage covered bonds by LTV based on their latest appraisal value at 31 December 2020 and 2019 is as follows:

At 31 December 2020

	Thousands of euros				
	Loan to value (b)				
	Up to 40%	Between 40% and 60%	Between 60% and 80%	Above 80%	TOTAL
Loans eligible to cover issues of mortgage bonds and mortgage covered bonds (a)	579,424	911,733	1,403,967	788,843	3,683,967
- On homes	409,039	712,492	1,134,575	788,843	3,044,949
- On other real property	170,385	199,241	269,392	-	639,018

At 31 December 2019

	Thousands of euros				
	Loan to value (b)				
	Up to 40%	Between 40% and 60%	Between 60% and 80%	Above 80%	TOTAL
Loans eligible to cover issues of mortgage bonds and mortgage covered bonds (a)	557,962	877,185	1,282,183	794,348	3,511,678
- On homes	378,770	684,371	1,094,943	794,348	2,952,432
- On other real property	179,192	192,814	187,240	-	559,246

(a) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of Royal Decree 716/2009.

(b) Loan to value is the ratio that comes from dividing the principal loaned for each transaction by the last available appraisal value of the collateral.

The change in nominal value of mortgage loans and advances used to cover the issue of mortgage bonds and mortgage covered bonds (eligible and non-eligible) in 2020 and 2019, is as follows:

	Thousands of euros	
	Eligible loans (a)	Non-eligible loans (b)
1 Opening balance 2019	3,349,391	1,378,412
2 Eliminations in period	428,674	393,270
2.1 Principal past-due paid in cash	374,912	171,099
2.2 Repaid before maturity	4,938	10,941
2.3 Transferred to other entities	-	-
2.4 Other eliminations	48,824	211,230
3 Additions in the period	590,961	343,841
3.1 Originated by Bank	26,010	193,308
3.2 Transferred from other entities	24	50,939
3.3 Other additions	564,927	99,594
4 Closing balance 2019	**3,511,678**	**1,328,983**
1 Opening balance 2020	3,511,678	1,328,983
2 Eliminations in period	483,645	424,357
2.1 Principal past-due paid in cash	373,001	142,424
2.2 Repaid before maturity	12,064	5,949
2.3 Transferred to other entities	-	-
2.4 Other eliminations	98,580	275,984
3 Additions in the period	655,935	386,938
3.1 Originated by Bank	47,911	207,610
3.2 Transferred from other entities	16	55,662
3.3 Other additions	608,008	123,666
4 Closing balance 2020	**3,683,968**	**1,291,564**

(a) Loans eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds under Article 3 of Royal Decree 716/2009 without deducting the limits set in Article 12 of Royal Decree 716/2009.

(b) Loans secured by mortgages not transferred to third parties nor pledged as security for funds received which do not meet the requirements of Article 3 of Royal Decree 716/2009 to be eligible as collateral for the issuance of mortgage bonds and mortgage covered bonds.

The amounts of mortgage loans and advances available to be used as collateral for the issue of mortgage bonds and mortgage covered bonds at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	2020	2019
	Amounts available. Nominal value (a)	Amounts available. Nominal value (a)
Mortgage loans covering issues of mortgage bonds and mortgage covered bonds	**459,780**	**370,971**
- Potentially eligible (b)	372,107	283,943
- Non-eligible	87,673	87,028

(a) Amounts committed (limit) less amounts drawn of all loans secured by mortgages, irrespective of their loan to value, not transferred to third parties nor pledged as security for funds received. Amounts available also include those that are only granted to developers once homes are sold.

(b) Loans potentially eligible to cover the issue of mortgage bonds and mortgage covered bonds in accordance with Article 3 of Royal Decree 716/2009.

At 31 December 2020 and 2019, the Parent Company did not consider it necessary to identify replacement assets for outstanding mortgage covered bonds as these represented only 66.50% and 52.68% of total eligible assets, respectively, compared to the maximum 80% allowed by Act 2/1981, of 25 March, on regulation of the mortgage market.

b) Funding

Details of issues of collateralized securities backed by the Group's portfolio of mortgage loans and advances at 31 December 2020 and 2019 are given below:

Mortgage backed securities	Thousands of euros			
	2020		2019	
	Nominal value	Average residual term to maturity (months)	Nominal value	Average residual term to maturity (months)
1 Mortgage bonds in issue (a)	-		-	
2 Mortgage covered bonds in issue (a)	**2,450,000**		**1,850,000**	
Of which: recognized as liabilities	1,650,000		1,550,000	
2.1 Debt securities. Issued via public offering	-		-	
2.1.1 Residual term up to 1 year	-		-	
2.1.2 Residual term 1 to 2 years	-		-	
2.1.3 Residual term 2 to 3 years	-		-	
2.1.4 Residual term 3 to 5 years	-		-	
2.1.5 Residual term 5 to 10 years	-		-	
2.1.6 Residual term more than 10 years	-		-	
2.2 Debt securities. Other issues	2,460,000		1,850,000	
2.2.1 Residual term up to 1 year	-		-	
2.2.2 Residual term 1 to 2 years	500,000		-	
2.2.3 Residual term 2 to 3 years	1,110,000		-	
2.2.4 Residual term 3 to 5 years	300,000		1,000,000	
2.2.5 Residual term 5 to 10 years	550,000		850,000	
2.2.6 Residual term more than 10 years	-		-	
2.3 Deposits	-		-	
2.3.1 Residual term up to 1 year	-		-	
2.3.2 Residual term 1 to 2 years	-		-	
2.3.3 Residual term 2 to 3 years	-		-	
2.3.4 Residual term 3 to 5 years	-		-	
2.3.5 Residual term 5 to 10 years	-		-	
2.3.6 Residual term more than 10 years	-		-	
3 Mortgage securities in issue (b)	10,508	134	20,160	146
3.1 Issued via public offering	-	-	-	-
3.2 Other issues	10,508	134	20,160	146
4 Mortgage transfer certificates in issue (b)	120,688	135	140,092	147
4.1 Issued via public offering	-	-	-	-
4.2 Other issues	120,688	135	140,092	147

(a) Mortgage covered bonds include all those issued by the Bank which have not been redeemed, even when they are not recognized on the liabilities side of the balance sheet (because they have been placed with third parties or bought back by the Bank).

(b) Amount of mortgage securities and mortgage transfer certificates issued, only including mortgage loans and advances recognized as assets (held on the balance sheet).

41.Agency agreements

The Bank had no “agency agreements” within the meaning of Article 22 of Royal Decree 1245/1995, of 14 July, either at the 2020 and 2019 balance sheet close or at any time in the course of those years.

42. Abandoned balances and deposits

Pursuant to the provisions of Article 18 of Act 33/2003, of 3 November, on the Property of Institutions (Ley del Patrimonio de las Administraciones Públicas), at end-2020 and end-2019 the Parent Company had balances in accounts that qualify as abandoned in the meaning of the aforesaid article, of EUR 4 thousand and EUR 33 thousand, respectively.

43. Customer Services Department

The accompanying management report includes a summary of the report presented to the Parent Company's Governing Board on the work performed by this Department in 2019, as required under Ministry for the Economy Order ECO/734/2004, of 11 March.

44. Segment reporting

Business segments

The core business of the Caja Rural de Navarra Group is retail banking. It has no other material business lines that, pursuant to prevailing regulations, require the Group to provide information segmented by business lines.

Geographical segments

The Parent Company and all other companies of the Caja Rural de Navarra Group carry out virtually all their activities in Spain and have a similar customer base in all parts of the country. It therefore reports all its operations under a single geographical segment.

45. Disclosures of average payment period to suppliers. Third additional provision "Disclosure obligation" of Act 15/2010, of 5 July

As required by the second final provision of Act 31/2014, of 3 December, amending the third additional provision of Act 15/2010, 5 July, itself amending Act 3/2004, 29 December, which set out measures to combat bad debt in commercial transactions and disclosures to include in the notes to the financial statements on delayed payments to suppliers in commercial transactions, calculated in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016, the details of the Parent Company's average supplier payment period in 2020 and 2019 are as follows:

	Days	
	2020	2019
Average supplier payment period	9	18
Ratio of transactions paid	9	18
Ratio of transactions outstanding	28	33
	Amount (thousands of euros)	
Total payments made	122,568	128,066
Total payments outstanding	616	730

ANNEX I

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of financial position at 31 December 2020
(Thousands of euros)

ASSETS	31.12.2020	31.12.2019
Cash, cash balances at central banks and other demand deposits (**)	**1,266,843**	**406,432**
Financial assets held for trading	**6,002**	**6,717**
Derivatives	3,124	2,826
Equity instruments	2,878	3,891
Debt securities	-	-
Memorandum items: lent or given in guarantee with right of sale or pledge	-	
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**7,570**	**11,959**
Equity instruments	-	-
Debt securities	1,975	4,138
Loans and advances	5,595	7,821
Memorandum items: lent or given in guarantee with right of sale or pledge	-	-
Financial assets at fair value through other comprehensive income	**1,358,754**	**1,338,129**
Equity instruments	248,603	227,870
Debt securities	1,110,151	1,110,259
Memorandum items: lent or given in guarantee with right of sale or pledge	-	-
Financial assets at amortized cost	**12,651,947**	**10,827,294**
Debt securities	3,267,142	2,599,491
Loans and advances	9,384,805	8,227,803
Credit institutions	123,963	108,436
Customers	9,260,842	8,119,367
Memorandum items: lent or given in guarantee with right of sale or pledge	*309,655.*	*262,794*
Derivatives – hedge accounting	**13,856**	**10,666**
Investments in subsidiaries, joint ventures and associates	**125,970**	**140,818**
Group companies	81,263	96,111
Associates	44,707	44,707
Tangible assets	**112,720**	**105,574**
Property and equipment	96,976	99,679
For own use	96,805	99,508
Assigned to social projects	171	171
Investment property	15,744	5,895
Of which: assigned under operating leases	*2,402*	*4,860*
Memorandum items: acquired under finance leases	-	-
Intangible assets	-	-
Tax assets	**25,596**	**29,398**
Current tax assets	3,978	2,990
Deferred tax assets	21,618	26,408
Other assets	**26,643**	**26,177**
Other	26,643	26,177
Non-current assets and disposal groups held for sale	**36,388**	**42,781**
TOTAL ASSETS	**15,632,289**	**12,945,945**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of financial position at 31 December 2020
(Thousands of euros)

LIABILITIES AND EQUITY	31.12.2020	31.12.2019
Financial liabilities held for trading	**1,732**	**854**
Derivatives	1,732	854
Financial liabilities designated at fair value through profit or loss	**-**	**-**
Memorandum items: subordinated liabilities	-	-
Financial liabilities at amortized cost	**14,171,723**	**11,526,707**
Deposits	12,337,700	9,809,942
Central banks	1,936,340	928,260
Credit institutions	189,987	140,619
Customers	10,211,373	8,741,063
Debt securities issued	1,770,192	1,661,119
Other financial liabilities	63,831	55,646
Memorandum items: subordinated liabilities	-	-
Derivatives – hedge accounting	**97**	**-**
Provisions	**34,410**	**95,378**
Pensions and other defined-benefit post-employment obligations	1,417	1,190
Commitments and guarantees given	10,809	10,497
Other provisions	22,184	83,691
Tax liabilities	**12,754**	**11,142**
Current tax liabilities	9,135	7,523
Deferred tax liabilities	3,619	3,619
Share capital redeemable on demand	**-**	**-**
Other liabilities	**117,390**	**98,792**
Of which: mandatory contributions to Social Welfare Fund	*36,400*	*31,689*
TOTAL LIABILITIES	**14,338,106**	**11,732,873**
EQUITY		
Shareholders' equity	**1,261,282**	**1,176,846**
Share capital	169,792	167,659
Called up paid capital	169,792	167,659
Memorandum items: uncalled capital		
Retained earnings	1,007,564	924,087
Other reserves	2,951	1,623
(Treasury shares)	-	-
Profit for the year	81,392	85,153
(Interim dividends)	(417)	(1,676)
Accumulated other comprehensive income	**32,901**	**36,226**
Items that will not be reclassified to profit or loss	20,153	29,269
Items that may be reclassified to profit or loss	12,748	6,957
TOTAL EQUITY	**1,294,183**	**1,213,072**
TOTAL LIABILITIES AND EQUITY	**15,632,289**	**12,945,945**
Memorandum items: off-balance sheet exposures		
Contingent commitments given	**1,400,611**	**1,338,566**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Income statement for the year ended 31 December 2020
(Thousands of euros)

		2020	2019
Interest income		**165,197**	**161,954**
Financial assets at fair value through other comprehensive income		4,515	4,063
Financial assets at amortized cost		145,305	151,803
Other interest income		15,377	6,088
(Interest expense)		**(16,221)**	**(16,487)**
(Expense on share capital redeemable on demand)		-	-
NET INTEREST INCOME		**148,976**	**145,467**
Dividend income		**14,510**	**17,568**
Fee and commission income		**76,344**	**76,090**
(Fee and commission expense)		**(5,308)**	**(5,496)**
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net		**2,397**	**6,997**
Gains or (-) losses on financial assets and liabilities held for trading, net		**341**	**1,315**
Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net		**(2,273)**	**(2,589)**
Gains or (-) losses on financial assets or liabilities designated at fair value through profit or loss, net		-	-
Gains or (-) losses from hedge accounting, net		**63**	**39**
Gains or (-) losses from translation differences, net		**759**	**905**
Other operating income		**3,559**	**2,673**
(Other operating expenses)		**(25,098)**	**(20,854)**
Of which: mandatory contributions to Social Welfare Fund		*(8,857)*	*(9,275)*
GROSS INCOME		**214,270**	**222,115**
(Administrative expenses)		**(89,447)**	**(87,389)**
(Personnel expenses)		(53,400)	(51,558)
(Other operating expenses)		(36,047)	(35,831)
(Depreciation and amortization)		**(6,401)**	**(6,576)**
(Provisions or (-) reversals)		**58,078**	**(6,810)**
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)		**(79,812)**	**(25,390)**
(Financial assets at fair value through other comprehensive income)		(358)	(865)
(Financial assets at amortized cost)		(79,454)	(24,525)
INCOME FROM OPERATING ACTIVITIES		**96,688**	**95,950**
Net (impairment)/reversal of investments in subsidiaries, joint ventures and associates		**(4,957)**	**(2,046)**
(Impairment or (-) reversal of impairment on financial assets)		**(93)**	**(1,494)**
(Tangible assets)		-	(1,152)
(Other)		(93)	(342)
Gains or (-) losses on derecognition of non-financial assets and investments, net		**28**	**7**
Of which: investments in subsidiaries, joint ventures and associates		28	7
Negative goodwill recognized in profit or loss		-	-
Gains or (-) losses from non-current assets and disposal groups held for sale not classified as discontinued operations	11	**494**	**1,899**
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**92,160**	**94,316**
(Tax expense or (-) income on profit from continuing operations)		**(10,768)**	**(9,163)**
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**81,392**	**85,153**
Profit or (-) loss after tax from discontinued operations		-	-
PROFIT FOR THE YEAR		**81,392**	**85,153**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Statement of Recognized Income and Expense for the year ended 31 December 2020
(Thousands of euros)

	2020	2019
PROFIT FOR THE YEAR	**81,392**	**85,153**
OTHER COMPREHENSIVE INCOME	**(3,326)**	**29,651**
Items that will not be reclassified to profit or loss	**(9,116)**	**20,342**
Actuarial gains or (-) losses on defined benefit pension plans	-	-
Changes in fair value of equity instruments at fair value through other comprehensive income, net	(10,685)	20,847
Gains or losses from hedge accounting for equity instruments at fair value through other comprehensive income, net	-	-
Non-current assets and disposal groups held for sale	-	-
Other valuation adjustments	-	-
Changes in fair value of financial liabilities at fair value with changes in income attributable to changes in credit risk	-	-
Income tax on items that will not be reclassified to profit or loss	1,569	(505)
Items that may be reclassified to profit or loss	**5,790**	**12,651**
Hedges of net investments in foreign operations (effective portion)	-	-
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Currency translation	**(28)**	-
Gains or (-) losses on currency translation recognized in equity	(28)	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Cash flow hedges (effective portion)	-	-
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Reclassified to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedging instruments (undesignated)	-	-
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Debt instruments at fair value through other comprehensive income	**7,757**	**12,651**
Valuation gains or (-) losses recognized in equity	7,757	12,009
Reclassified to profit or loss	-	642
Other reclassifications		
Non-current assets and disposal groups held for sale	-	-
Valuation gains or (-) losses recognized in equity	-	-
Reclassified to profit or loss	-	-
Other reclassifications	-	-
Income tax on items that may be reclassified to profit or loss	**(1,939)**	**(3,342)**
TOTAL RECOGNIZED INCOME AND EXPENSES FOR THE YEAR	**78,066**	**114,804**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Comprehensive statement of changes in equity for the year ended 31 December 2020
(Thousands of euros)

At 31 December 2020

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit for the year	(-) Interim dividends	Accumulated other comprehensive income	Total
Balance at 1 January 2020 (*)	**167,659**	**924,087**	**1,623**	-	**85,153**	**(1,676)**	**36,226**	**1,213,072**
Adjustments due to error correction	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-
Balance at 1 January 2020 (*)	**167,659**	**924,087**	**1,623**	-	**85,153**	**(1,676)**	**36,226**	**1,213,072**
Total recognized income and expenses for the year	-	-	-	-	**81,392**	-	**(3,326)**	**78,066**
Other changes to equity	**2,133**	**83,477**	**1,328**	-	**(85,153)**	**1,259**	-	**3,044**
Ordinary shares issued	4,042	-	-	-	-	-	-	4,042
Preference shares issued	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-
Capital reduction	(1,909)	-	-	-	-	-	-	(1,909)
Dividends (or payments to members)	-	-	-	-	-	(417)	-	(417)
Buyback of treasury shares	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-
Transfers between equity items	-	83,477	-	-	(85,153)	1,676	-	-
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	1,328	-	-	-	-	1,328
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**169,792**	**1,007,564**	**2,951**	-	**81,392**	**(417)**	**32,900**	**1,294,183**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Comprehensive statement of changes in equity for the year ended 31 December 2019
(Thousands of euros)

At 31 December 2019

Source of changes in equity	Share capital	Retained earnings	Other reserves	(-) Treasury shares	Profit for the year	(-) Interim dividends	Accumulated other comprehensive income	Total
Balance at 1 January 2019	**167,380**	**834,422**	**552**	-	**91,250**	**(1,585)**	**6,575**	**1,098,594**
Adjustments due to error correction	-	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-
Balance at 1 January 2019	**167,380**	**834,422**	**552**	-	**91,250**	**(1,585)**	**6,575**	**1,098,594**
Total recognized income and expenses for the year	-	-	-	-	**85,153**	-	**29,651**	**114,804**
Other changes to equity	**279**	**89,665**	**1,071**	-	**(91,250)**	**(91)**	-	**(326)**
Ordinary shares issued	2,582	-	-	-	-	-	-	2,582
Preference shares issued	-	-	-	-	-	-	-	-
Other equity instruments issued	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-
Debt/equity conversion	-	-	-	-	-	-	-	-
Capital reduction	(2,303)	-	-	-	-	-	-	(2,303)
Dividends (or payments to members)	-	-	-	-	-	(1,676)	-	(1,676)
Buyback of treasury shares	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-
Transfers of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-
Transfers of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-
Transfers between equity items	-	89,665	-	-	(91,250)	1,585	-	-
Increase (-) decrease in equity due to business combinations	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Other increases (-) decreases in equity	-	-	1,071	-	-	-	-	1,071
Of which: discretionary allocation to social projects and funds	-	-	-	-	-	-	-	-
Balance at 31 December 2019	**167,659**	**924,087**	**1,623**	-	**85,153**	**(1,676)**	**36,226**	**1,213,072**

CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO

Cash flow statement for the year ended 31 December 2020
(Thousands of euros)

	2020	2019
H) CASH FLOW FROM OPERATING ACTIVITIES	**849,688**	**98,956**
Profit for the year	**81,392**	**85,153**
Adjustments to obtain cash flows from operating activities	**(27,021)**	**62,995**
Depreciation and amortization	6,401	6,576
Other adjustments	(33,422)	56,419
Net (increase) decrease in operating assets	**(1,863,726)**	**(820,052)**
Financial assets held for trading	715	1,013
Financial assets not held for trading mandatorily measured at fair value through profit or loss	4,389	5,596
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	(20,625)	(591,799)
Financial assets at amortized cost	(1,848,351)	(240,131)
Other operating expenses	146	5,269
Net (increase) decrease in operating liabilities	**2,664,589**	**769,969**
Financial liabilities held for trading	878	85
Financial liabilities at amortized cost	2,645,016	777,879
Other operating expenses	18,695	(7,995)
Company income tax receipts (payments)	**(5,546)**	**891**
I) CASH FLOWS FROM INVESTING ACTIVITIES	**8,248**	**(25,796)**
Payments	**(6,498)**	**(47,455)**
Tangible assets	(5,554)	(13,192)
Investments in subsidiaries, joint ventures and associates	(944)	(26,982)
Non-current assets and liabilities held for sale	-	(7,281)
Receipts	**14,746**	**21,659**
Tangible assets	2,339	1,104
Investments in subsidiaries, joint ventures and associates	4,526	8,622
Non-current assets and liabilities held for sale	7,881	11,933
J) CASH FLOWS FROM FINANCING ACTIVITIES	**1,716**	**(1,397)**
Payments	**(2,326)**	**(3,979)**
Dividends	(417)	(1,676)
Subordinated liabilities	-	-
Cancellation of own equity instruments	(1,909)	(2,303)
Acquisition of own equity instruments	-	-
Other payments related to financing activities	-	-
Receipts	**4,042**	**2,582**
Subordinated liabilities	-	-
Issue of own equity instruments	4,042	2,582
Disposal of own equity instruments	-	-
Other receipts relating to financing activities	-	-
K) EFFECT OF EXCHANGE RATE FLUCTUATIONS	**759**	**-**
L) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**860,411**	**71,763**
M) CASH AND CASH EQUIVALENTS AT START OF YEAR	**406,432**	**334,669**
N) CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,266,843**	**406,432**
MEMORANDUM ITEMS		
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,266,843**	**406,432**
Cash	49,572	49,990
Cash equivalents in central banks	-	-
Other demand deposits	1,217,271	356,442
Other financial assets	-	-
Less: Bank overdrafts repayable on demand	-	-

ANNEX II – ANNUAL BANKING REPORT

Information at 31 December 2020 of the Caja Rural de Navarra Group provided in accordance with Act 10/2014 and Directive 2013/36/EU of the European Parliament and Council.

The information below has been prepared in compliance with article 87 and the twelfth transitional provision of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, published in the Spanish Official State Bulletin on 27 June 2014, transposing Article 89 of Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC ("CRD IV").

CRD IV requires credit institutions to file with the Bank of Spain and publish an annual country-by-country breakdown of the following information on a consolidated basis:

a) Name, nature and geographical location of activities.

b) Turnover.

c) Number of employees on a full time equivalent basis.

d) Profit or loss before tax.

e) Tax on profit or loss.

f) Public subsidies received.

Detailed information on these points is set out below:

a) Name, nature and geographical location of activities: Caja Rural de Navarra (the "Bank"), with registered office in Pamplona (Navarre), first opened for business on 23 January 1946. The Bank's articles of association state that its activity is national and its corporate purpose is to meet the financial needs of its members and third-parties by carrying on the activities typical of a credit institution. The Bank may therefore engage in all kinds of lending, deposit and service activities in which other credit institutions are permitted to engage, prioritizing the financial needs of its members in the exercise of such activities. Caja Rural de Navarra is the Parent Company of a group of investees that together make up Caja Rural de Navarra and Subsidiaries (the "Group"). The entities making up the Group carry out a range of activities.

b) Turnover: EUR 288,760 thousand. For the purposes of this report, turnover is taken to be the gross income reported in the 2020 consolidated income statement.

c) Number of employees on a full time equivalent basis: 967 in the Caja Rural de Navarra parent company and 771 in its non-financial subsidiaries. FTE employee data was based on the headcount at each entity at end-2019.

d) Profit or loss before tax: EUR 99,122 thousand. Return on consolidated assets was 0.55% at 31 December 2020.

e) Tax on profit or loss: EUR 12,187 thousand

f) Public subsidies received: The amount of public subsidies received by the Group in 2020 was EUR 161 thousand, all of which was paid to non-financial subsidiaries.

CONSOLIDATED MANAGEMENT REPORT

INTRODUCTION

2020 will be remembered as the year of the global pandemic caused by the coronavirus known as Covid-19. Its unforeseeable and devastating implications for health and the economy were unprecedented in their intensity and affected every aspect and corner of the planet. For many weeks, the measures taken to combat the virus in every country, completely or partially shut down or froze businesses making up nearly 70% of the global economy. This plunged global GDP into a historic world-wide contraction that the IMF quantified as a 4.4% fall in 2020 – the biggest since records began. Families and companies around the world saw their income, turnover or profits plunge, driving down consumption and investment and ultimately impacting the global output of goods and services. Europe, and tourist-reliant Spain in particular, was heavily impacted by the pandemic. The euro zone economy slumped by 8.3% in 2020 – Spain's contracted still further, by 12.8% – according to the IMF's October forecasts.

To try and palliate effects and counter the economic shock, the world's leading central banks and governments rolled out programmes of monetary and fiscal stimulus with an intensity and on a scale never before seen, faster and bigger than in 2008. Among the fiscal policy programmes launched by governments across the world, those implemented or announced by the European Commission stand out. They sought to mobilise up to EUR 3.3 trillion, equivalent to 22.1% of the European economy. The programmes included the European Recovery Fund, baptised Next Generation EU, which will raise EUR 750,000 million by the issue of community debt and channel these funds via transfers and loans to the countries hardest hit by the pandemic between 2021 and 2024. The plan seeks to mitigate the harm done by the pandemic and strengthen the region's long-term strategic growth. In the United States, a USD 2.2 trillion stimulus package was approved in March, followed by an additional USD 0.9 trillion in December and already in January 2021 the new president is expected to launch a further plan worth up to USD 1.9 trillion.

Meanwhile, besides government aid, central banks have run up a record amount of assets on their balance sheets, reckoned to total more than USD 30 trillion, the ECB and Fed contributing USD 15 trillion between them. All of which has driven up global levels of indebtedness to record levels in both developed and emerging economies. In the developed world, public sector debt is expected to reach 126% of GDP. In emerging economies it is heading for 100%. The world's public sector deficits will average 12.7% in 2020, being higher in developed economies at around 14.4%. According to the Institute of International Finance, global private and public debt totals USD 277 trillion, around 365% of global GDP.

Global economic forecasts for 2021 point to a major rebound in growth and a gradual return to economic normality as most countries unwind the lockdowns and restrictions they imposed to counter the coronavirus health threat in 2020. Global Bank economic forecasts put global GDP growth at 4% in 2021.

It is now thought the collapse in global economic activity in 2020 was slightly less severe than initially projected. This is mainly because the contraction in advanced economies was not as deep as forecast and China's recovery has been stronger than expected. On the other hand, disruption to activity in most emerging markets and developing economies was worse than expected.

Outcomes would have been a lot weaker had it not been for the substantial, fast and groundbreaking responses mounted at fiscal, monetary and regulatory level. These sustained household income, protected companies' cash flows and shored up the supply of credit. Collectively, these measures have for now successfully headed off a repeat of the 2008-09 financial crisis. Although the global economy is on the way to recovery, the way is likely to be long, uneven and uncertain.

In 2021, economic recovery in the developed world is likely to further outstrip that in emerging and developing economies (except China), which will experience a bigger GDP shortfall in 2020-21 compared to pre-pandemic projections. These unequal recoveries will significantly tarnish prospects for global convergence in income levels. A key part of combating the health crisis and inequality is to make sure that vaccines reach all countries as soon as possible. The international community will have to continue helping countries with limited health capacity, sharing equipment and knowledge, and providing financial backing for international health organisations.

Spain is expected to mount a rapid recovery starting in 2021. The environment will be very different from the aftermath of the 2008 financial crisis. First, households and companies are less heavily geared, borrowing is cheaper and the financial sector is in the process of concentration, more efficient and more solvent. All of this will make it easier for productive businesses to raise finance to cover any liquidity needs.

Also, productivity improvements over recent years and the strong competitive position of some major sectors in the Spanish economy, such as the electricity, pharmaceutical, biotechnology and above-mentioned financial industries, should allow external demand to drive growth even as domestic consumption has been weakened by the pandemic. This international momentum has driven the Spanish economy into a balance of payments surplus over recent years and this has reduced its reliance on external finance.

The economic outlook remains heavily dependent on what happens to the pandemic. We are starting to see the light at the end of the tunnel with the start of the massive vaccination campaign which we hope will allow a gradual return to normality over the year. Spain expects to receive EUR 140 billion from the European Recovery Fund. Around half will take the form of direct support and the rest will come as loans on very favourable terms. The Bank of Spain estimates this may help boost GDP growth by around 1.8% over the period 2021-2023. In addition to these supranational measures, in Spain the government provided around EUR 200 billion to underwrite the liquidity of the business world and guarantee a minimum household income.

Having slumped this year, the Spanish economy's GDP is set to grow rapidly in 2021. This spurt is likely to tail off gradually into more modest growth rates for subsequent years, with an expectation that GDP will return to its pre-pandemic levels by mid-2023. This means the crisis will leave lasting effects on economic activity even after the constraints on normal development caused by the pandemic have been finally overcome. The productive capacity of the economy will be constrained by the evaporation of part of the country's capital stock, as actions taken to stop companies going to the wall may not prevent all bankruptcies, on a lesser or greater scale depending on the scenario that transpires. The crisis will also leave its mark on the labour force. Despite the use of ERTEs (temporary lay-off procedures) and programmes to support the self-employed who lost their businesses, there will be some jobs that will not survive the crisis, which will push up long-term employment to some extent.

2020 FINANCIAL YEAR

> GENERAL FINANCIAL SECTOR

The key points affecting the financial sector during 2020 were as follows:

- Short-term interest rates remain negative, with no expectation of a substantial change in trend over the next year.

- The banking sector, due to the exceptional circumstances it was plunged into, saw a substantial fall in its profits in 2020, and had to take extraordinary provisions against possible negative future impacts.

- The health situation led to a general deterioration of the economy, which will have an impact on employment, debt and, very probably, push up NPLs.

- The big Spanish financial institutions are notably reducing the number of bank branches. Meanwhile, mergers and acquisitions continue to thin out the number of banks and other financial institutions in the market.

> CAJA RURAL DE NAVARRA GROUP

Development of the Group's key variables in 2020 is explained below:

> CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (Millions of euros)	2020	2019	Change % 2020/2019
Net interest income	147	143.6	+2.4%
Gross income	288.8	294.0	-1.8%
Profit for the year	86.9	98.5	-11.8%

Caja Rural de Navarra Group posted a net profit of EUR 86.9 million, down 11.6% on the prior year. The Group considers this a positive outcome, given the complex circumstances we faced in 2020, and that its local banking model, with its proximity to and knowledge of the market, was a key factor in enabling us to meet the challenges of this year. The whole organisation made a huge effort to keep serving its customers, in a totally safe environment at all branches every working day of 2020.

As an institution rooted in its home territory, the Bank understands that its future is intimately linked to the development of the region where it works and therefore its commitment to the region is total. This commitment is reflected in its maintenance of employment and the branch network, as well as the strong dynamism of lending.

Against this background, the Bank managed to improve net interest income by 2.4% compared to the prior year, which underlines its sound operational structure.

In these extraordinary circumstances, following its usual policy of prudence, Caja Rural de Navarra set up this year a EUR 52.5 million fund to confront the foreseeable consequences of the economic downturn.

The Group will set aside EUR 85.2 million, the bulk of its profit for the year, to increase reserves, strengthening its balance sheet and capacity for future growth.

> SOLVENCY

The Bank's equity totalled EUR 1,261 million, 7.1% more than the previous year.

Caja Rural de Navarra's solvency measured by its Common Equity Tier 1 (CET1) ratio was 18.3%, 1.5 points up on the previous year and, yet again, among the highest in the Spanish financial sector.

> TURNOVER

Customer deposits:

The Bank manages EUR 10,198 million in deposits from private customers, an increase of 16.8% on the previous year.

This is well ahead of the 6.6% general rise in deposits in the Bank's region during 2020. It enabled Caja Rural de Navarra to win market share in all provinces where it operates.

In Navarre, the Bank's market share in this item was more than 29.8%, up nearly half a point on 2019.
Other savings products:

The market for investment funds grew hardly at all in 2020, but Caja Rural de Navarra grew its funds under management in investment funds by 4.2%. There was particularly strong growth in funds managed according to sustainability criteria, an area where the Cajas Rurales fund manager is among the leaders in Spain.

The Bank is achieving a high degree of specialisation in this product class, reflected in a wide range of products, marketed through an advisory model that adds considerable value for the customer.

Loans And Advances:

Loans and advances to customers outstanding at the Bank totalled EUR 8,746 million, not including balances with other financial corporations, 7.7% more than the previous year. This substantially outperformed the market which, based on available data, grew 1.7%.

In Navarre, the Bank's market share on this measure is 26.6%, nearly one point higher than the previous year.

The Bank also maintained the balance of its loan-to-deposit ratio (new loans to customers vs. deposits made by customers), which stood at 91.3% at year-end, underlining the stability of its recurrent business.

These figures took on particular significance this year as Caja Rural de Navarra handled more transactions under the ICO liquidity and Government of Navarre Covid-19 support schemes than any other bank in Navarre. The aim has been to continue supporting households, SMEs and the self-employed in all sectors, taking a positive and pro-active policy in tough times and showing our commitment to the future of the region as a local bank that is close to its customers.

New customers

In 2020 a total of 29,537 new customers began financial operations with Caja Rural de Navarra, of which 3,847 were legal entities.

> NON-PERFORMING LOANS

The Bank's NPL ratio at the end of 2020 was 2.1%, similar to the previous year and well below the 4.6% average for the Spanish financial sector.

A low ratio that the Bank sees as a very positive indicator in the current uncertain climate.

> RATING

Caja Rural de Navarra is rated by the agencies Fitch and Moody´s. The Bank's ratings, among the highest in the sector, were as follows at December 2020: Baa1 by Moody's and BBB+ by Fitch.

These ratings reflect the high valuation the agencies attribute to the Bank, thanks to its prudent and well-balanced approach to management, moderate risk-taking policy and the economic solidity of the region where the Bank operates.

> SUSTAINABILITY

In 2020, Caja Rural de Navarra continued to base its relationship with its local region on a long-term vision that keeps pace with the demands of our community. Today, we call this "sustainability".

The Bank is focused on financing activities that have positive environmental or social benefits, such as construction or improving the energy efficiency of buildings, social housing, sustainable farming and, especially this year, funding to help SMEs through the fallout from Covid-19 and mitigate its impact on jobs and the economy.

On this point, a major milestone was the Bank's rise in the Sustainalytics rankings to no. 415 out of 13,513 Spanish and international companies rated by the specialist ESG rating agency, making it one of the top-performing banks for sustainability.

> CORPORATE SOCIAL RESPONSIBILITY

Caja Rural de Navarra prepares an annual CSR Report and Non-Financial Statements verified by Aenor as external assurer, which are given the top rating (comprehensive) by the Global Reporting Initiative (GRI), the leading body for developing the content of sustainability reports.

Worth noting is the Bank's stress on projects in the social sphere (culture, sport, research, training, senior care, etc.) through its social action, to which it dedicates 10% of annual profit each year.

> INSURANCE

Caja Rural de Navarra has a strong insurance marketing business, and with nearly 200,000 policies in place has confirmed its position as a leader in the market.

The key to the rapid growth in this area is the advice provided by qualified staff and the high degree of specialization and competitiveness of the products the Bank sells through Seguros RGA, a company owned by the Rural Credit Cooperatives.

> CAJA RURAL BUSINESS MODEL: BRANCH NETWORK AND DIGITIZATION

More digitization, more branches and more service

Caja Rural de Navarra's business model is based on a clear commitment to provide local service that people trust through a wide network of 254 branches and 948 employees. Employees are well trained to support and advise customers on whatever they need, so adding value to an ample range of products and services.
A big factor is the Bank's investment in technology to make it easier for customers who wish to conduct any transaction through digital channels.

In this area, we will be focusing on the following points this year:

- Continuous improvements to Ruralvía, the digital banking service and its mobile app, which means customers can deal with the Bank with ever greater flexibility, using more and better functionalities, with safer security standards and enjoying a satisfactory user experience. Improvements made over the last year include "Maia", the virtual assistant chatbot for the Ruralvía app, which can resolve most common issues, and "Mis Finanzas"(My Finances), a tool integrated into Ruralvía which allows individuals and corporate customers to keep track of all their everyday finances in one place. Mis Finanzas can categorize spending and income, project forecasts, generate cash-flows, etc.

- Digital tools that make users' daily lives easier, such as the online "become a customer" process, an easy, agile and simple way for users to sign up as a Caja Rural customers in just five minutes.

- A modern public-facing website, www.cajaruraldenavarra.com, which incorporates the latest market trends in a set of functionalities to make everyday life easier for our customers.

> EXPECTATIONS FOR 2021

Caja Rural de Navarra is implementing a three-year strategic plan (2020-2022). Its key objectives are to continue growing market share and strengthening its solvency, making the Bank a modern institution, that is local and committed to its community.

In 2021, the Bank will be aiming to sustain a level of results similar to those of the two preceding years, which, given the circumstances, would be a positive achievement.

SUMMARY OF THE ANNUAL REPORT OF THE CUSTOMER SERVICES DEPARTMENT

In accordance with Article 17.2 of Ministerial Order ECO/734/2004, of 11 March, on the Customer Services Department of Financial Institutions, a summary of the Department's activities in 2020 is presented below.
The Customer Service Department is there to attend to and resolve complaints and claims by customers and users of the Bank's financial services where these are grounded in legally recognized rights and interests derived from contracts, transparency regulations, customer protection rules or good financial usage and practice.

Summary of the department's activity in 2020.

2020 ended with an increase in the number of claims and complaints received compared to 2019. This was due to a rush of complaints about clauses in mortgage contracts at the end of the year, following a string of rulings by the Spanish Supreme Court, Court of Justice of the European Union and the press release by the Consumer Ministry.

That said, as in previous years, we should point out the fundamental factors affecting our service, factors that are clearly reflected in the number of claims and complaints submitted to the Customer Services Department in 2020: a sensitivity and irritation with banks that persists in wider society and among our customers; better-educated customers both financially and legally; easy access to any sort of information about claims and complaints via the internet; easy access to new channels for submitting claims and complaints: website and email; heavy advertising and media pressure from the "claims industry", national and regional lawyers and consumer associations who encourage the making of claims and continuous press headlines with one-sided information on court rulings, normally slanted against the banks.

In these circumstances, which we do not expect to change at least in the short term, we have to maintain the high quality that has always characterised our bank. To do this, and aware that most financial institutions offer rather similar products and prices, we have to make sure that service quality and proximity to customers are differentiating factors and, probably, the key identity markers for the Bank. By offering customers good service and proximity, satisfaction and empathy, we can secure their trust and continued custom.

We should also point up the complaints received in the wake of the Covid-19 health crisis during 2020. These mainly concerned the measures taken in line with Health Ministry recommendations to protect staff and customers, promoting the use of remote banking systems such as ATMs and setting shorter opening hours for cash transactions.

In 2020, the Customer Services Department received a total of 2,059 complaints, claims or suggestions. This represents a 64% increase compared to 2019. These contacts are analysed below using different criteria:

DISTRIBUTION BY TYPE

Type	2020	2019
Complaint	215	153
Claim	1,687	976
Suggestion	14	4
Request	140	118
Congratulations	3	4
Total	**2,059**	**1,255**

By Autonomous Region, they broke down as follows:

DISTRIBUTION BY AUTONOMOUS COMMUNITY

	2020	2019
Navarre	1,059	643
Basque Country	822	489
La Rioja	178	115
TOTAL	**2,059**	**1,255**

By subject matter the 2,059 complaints and claims broke down as follows:

DISTRIBUTION BY SUBJECT

SUBJECT	2020	2019	Chg.
Assets – Loans and mortgages	1,342	732	83%
Assets – Other loans and accounts	32	22	45%
Assets – Other	8	2	300%
Liabilities – Current accounts	144	159	-9%
Liabilities – Other	2	0	
Other loans – Cards, ATMs, POSs	163	94	73%
Other loans – Other	2	3	-33%
Services – Direct debit	10	7	43%
Services – Transfers	53	33	61%
Services – Bills and cheques	4	7	-43%
Services – Other	53	38	39%
Investments – Funds	4	8	-50%
Investments – Other investment services	21	7	200%
Insurance and plans – Life	13	12	8%
Insurance and plans – Property & Casualty	10	6	67%
Insurance and plans – Pensions	2	2	0%
Insurance and plans – Other insurance	6	8	-25%
Miscellaneous	190	115	65%
Total	**2,059**	**1,255**	**64%**

Special mention must be made of the processing of the claims dealing with mortgage contract clauses after the publication of Supreme Court Ruling 555/2020, and the ruling by the Court of Justice of the European Union on mortgage administration costs.

This type of claim jumped compared to the previous year, due to the abovementioned rulings and the looming end-date for claims following the amendment to Act 42/2015, of 5 October, which set a shorter time-limit for bringing personal actions, where limits have not been otherwise specified. Note that, as in the past two years, “floor clause” claims were not managed by the Customer Service Department. Instead they were handled by the body created after publication of Royal Decree Law 1/2017, and are not included in the published data.

As mentioned and as the table shows, the most complained about issue in 2020 was mortgages, mainly clauses allocating administration costs, with a total of 978 received, 47.50% of all claims. Many of these also referred to other clauses, such as those dealing with late-payment interest, the commission for overdraft claims or account-opening fees.

Of the 2,059 contacts received, 576 were settled in favour of the customer, 485 were dismissed and 986 were not admitted for consideration.

Also, 23 claims were passed up to the Bank of Spain’s Banking Conduct Department. Of these, 9 related to mortgage administration costs.

The annual average response time of the Customer Services Department was 21 days, slightly above the 18 days average for 2019. Given the leap in claims filed, it reflects the effort by the department to comply with regulations in force.

Every six months the Bank of Spain requires a detailed report on complaints received by the Customer Service Department over the period. We therefore continue to stress that as far as possible we should manage complaints effectively at branch level, to avoid issues being passed up to this department and damaging the Bank’s image and perceived quality of service in the eyes of the regulator. Also, following changes made to response times and with a view to meeting them, it has become more essential than ever to file documents as soon as possible.

Every six months the head of the Customer Services Department, acting as Secretary, convenes the Quality Committee for a detailed presentation of the complaints and claims received over the period. He/she comments particularly on the most numerous or material grounds for complaint in order to highlight the different criteria applied to resolve them, identify possible future events which might affect the Bank, ensure each area of the Bank represented on the Committee takes due note and adopt appropriate preventative or improvement measures in the departments and products that were complained about.

FINANCIAL RISK MANAGEMENT

The main risks to which the Group is exposed in its transactions in financial instruments are detailed in Note 6. In addition, Notes 8, 9, 10, 11, 12 and 17 include information on the various portfolios of financial instruments.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group engaged in no research and development activities in 2020.

AVERAGE SUPPLIER PAYMENT PERIOD

Payments to suppliers in 2020 were made in an average of 9 days, below the 60-day legal term required by Act 15/2010, of 5 July, on measures to combat bad debt in commercial transactions, amended by Act 31/2014, of 3 December, itself amending the Capital Companies Act on the improvement of corporate governance. The average payment period was calculated using the method set out in this law.

EXPECTATIONS FOR 2021

Caja Rural de Navarra is implementing a three-year strategic plan (2020-2022). Its key objectives are to continue growing market share and strengthening its solvency, making the Bank a modern institution, local and committed to its community.
In 2021, the Bank will be aiming to sustain a level of results similar to those of the two preceding years, which, given the circumstances, would be a positive achievement.

ANNUAL CORPORATE GOVERNANCE REPORT AND CSR REPORT AND NON-FINANCIAL STATEMENTS 2020

In accordance with regulations in force, we annex to the Management Report the Annual Corporate Governance report of Caja Rural de Navarra.

Act 11/2018, of 28 December, on non-financial information and diversity, regulates the disclosure of information in these two areas. Caja Rural de Navarra, as a public interest entity, has also published Non-Financial Statements for the Caja Rural de Navarra Group, which form part of the Consolidated Management Report, in compliance with its obligations under the regulation. These were published alongside the Corporate Social Responsibility Report (CSR Report) in accordance with international standards.

The non-financial statement forms part of this management report and is available on the website: https://www.cajaruraldenavarra.com/en/information-investors under Sustainability – CSR Report.

ANNEXES

- ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLICLY OWNED BUSINESSES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS.

- CSR REPORT AND NON-FINANCIAL STATEMENTS 2020.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

ISSUER INFORMATION

Date of year end: [31/12/20]

TAX [F-]

Company name:

[CAJA RURAL DE NAVARRA, S. COOP. DE CREDITO]

Registered office:

[PZ. DE LOS FUEROS NO.1 (PAMPLONA) NAVARRA]

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

A. OWNERSHIP STRUCTURE

A.1. Give details of the owners of significant holdings in the company at the close of the year:

Name or company name of the shareholder or other owners	% of share capital
No data	

A.2. Indicate, as appropriate, any relationships of a family, commercial, contractual or corporate nature existing between the owners of significant holdings, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business:

Related-party names or company names	Type of relationship	Brief description
No data		

0

A.3. Indicate, as appropriate, any relationships of a commercial, contractual or corporate nature existing between the owners of significant holdings and the company, unless they have scant relevance or arise from the ordinary course of business:

Related-party names or company names	Type of relationship	Brief description
No data		

A.4. Indicate if there is any restriction (statutory, legislative or of any other kind) on the transfer of securities and/or any restrictions on voting rights. Specifically, indicate any type of restriction that may obstruct the takeover of the company through the acquisition of its shares in the market and any systems of prior authorisation or disclosure of acquisitions or transfers of the company's securities, imposed by sector standards:

[√] Yes

[ ] No

Description of the restrictions

Rights and obligations of new members: Members' rights and obligations start on the day after the agreement of the Governing Board or General Meeting takes definitive effect pursuant to article of association 10. Members must remain in the Institution for at least five years. The rights and obligations of members are set out in articles of association 11 and 12. Loss of membership: Articles of association 14, 15 and 16 list the grounds on which a member may lose their membership and the financial consequences this will entail.

Misconduct and penalties: Article 17 lists the actions defined as minor, severe and gross misconduct and the penalties imposed, which may involve suspension of membership rights. Availability of members' contributions
Article 18 describes the composition of the share capital and, among other matters, sets the maximum ceiling on share capital that can be held by any one member at 20% for a legal entity and 2.5% for an individual.
Article 19 states that redemption of contributions to the share capital can be refused by the Governing Board at its entire discretion.
Article 22 specifies the cases in which contributions can be transferred. Transfer is conditional on the Governing Board's approval.
Reduction of Share Capital: Under article of association 23, any reduction in the minimum share capital set by article 18 requires the consent of the General Meeting. If the reduction goes beyond the minimum requirement per member official authorization is also needed. Contributions shall not be repaid if there is insufficient coverage as measured by Share Capital, Reserves, Solvency Ratio, or any other measures applicable now or in the future.
Voting rights: Article 39 defines the additional votes to which each member is entitled in proportion to their contribution to the share capital. The treatment of conflicts of interest is described in article 48.

B. GENERAL MEETING OR EQUIVALENT BODY

B.1. List the quorums for convening general assemblies established in the articles of association. Describe how these differ from the system of minimum quorums established in Spanish Capital Companies Act or other applicable legislation.

For general meetings to be validly convened, at least three-quarters of the Preparatory Meetings must first have taken place, as established in the articles of association. For meetings to be duly convened on first call, no less than half of the representatives elected in these Preparatory Meetings must be present. On second call, the presence of 40% of the elected representatives and corporate officers is sufficient.

On second call, the presence of 40% of the elected representatives and corporate officers is sufficient. All of which complies with the regulations in force (Royal Decree 84/1993 of 22 January, Regulations governing Credit Cooperative Institutions) and Article 38 of the Bank's articles of association.

B.2. Explain the rules for adopting corporate resolutions. Describe how they differ from the system of minimum quorums established in Spanish Capital Companies Act, or other applicable legislation.

Except where regulations in force explicitly require otherwise, the General Meeting adopts resolutions by simple majority of the valid votes cast by those attending, not including spoilt ballots and abstentions. A majority of two-thirds of the votes present or represented is necessary for the adoption of resolutions modifying the articles of association or relating to a merger, spin-off, transformation, liquidation or global assignment of the Institution's assets and liabilities, even when these do not involve contributions to share capital and members of the transferring institution do not become members of the acquiring institution by virtue of the transfer, and in any other circumstances provided for by Act notably including the issue of bonds or other securities. The same enhanced majority is also required to agree the removal or revocation of appointment of members of the Governing Board and to adopt any resolutions relating to asset, financial, organizational or operational changes at the Cooperative Credit Institution where such changes are of an essential nature.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

Amendments are considered to be essential when they affect at least twenty-five per cent of the Bank's total assets. All of which complies with the regulations in force (Royal Decree 84/1993 of 22 January, Regulations governing Credit Cooperative Institutions) and Article 40 of the Bank's articles of association.
The resolutions adopted by the Governing Board will be subject to the Bank's article of association 47.

B.3. Briefly indicate the resolutions adopted by shareholders at the general assemblies held in the reporting year and the percentage of votes with which each resolution was adopted.

The agenda for the Bank's General Meeting was as follows:

1.- Appointment of two member-controllers to draw up and validate the list of attendees.
2.- Appointment of two member-controllers to approve the minutes for the Ordinary General Meeting.
3.- Report on the convocation and staging of the Preparatory Meetings.
4.- Election, appointment and acceptance of positions on the Governing Board.
5.- Reading and approval, where appropriate, of the annual financial statements (statement of financial position, income statement,
statement of recognized income and expense, statement of changes in equity, cash flow statement and notes to the financial statements), proposal for the calculation and
appropriation of net surplus for the year, proposal for setting the basic policy for application of the Education and Development Fund, and Management Report for 2019 of Caja Rural de Navarra, Sdad. Coop. de Crédito and Subsidiaries making up the Caja Rural de Navarra, Sdad. Coop. de Crédito Group.
6.- Reading and approval, if applicable, of the consolidated non-financial statement.
7.- Reading of the opinion issued by the auditors.
8.- Proposal for the company that is to audit the annual financial statements and the management report for 2020-21-22.
9.-Proposal to authorise the Governing Board to issue securities, shares and other finance vehicles.
10.-Proposed modification to articles of association.
11.- Various matters.
12.- Any other business.

All agenda items were unanimously approved.

B.4. Indicate if at the general assemblies or equivalent bodies during the year any agenda item was rejected by shareholders.

This did not occur.

B.5. Indicate the URL and means of accessing corporate governance content on your website.

Caja Rural de Navarra's web address is: www.cajaruraldenavarra.com

The corporate governance content on the website is accessed via the following links:
https://www.cajaruraldenavarra.com/es/gobierno-corporativo-politica-remuneraciones

B.6. State whether the various syndicates of holders of securities issued by the company, if any, have met and, if so, the purpose of the meetings held in the reporting year and the main resolutions adopted.

N/A

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 Detail the maximum and minimum number of directors or members of the governance body as per the articles of association:

Maximum number of directors/board members	15
Minimum number of directors/board members	5
Number of directors/board members set by the meeting or assembly	14

One director is appointed by the Bank's employees as their representative in accordance with Article 44 of the Bank's articles of association. Currently the employee representative is Fernando Olleta Gayarre.

C.1.2 Fill out the following table on the members of the board and their status:

Name or company name of director/board member	Representative	Date last appointed
IGNACIO TERES LOS ARCOS		03/05/2019
JOSE JOAQUIN RODRIGUEZ EGUILAZ		03/05/2019
FERMIN ESANDI SANTESTEBAN		03/05/2019
CARLOS SANCHEZ DIESTRO		05/05/2017
ALBERTO ARRONDO LAHERA		03/05/2019
MANUEL GARCÍA DÍAZ DE CERIO		05/05/2017
FERNANDO OLLETA GAYARRE		23/12/2016
MARCELINO ETAYO ANDUEZA		05/05/2017
ROBERTO ZABALETA CIRIZA		05/05/2017
PEDRO JOSE GOÑI JUAMPEREZ		03/05/2019
JESUS MARIA DEL CASTILLO TORRES		05/05/2017
GABRIEL URRUTIA AICEGA		05/05/2017
PEDRO JESUS IRISARRI VALENCIA		03/05/2019
IGNACIO ZABALETA JURIO		03/05/2019

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

C.1.3 List the board members, if any, who hold offices as directors, representatives or executives at other companies forming part of the company's group:

Name or company name of director/board member	Company name of group company	Position
IGNACIO TERES LOS ARCOS	RIOJA VEGA S.A.	SECRETARY TO THE BOARD AND NON-EXECUTIVE DIRECTOR
IGNACIO TERES LOS ARCOS	SERVICIOS EMPRESARIALES AGROINSUSTRIALES S.A.	NON-EXECUTIVE VICE-CHAIRMAN
IGNACIO TERES LOS ARCOS	BODEGAS PRINCIPE DE VIANA S.L.	SECRETARY TO THE BOARD AND DIRECTOR
MARCELINO ETAYO ANDUEZA	RIOJA VEGA S.A.	DIRECTOR
MARCELINO ETAYO ANDUEZA	BODEGAS PRINCIPE DE VIANA S.L.	DIRECTOR
PEDRO JESUS IRISARRI VALENCIA	RIOJA VEGA S.A.	DIRECTOR
PEDRO JESUS IRISARRI VALENCIA	SERVICIOS EMPRESARIALES AGRO INDUSTRIALES, S.A	DIRECTOR
PEDRO JESUS IRISARRI VALENCIA	BODEGAS PRINCIPE DE VIANA S.L.	DIRECTOR

C.1.4 Fill out the following table to show the number of female directors on the board and its committees, and how this has changed over the last four years:

	Number of female directors							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
Board of Directors	0	0.00	0	0.00	0	0.00	0	0.00
Executive or Delegate Committee		0.00		0.00		0.00		0.00
Audit Committee		0.00		0.00		0.00		0.00
Appointments Committee		0.00		0.00		0.00		0.00
Remuneration Committee		0.00		0.00		0.00		0.00
Risk Committee		0.00		0.00		0.00		0.00

C.1.5 Indicate whether the company has diversity policies in relation to the governance, management and supervision of the company in respect of matters such as, for instance, age, gender, disability, or training and professional experience. Small and medium-sized companies, as defined in the Audit Act, must report as a minimum on its policy on gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

If yes, describe the diversity policy, its aims, measures, their application and their results during the year. Also indicate the concrete measures adopted by the administration body and the appointments and remuneration committee to achieve a balanced and diverse presence of directors and executives.

If the company has no diversity policy, explain why not.

Caja Rural de Navarra has for years been in the vanguard of pro-equality policy, with a gender-balanced workforce and Equalities Plan in place since 2008 which we renewed in 2019. The Bank is committed to establishing and developing policies that make sure men and women enjoy the same treatment and opportunities and eliminate direct or indirect discrimination on grounds of gender. The policies also address all types of diversity and enshrine equality of opportunity between genders as a strategic principle of our Corporate and Human Resources policy to achieve effective gender equality.

The key targets of the Equality Plan are:

1- To reaffirm Caja Rural de Navarra's Equality Policy to include equality considerations in the new Strategic Plan.
2- To strengthen the heavily male- or female-biased teams to create a better gender balance..
3- To promote an equality culture among leaders to develop a gender-aware leadership style.
4- To inform staff of the results of the Bank's Equality Diagnostic and Equality Plan of Caja Rural de Navarra.
5- To use inclusive language and non-sexist imagery in internal communications.
6- To engage the Bank's staff in the march toward Equality.
7- To maintain a balanced workforce in terms of access to employment.
8- To reduce vertical segregation.
9- To correct any gender gap in salary
10- To compile data broken down by gender.
11- To run a 5-year analysis of termination of temporary contracts to see if there is any gender bias.
12- To raise awareness on conciliation and co-responsibility.
13- To seek to make sure the composition of Committees reflects the composition of the workforce.
14- To encourage monitoring or how the gender equality principle is applied in practice.
15- To provide the resources needed to implement the Equality Plan and meet the commitment to equality. 16- To incorporate gender issues into customer surveys.
17- To draw up gender equal criteria for "personal service".
18- To use inclusive language in oral and written communications.
19- To highlight Caja Rural de Navarra's commitment to managing Equality.
20- To promote equality through the CSR report.
21- To encourage suppliers to promote gender equality in their companies when subcontracting
22- Also, the governing body applies a diversity rule, written into the Bank's articles of association, on the geographical origin of its members relative to the regions where the Bank conducts its business.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

C.1.6 Fill out the following table on the aggregate compensation paid to directors in the year:

Concept	Thousands of euros	
	Individual	Group
Fixed compensation	12	
Variable compensation		
Per diems	43	

Concept	Thousands of euros	
	Individual	Group
Other compensation		
TOTAL	55	

C.1.7.- List the members of senior management who are not executive directors and indicate the total compensation paid to them in the year:

Name or company name	Position
ALBERTO UGARTE ALBERDI	Director, Risk Department
JUAN MARIA AYECHU REDIN	Director, Business Banking
FELIX SOLA ARRESE	Director, Compliance Function
FRANCISCO JOSE RODRIGUEZ LASPIUR	Director, Management Control
IGNACIO ARRIETA DEL VALLE	Managing Director
CARLOS ALBERTO SAGASETA GARCÍA	Director, Internal Audit
MIGUEL GARCIA DE EULATE MARTIN-MORO	Director, Treasury Operations
Ignacio Maeztu Zapateria	Director, Sales Network
Total compensation received by senior management (in Thousands of euros)	1,332

C.1.8.- State whether the bylaws or board regulations set a limited term of office for members of the board of directors:

[ ] Yes
[√] No

C.1.9 State whether the individual and consolidated financial statements submitted to the board of directors for formulation are certified previously:

[ ] Yes
[√] No

Identify, if appropriate, the person(s) certifying the individual and consolidated accounts for their presentation by the Board:

Name	Position
No data	

C.1.10.- Explain the mechanisms, if any, established by the board of directors to prevent the separate and consolidated financial statements prepared by it from being presented at the general meeting with a qualified auditors' report:

The Governing Board has an Audit Committee, whose regulations include the oversight of published financial information and the financial statements for the year as well as monitoring the work and recommendations of the external auditors.

C.1.11 Is the board secretary a director?

[√] Yes
[ ] No

If the secretary is not a director complete the table below:

C.1.12.- Describe the mechanisms, if any, established by the company to preserve the independence of the external auditors, of financial analysts, of investment banks, and of rating agencies, including how legal provisions are implemented in practice:

The Audit Committee carries out annual checks to ensure the auditor (currently Ernst & Young, S.L.) complies with requirements and that there is no situation that could pose a risk to their independence, as set out in the Committee's rules of procedure.

On this point, the Audit Committee received from the statutory auditor, Ernst & Young, S.L., written confirmation of its independence from Caja Rural de Navarra and these bodies, directly and indirectly related to the Bank in accordance with requirements of the Audit Act as it relates to independence.

Before the start of any type of service commissioned from the External Auditor selected for the audit of the financial statements, the service is presented by the auditor to the Audit Committee which, after review, decides if the proposed service falls outside any of the prohibitions in Articles 39 and 14 of the New Audit Law, identifies possible threats to independence and safeguards to apply to eliminate or reduce these so as not to compromise their independence as auditors.

C.2. Board committees

C.2.1 List the Board or other governance body committees:

Committee	Number of members
Executive or Delegate Committee	5
Audit Committee	4
Appointments Committee	3
Remuneration Committee	4
Risk Committee	3

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

C.2.2 Give details of all committees of the Board or other governance body, their members and the proportion of executive, controlling company, independent and other external members (entities that are not capital companies need not complete the member category column and should explain in the text section the category of each member based on their legal form and how they fulfil the composition requirements of the audit and appointments and remuneration committees):

Executive or Delegate Committee		
Name	Position	Category
IGNACIO TERES LOS ARCOS	CHAIRMAN	Other external
CARLOS SANCHEZ DIESTRO	MEMBER	Independent
MARCELINO ETAYO ANDUEZA	SECRETARY	Independent
PEDRO JESUS IRISARRI VALENCIA	MEMBER	Independent
IGNACIO ZABALETA JURIO	MEMBER	Other external

% of executive directors	0.00
% of controlling company members	0.00
% of independent members	60.00
% of other external members	40.00
Number of meetings	12

Explain the functions assigned to the committee, describe its procedures and organizational and functional rules. For each function indicate the most important actions taken during the year and how it has put into practice each function assigned to it by law, statute or other corporate agreements.

The Executive Committee was established by resolution of the Governing Board and is composed of It is composed of a chairman, deputy chairman, secretary and two members of the Governing Board. Its functions are those delegated by the Governing Board and its attributes and powers are limited to those temporarily or permanently delegated by the Board. The main purpose of the Committee, which meets once a month, is to give the Bank greater flexibility in decision making and approval of risks.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

Audit Committee		
Name	Position	Category
CARLOS SANCHEZ DIESTRO	MEMBER	Independent
MARCELINO ETAYO ANDUEZA	SECRETARY	Independent
PEDRO JESUS IRISARRI VALENCIA	CHAIRMAN	Independent
IGNACIO ZABALETA JURIO	MEMBER	Other external

% of executive directors	0.00
% of controlling company members	0.00
% of independent members	75.00
% of other external members	25.00
Number of meetings	4

Explain the functions assigned to the committee, including any not required by law, and describe its procedures and organizational and functional rules. For each function indicate the most , important actions taken during the year and how it has put into practice each function assigned to it by law, statute or other corporate agreements.

The Audit Committee is made up of members of the Governing Board with the appropriate knowledge, abilities and experience to understand and control the Bank's risk strategy and risk propensity.
It meets quarterly and may also meet on an extraordinary basis if the Chairman or a majority of its members so request. It is quorate when a majority of its members are present. The workings and functions of the Audit Committee are set out in Article 43 bis of the Bank's Articles of association, which have been approved by the Bank of Spain, and in its Rules of Procedure, approved by the Committee and subsequently by the Governing Board. Specifically, the Committee's core responsibility is to maintain an efficient internal audit system via ongoing monitoring and supervision of its operation, using to this end the services of both the internal audit unit and the external auditors, and its functions therefore include the following:
1.- To report to the General Meeting on questions raised by members on matters within its remit.
2.- To propose to the Governing Board for submission to the General Meeting, the appointment of the external auditors to the Bank and Group subsidiaries, as referred to in Article 204 of the Spanish Companies Act, approved by Royal Decree 1564/1989, of 22 December.
3.- To supervise internal audit services, where they exist.
4.- To approve the annual internal audit plan and organisational structure.
5. - To oversee follow-up of recommendations made by internal and external audits.
6.- To supervise any financial information published and the financial statements for the year.
7.- To check compliance with internal standards, rules and laws that effect the activities of the organization.
8.- To review the systems in place to ensure efficient management.
9.- To check that plans and programmes are being put into effect and achieving their designated aims.
10.- To maintain the ethics of the organization, investigate any cases of irregular or fraudulent conduct and any allegations or suspicions brought to the Committee's attention as well as any conflicts of interest affecting employees.
11.- To report to the Governing Board on the appropriateness of the internal control system.
12.- To follow the financial reporting process and internal control systems.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

13.- To liaise with the external auditors to obtain information on matters that may threaten their independence and any other matters related to audit work and processes as well as handling any other communications prescribed by law on audits and audit technical standards.
The head of internal audit is Carlos Sagaseta, who works with the Secretary and advises and reports to the Committee, which he attends on a non-voting basis.

Identify the directors on the Audit Committee who have been appointed for their knowledge and experience in accounting, audit or both and report on the date of appointment of the Committee Chairman.

Names of experienced directors	IGNACIO ZABALETA JURIO
Date of appointment of the Chairman	13/09/2019

Appointments Committee		
Name	Position	Category
ALBERTO ARRONDO LAHERA	MEMBER	Independent
MARCELINO ETAYO ANDUEZA	CHAIRMAN	Independent
JESUS MARIA DEL CASTILLO TORRES	MEMBER	Independent

% of executive directors	0.00
% of controlling company members	0.00
% of independent members	100.00
% of other external members	0.00
Number of meetings	3

Explain the functions assigned to the committee, including any not required by law, and describe its procedures and organizational and functional rules. For each function indicate the most , important actions taken during the year and how it has put into practice each function assigned to it by law, statute or other corporate agreements.

The Remuneration Committee has four members of appropriate expertise, ability and experience and who are all also members of the Governing Board. It meets as often as its responsibilities require and at least once a year.

The Committee is quorate when at least half its members are present. Members cannot appoint other natural or legal persons as proxies. Resolutions are approved by simple majority of the valid votes cast. The Chairman's vote is casting.
Any Committee member who finds themselves in a conflict of interest will recuse themselves from the meeting when the situation giving rise to the conflict of interest is discussed and abstain from discussion or vote on the matter. The Committee's functions include:
- To identify and recommend for approval by the Governing Board, candidates for vacant posts on the Governing Board and
procedures for assessing the aptitudes and capacities of future directors.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

- To assess the balance of expertise, ability, diversity and experience on the Governing Board and draft a description of the functions and aptitudes required for a specific appointment, assessing the time required to fulfil the demands of the post. - To review periodically and at least once a year the structure, size, composition and work of the Board and to make recommendations to the Board on possible changes.
- To review periodically and at least once a year the suitability of the members of the Bank's Board and the Board in general and report to the Board on its conclusions.
- To review periodically the corresponding reviews of the suitability of the General Management and key management personnel in accordance with regulation 30 of Bank of Spain Circular 2/2016.
- To periodically review the Board's policy on the selection and appointment of senior management personnel and make appropriate recommendations.
- To establish, in accordance with regulations, a target for representation of whichever gender is least represented on the Governing Board and draw up guidelines on how to increase the number of members of the under-represented gender so as to meet this target. As regards the suitability of Governing Board members, all current members have been appointed since the entry into force of Circular 2/2016 on a favourable report from this Committee and with the express approval of the Bank of Spain.

The Committee's principal actions taken during the year all fell within one of the functions described above.

Remuneration Committee		
Name	Position	Category
IGNACIO TERES LOS ARCOS	MEMBER	Other external
FERNANDO OLLETA GAYARRE	MEMBER	Other external
MARCELINO ETAYO ANDUEZA	MEMBER	Independent
PEDRO JESUS IRISARRI VALENCIA	CHAIRMAN	Independent

% of executive directors	0.00
% of controlling company members	0.00
% of independent members	50.00
% of other external members	50.00
Number of meetings	2

Explain the functions assigned to the committee, describe its procedures and organizational and functional rules. For each function indicate the most important actions taken during the year and how it has put into practice each function assigned to it by law, statute or other corporate agreements.

The Remuneration Committee has rules of conduct approved by the Management Committee. The rules define the composition of the Committee, with four directors including the Chairman of the Governing Committee and the workers' representative.
The remuneration policy approved by the Governing Committee on proposal of the Remuneration Committee is reviewed in a report drawn up by the external auditor with internal evaluation of policies. This report found the Bank's remuneration policy to be satisfactory. Over the last year, the procedure for designating those employees covered by the policy, as required by regulations, was approved. The Committee's functions are:
To issue an annual report assessing the general remuneration policy and propose the remuneration policy for approval by the Governing Board.
Oversee the remuneration of the heads of functions designated as part of the identified group of employees.

Report to the Governing Board on the implementation and correct application of the Bank's remuneration policy, ensuring the policy is observed and remunerations are transparently disclosed.
Include all required information in the corresponding reports. Propose the recommendation to the Governing Board for submission to the General Meeting if required.
In 2020 the Remuneration Committee's annual plan analysed the cohort of identified employees and the Committee approved the annual report on Remuneration Policy and the policy itself for recommendation to the Governing Board. Subsequently, the whole process was the subject of an external audit which approved its compliance with regulations in force.

Risk Committee		
Name	Position	Category
IGNACIO TERES LOS ARCOS	MEMBER	Other external

Risk Committee		
Name	Position	Category
FERMIN ESANDI SANTESTEBAN	MEMBER	Other external
MARCELINO ETAYO ANDUEZA	CHAIRMAN	Independent

% of executive directors	0.00
% of controlling company members	0.00
% of independent members	33.33
% of other external members	66.67
Number of meetings	6

Explain the functions assigned to the committee, describe its procedures and organizational and functional rules. For each function indicate the most important actions taken during the year and how it has put into practice each function assigned to it by law, statute or other corporate agreements.

The Risk Committee holds ordinary meetings each quarter. Extraordinary meetings are held when so decided by the Chairman or requested by a majority of members, duly constituted when a majority of members are present.
In accordance with Royal Decree 84/2015 as reflected in the rules of procedure approved by the Committee and ratified by the Governing Board, its most important functions are as follows:
- To advise the Governing Board on the Bank's overall risk appetite, current and future, and risk strategy and to help oversee the strategy's application. That said, the Governing Board remains responsible for risks taken on by the Bank.
- To participate in the prior analysis and support the Governing Board in all matters related to the Risk Appetite Framework and Recovery Plan.

- To oversee the pricing policy of assets and liabilities offered to customers, taking fully into account the Bank's business model and risk strategy. Where necessary, the Risk Committee presents to the Governing Board a remedy plan.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

- To oversee execution of the strategies for managing capital and liquidity and all other significant risks to the Bank, such as market risk, credit risk, monitoring of loans and advances, equity investments, operational risks including legal, technological and reputational risks, in order to make sure they properly reflect the strategy and risk appetite approved.
- To recommend to the Governing Board any adjustments in risk strategy that may be made necessary by, for instance, changes in the Bank's business model, changes in the market or recommendations of the Bank's Risk Management Function.
- To determine, alongside the Governing Board, the nature, quantity, format and frequency of the risk information that the Committee and Governing Board receive.
- To work to establish rational remuneration policies and practices. To this end, the Risk Committee will examine, without infringing on the role of the Remuneration Committee, whether incentives policy adequately reflects the risk, capital, liquidity and probability and opportunity of the related profits.

Any other matter that they are specifically charged to consider either by law and regulations or resolution of the Governing Board. The head of the risk unit is Mikel Urdangarin Tolosa.

D. RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. Give details of transactions between the company and companies within its group, and shareholders, cooperative members, holders of controlling rights to the company or equivalent entities.

Name or company name of significant shareholder/member	Name or company name of the company or group company	Nature of relationship	Type of transaction	Amount (Thousands of euros)
No data				

The notes to the Annual Financial Statements, publicly available on the Caja Rural de Navarra website, give details of transactions from related parties.

D.2. Give details of transactions between the company or entities of its group and the company's directors or executives:

Name or company name of directors or managers	Name or company name of the related party	Relationship	Nature of relationship	Amount (Thousands of euros)
No data				

The notes to the Annual Financial Statements, publicly available on the Caja Rural de Navarra website, give details of transactions from related parties.

D.3. Give details of intragroup transactions

Company name of group company	Brief description of transaction	Amount (Thousands of euros)
No data		

The notes to the Annual Financial Statements, publicly available on the Caja Rural de Navarra website, give details of transactions from related parties.

D.4. Give details of the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group, and its directors/board members of executives.

Article 48 of the Bank's bylaws contains the following provisions in this regard:

Contracts concluded and/or obligations assumed by Caja Rural that do not form part of the provision of the financial services that constitute its corporate purpose and are made in favour of members of the Governing Board or senior management, or their first- or second-degree relatives by blood or marriage, shall not be valid unless first approved at the General Meeting. Persons involved in the conflict-of-interest situation shall not be permitted to take part in the related vote at this Meeting. Approval at the General Meeting shall not be required when the contracts or obligations in question are related to the person's status as a member.
Resolutions of the Governing Board or Executive Committee relating to cooperative transactions and services in favour of members of the Governing Board, Executive Committee, General Management or their first- or second-degree relatives by blood or marriage shall necessarily be adopted by secret ballot, subject to the item's inclusion on the agenda with due transparency, and shall require a majority of at least two thirds of all Directors.

Where the beneficiary of the transactions or services is a Director or relative thereof, as indicated above, the beneficiary shall be deemed to be in a conflict-of-interest situation and shall not be permitted to take part in the vote.
Once the secret ballot has taken place and the result has been announced, any reservations or disagreements with regards

to the resolution adopted must be duly recorded in the minutes.
The provisions of the foregoing paragraphs shall also apply in relation to the establishment, suspension, modification, renewal or extinguishment of obligations and rights between the cooperative entity and entities at which the aforesaid persons or members of their family are proprietors, board members, directors, senior executives, advisors or core members with capital interests or five per cent or more.
Also considered when granting loans to members of the Governing Board or their natural or legal related parties are the provisions of Act 10/2014 for the management, supervision and solvency of credit institutions and its implementing Royal Decree 84/2015, particularly on reporting transactions involving directors and executives to the Bank of Spain for authorization.

Caja Rural de Navarra is fully signed up to the Framework Internal Rules of Conduct on securities markets of the Spanish National Union of Cooperative Credit Institutions (UNACC). These rules apply to members of the Bank's Governing Board, executives and employees whose work is directly or principally related to securities market activities and services.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

Caja Rural de Navarra has Internal Rules to assess the suitability of Senior Management and other key persons of the Bank which were approved by the Bank's Board and comply with regulations in force, especially Act 10/2014 on the regulation, supervision and solvency of credit institutions and its accompanying regulations. These Rules define what information the Appointments Committee should look at when considering the professional and commercial reputation, knowledge and experience and good governance practice of employees and applicants for posts subject to these requirements.
The Bank also has a policy to manage conflicts of interest, approved by the Bank's Governing Board, with a special focus on those related to MiFID II on investment products.

E. CONTROL AND RISK MANAGEMENT SYSTEMS

E.1. Explain the scope of the company: s risk management system.

The credit risk management system is centralised in the risk area, including responsibility for admitting, administering, monitoring and recovering credit risk, in accordance with the policies set by the Governing Board. The system is overseen by the Risk Committee.
Measurement and control of interest rate, liquidity and market risk are conducted through the Assets and Liabilities Committee, which reports quarterly and monitors the various risks.
The Operational Risk Committee monitors operational risk.

E.2. List the bodies within the company responsible for preparing and executing the risk management system.

The Risk Committee ensures compliance with the policies, methods and procedures approved by the Governing Board to meet the requirements of Bank of Spain Circular 4/2017, of 27 November, on credit risk. Circular 4/2004 states that "entities shall establish policies, methods and procedures for the issue, analysis and documentation of debt instruments, contingent risks and contingent commitments ... and the identification of their impairment and measurement of the amounts necessary to hedge such credit risk, whether from insolvency attributable to the customer..."
The Bank's internal audit department ensures that the various areas comply with policy, reporting any instances of non-compliance to the Governing Board, having evaluated or established their extent, and proposing remedial or enhancement measures when it sees fit.
The Assets and Liabilities Committee oversees market, liquidity and interest risks.
The Operational Risk Committee manages and monitors operational risk.

E.3. State the main risks that could affect achievement of the company's business targets.

The main risks inherent in our banking activities are the following:
Credit risk: This is the risk of potential losses being incurred when loans and advances cannot be recovered. Where the bank acts as guarantor, the risk lies in the possibility of customers' defaulting on their commitments, and the Bank therefore being required to assume these commitments by virtue of guarantees provided. This is the most significant risk assumed by the Bank, since its activities are concentrated mainly on the retail banking business.

Interest rate risk: This consists of the risks arising as a result of potentially adverse fluctuations in interest rates on assets and liabilities.
Liquidity risk: This is the risk of potential difficulties in raising or accessing liquid assets in sufficient quantity and value to cover the Group's payment commitments at any time.
Market risk: This consists of the risks arising as a result of potentially adverse fluctuations in the market price of marketable financial instruments and the exchange rates of the currencies in which the Group's balance sheet assets and liabilities or off-balance sheet commitments and exposures are denominated.
Operational risk: Operational risk is the risk of suffering losses due to inadequate or failed processes, personnel or internal systems or due to external events. This definition includes legal risk, but excludes strategic and reputational risks.

E.4. State whether the company has risk tolerance level.

The Bank establishes risk tolerance levels, defined in the risk appetite framework (RAF), defined using various criteria according to the type of risk;

· Credit risk: risk tolerance depends on levels of NPLs and coverage as well as rating/scoring levels associated to probability of default.
· Interest rate risk: risk tolerance is established by setting a maximum limit on possible loss for each exposure, in terms of both margin and economic value.
· Liquidity risk: risk tolerance is measured based on minimum liquidity levels. · Market risk: limits are based on VaR.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

E.5. State which risks have materialized during the year:

The normal processes of the Bank's operations include all required controls and methods to manage the risks inherent to its business and there were no particular instances to report that affected the normal functioning of the Bank.

E.6. Explain the response and oversight plans to address the main risks facing the company, and the procedures followed by the company to ensure the board of directors responds to new challenges:

Credit risk: Risk management begins as soon as the customer submits a request for financing and ends when the whole of the loan has been repaid. When approving transactions, the Bank prioritizes case-by-case analyses, which take account of the type of applicant, type of facility, the applicant's repayment capacity and the guarantees provided. Once approved and arranged, all transactions are subject to ongoing monitoring: in the case of high-risk customers (either individually or as part of an economic group), the Bank monitors financial position, any increases in system debt, payment record, etc.; for all other customers, all transactions that result in payment incidents are monitored. The Group monitors its investment portfolio by product, by interest rate and by decision-making centre, to identify potential changes in portfolio returns and the manner in which credit facilities are being granted (amounts, rates, charges, etc.) so that decisions affecting the investment policy to be adopted at any given time can be taken as quickly as possible.
In respect of credit risk concentration, the Bank of Spain's regulations establish that exposure to any one customer or group of customers constituting an economic group must not exceed 25% of an entity's eligible capital base. The entity's eligible capital base is used for the purpose of calculating the solvency ratio. The Bank complies with all legal limits established in this regard. Regulations on solvency requirements lay great emphasis on concentration risk but it is not included in the regulatory calculations. The Internal Capital Adequacy Report must disclose the institution's own assessment of the capital required to meet this risk (Pillar II).

Interest rate risk: To analyse and control this risk, the Bank has established an Assets and Liabilities Committee (ALC) that meets quarterly to assess, inter alia, the sensitivity of its statement of financial position to changes in the yield curve in various scenarios and set short- and medium-term policies for managing prices and applications of funds. Liquidity risk: Caja Rural de Navarra monitors the performance of those balance sheet items that affect its liquidity on an ongoing basis, keeping within certain limits and using dedicated tools to predict potential fluctuations that may require action to sustain short-, medium- and long-term liquidity. These controls are carried out by the ALC.
Market risk: The main controls applied for market risk are the various limits on market activity in the form of ceilings on fixed income and equity investments and stop-losses. The Bank also applies concentration limits on exposures to securities and economic sectors, as well as on positions in foreign currency.

Operational risk: Caja Rural de Navarra has adopted a standard model for identifying and monitoring operational risk. Improvement plans for critical risks have been drawn up, and the persons responsible for their execution and corresponding timetable have been defined. Loss events are registered in a loss event data base which is also used to produce reports that facilitate decision making to minimize risk.

The Governing Board has a Risk Committee, a delegated body that advises the Board on management and supervision of all relevant risks and on correct application of the global risk appetite in light of the Bank's strategy. Through this body and its functional procedures the Board responds to new challenges that come up in this area.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

F. INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the control and risk management processes that make up the company's system for internal control over financial reporting. F.1. **The control environment.**

Report, highlighting as a minimum the main features of:

F.1.1 The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

-The Governing Board is ultimately responsible for the existence and regular updating of a suitable, effective ICFR.
- The Audit Committee is responsible for supervision of ICFR, including control of the preparation and presentation process, compliance with applicable standards, appropriate definition of the scope of consolidation and correct application of accounting principles. The Committee relies on Internal Audit to oversee the ICFR system.
- The Management Control Department is responsible for the design, implementation and operation of ICFR. It will run a process to identify risks in the preparation of financial reporting, draw up the descriptive documentation and flow charts of activities and control and direct the implementation and execution of ICFR.
The Governing Board states in Article 39 of the Corporate Governance Code: Public relations, general.
- The Governing Board shall take all necessary steps to ensure that annual, half-yearly or quarterly financial reporting and any other financial reporting that may be done in the interests of prudence is prepared in accordance with the same principles, criteria and professional best practice as the annual financial statements and is equally true and fair. To this end, all such information shall be reviewed by the Audit Committee.
- The Governing Board, if considered necessary or convenient, shall include in its annual published documentation the governance rules of the Bank and the degree of Compliance with the Corporate Governance Code.

The rules of the Audit Committee, which is drawn from the Governing Board, impose the following duties:
* To supervise any financial information published and the financial statements for the year.
* To check compliance with internal standards, rules and laws that effect the activities of the organization.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- Department and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company:

Oversight of the organizational structure is the responsibility of General Management via the Human Resources Department which, based on needs identified by the Caja Rural de Navarra Group, analyses and adapts the departmental and branch structure, defining and assigning functions to the different members of each department and business line.
Any material change to the organization is approved by the Managing Director and published through Internal Communications by corporate email and on the corporate intranet, to which all employees have access. The intranet contains an organizational chart that is continuously updated.
There are operational procedure manuals covering most of the Bank's business areas, available to all employees through the intranet.

Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action:

There is a code of conduct, with which all employees of Caja Rural de Navarra Group are familiar, setting out guidance for good conduct based on professional ethics and the obligation to be aware of and comply with regulations applicable to the Bank.

· 'Whistle-blowing' channel, for the reporting to the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential:

The code of conduct for directors and employees expressly establishes the obligation for employees to highlight instances of irregular or unethical actions, under conditions of confidentiality, which would obviously include financial and accounting irregularities.

Communication of Unethical or Fraudulent Actions:
If any employee should become aware of irregular or unethical actions by Company employees, he/she is obliged to notify the Bank immediately.
The Bank has a whistle-blowing channel, called the ethics channel, staffed by personnel dedicated for this purpose by the Ethics and Conduct Committee, which staff can use to report such situations as well as to the line manager, who must be notified first. The Area Manager or Chief of Human Resources are the most appropriate persons to notify. All communications of this type will be immediately investigated under conditions of confidentiality.

The Bank will ensure the absence of reprisals for any employee who makes allegations of this kind. Similarly, the rules of the Audit Committee Rules list among the Committee's responsibilities for internal control and compliance: To maintain the ethics of the organization, investigate any cases of irregular or fraudulent conduct and any allegations or suspicions brought to their attention as well as any conflicts of interest affecting employees.

In 2020, rules were drawn up for the Ethics Channel summarising its processes. These were subsequently approved by the Governing Board.

· Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management:

Once a year, every employee of Caja Rural de Navarra undergoes a professional assessment and an action plan is drawn up including measures to improve their skills, with a focus on training.
The Training Department within the Human Resources Department has developed a training plan including traditional and online courses which are open to all employees of Caja Rural de Navarra. All units involved in the preparation of financial reporting have been trained in financial reporting and receive continuous refresher courses as standards change. These courses cover first-time adoption of standards in the current year and those in the process of adoption that will take effect in future years.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

F.2. **Financial reporting risk assessment.**

Report, as a minimum, on:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, stating:

· Whether the process exists and is documented:

For Caja Rural de Navarra, like any other banking institution, risk management is a core part of its business. Risk identification processes are therefore clearly defined.

· Whether the process covers all financial reporting objectives (existence and occurrence; completeness, valuation, presentation, disclosure and comparability, and rights and obligations), is subject to update and, if so, with what frequency:

The Bank knows which areas and departments impact financial reporting and therefore which areas or departments are material, as well as the risks of error within these which may have an impact on financial reporting. The risk assessment process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations).

· Whether a specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.:

The material areas and departments have identified where the possibilities of error in financial reporting lie which might have a material impact on the Bank. Risks of error or omission in financial reporting are included in the design and development of operating procedures for every area with critical impact on financial reporting.

· Whether the process addresses other types of risk (operational, technological, financial, legal, tax, reputation, environmental, etc.) insofar as they may affect the financial statements:

Nevertheless:
- The accounting information used to prepare the financial statements is based on heavily automated processes. The vast majority of transactions are automatically recorded and associated with a process that generates the right accounting information for record keeping.
- The design and maintenance of the accounts used to monitor transactions is the responsibility of the Management Control Department. No other area is authorized to interfere with this process. In this way the system ensures that:
* All events reflected in financial reporting exist and have been recorded at the proper time.
* The information reported reflects all the transactions and events to which the Bank was party.
* All transactions are recorded and measured in accordance with applicable accounting standards.
Transactions are classified, presented and disclosed in line with applicable regulations.

· Which of the company's governing bodies is responsible for overseeing the process:

Internal Audit will oversee the process of preparing financial reporting and the effectiveness of controls put in place to ensure its proper publication.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

F.3. **Control.**

Report, highlighting as a minimum and where available the main features of:

F.3.1 Procedures for reviewing and authorizing financial information and description of ICFR to be provided to the markets, stating who is responsible in each case. Also, documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for closing accounts and specific review of critical judgements, estimates, evaluations and projections.

Caja Rural de Navarra has an action plan in place to document formally and in standardized format all areas and processes identified as material to the Bank, including those covering the closing of accounts, consolidation and exercise of critical judgements, estimates, and projections, among others.
The Bank has controls in place for the processes of closing accounts and review of critical judgements, estimates, evaluations and projections for the following processes and transactions, which might materially affect the financial statements:
o Impairment losses on certain assets,
o The assumptions used in the actuarial calculation of liabilities and commitments for post-employment benefits.
o The useful lives of property and equipment and intangible assets
o The measurement of goodwill arising on consolidation
o The fair value of certain financial assets not listed on organized markets
o Estimates for calculating other provisions.
o The calculation of income tax and deferred tax assets and liabilities.
o Also, Caja Rural de Navarra has created a procedure (set out in its Internal Control Handbook for the veracity of published information), to guarantee the truth and accuracy of published financial information. This procedure involves Treasury and capital markets, Management control, Compliance, Internal audit and Human resources.

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The rural credit cooperatives that make up the Caja Rural Group have set up a number of companies to improve efficiency and achieve economies of scale. These include the technology services company Rural Servicios Informáticos SC and Banco Cooperativo Español, SA. Rural Servicios Informáticos SC provides IT services to all rural credit cooperatives making up the Caja Rural Group. Banco Cooperativo Español SA provides services including treasury management and capital markets services, investment fund administration and management, Spanish and international transfer systems, and support services for the rural credit cooperatives in relation to tax, legal, organizational and regulatory issues, etc.
Rural Servicios Informáticos SC uses a shared centralised IT applications and management platform, including systems for transaction accounting and preparation of financial reporting. IT applications supporting the Bank's core banking operations are developed to comply with CMMI standards, designed to ensure IT systems function as intended, thus minimising the risk of introducing errors in financial reporting.

Regarding business continuity, the abovementioned Caja Rural Group companies have a Systems Continuity Plan which, among other things, provides IT backup centres on separate sites which can replace the main centre in case of need.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

Banco Cooperativo Español has a dedicated technology centre for SWIFT, treasury back office and private banking, and another alternative backup centre specifically for supporting treasury and capital markets, so that market operators and the control and support units for these activities can continue to function in the event of an emergency affecting the building now in use.
Rural de Servicios Informáticos SC, which supports core banking and accounting operations, has an alternative backup centre, synchronized through a system of daily backup copies, one saved on the host itself and the other in the alternative IT centre.

The backups are checked regularly for comprehensiveness. Finally, Caja Rural de Navarra has a specific Business Continuity Plan, with alternative workstations identified with duplicate systems for other operations, and the possibility for those in key functions to work remotely with access to the Group's IT systems from designated locations over a secure connection. Caja Rural de Navarra has appropriate security protocols that include controlling access to each of the systems described.

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The Bank regularly reviews which activities connected to financial reporting are subcontracted out and, where applicable, the Management Control Department puts in place control procedures to carry out sanity checks on information received. Caja Rural de Navarra uses independent third parties to provide certain valuations, calculations and estimates used in the preparation of the consolidated and separate financial statements provided to financial markets, such as asset appraisals, actuarial valuations, etc.

At present, it has supervision and review procedures in place for activities outsourced to third parties, such as calculations or valuations by independent appraisers which are material to the process of financial reporting. These supervision procedures will be expressly reviewed to check their compliance with ICFR and brought into line with market best practice. The procedures cover the following areas: - Formal designation of those responsible for particular actions.
Pre-contract analysis, looking at alternative proposals.
- Supervision and revision of information generated or services provided:
- For subcontracted activities: requests for regular reports, inclusion in internal audit plans, mandatory external audit where applicable, regular review of the service provider's capacity and qualifications.
- For valuations carried out by external appraisers: reviews of the correctness of the information provided, regular review of the appraiser's capacity and qualifications.

The Bank reviews its estimates internally. Where it is deemed appropriate, the Bank brings in third parties for certain specific tasks, having checked their competence and independence, and that the methods they use are valid and any assumptions made are reasonable

F.4. **Reporting and communications**

Report, highlighting as a minimum and where available the main features of:

F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, , which is in regular communication with the team in charge of operations, and for maintaining and updating a manual of accounting policies and communicating these to all the company's operational units.

The Management Control Department is responsible for defining and maintaining the accounting policies applied to the Bank's transactions. New and amended standards are analysed by this department, which is responsible for giving instructions about how they should be implemented in the IT systems.

There is no complete manual of accounting policies as such. Instead the Bank's accounting policies follow Bank of Spain circulars (Circular 4/2017 as amended) and international financial reporting standards (IFRS-EU). The Management Control Department also has documents setting out accounting policies for some significant activities and procedures. However, the Management Control Department does have documentation setting out accounting policies for certain critical activities and procedures. At subsidiaries of Caja Rural de Navarra, the accounting guidelines and standards applied are determined by the Management Control Department based on standardized criteria and formats which facilitate the preparation of consolidated financial information.

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The process of consolidation and preparation of financial information is carried out centrally.
IT applications are organized according to a management model structured around the requirements of a banking IT system. This structure includes different areas providing different types of services:
- general IT systems that supply data to the area or unit heads.
management systems that provide business monitoring and control information.
- operational systems, i.e. applications to cover the full life-cycle of products, contracts and customers. - structural systems, that support data shared by all applications and services. These systems include all systems related to accounting and economic data.

A key objective of this model is to provide the infrastructure needed to run the software that manages all transactions and their subsequent accounting treatment and to allow access to the various types of support data. Based on this accounting infrastructure, processes are developed for the preparation, communication and storage of all regulatory financial reporting and internal accounting data, under the supervision of the Management Control Department.
Financial information is consolidated and prepared through a centralized process run by the Management Control Department. Subsidiaries are responsible for their own account-keeping in the dedicated and all report accounting information in Spanish GAAP format.

The consolidation process is very straightforward and is carried out half-yearly using an office software programme. There are nevertheless procedures to control and verify the information to ensure that intragroup items are identified and eliminated in the consolidation process. Also, to ensure the information is accurate and complete, the consolidation software is programmed to make the adjustments to eliminate intragroup equity holdings and transactions, which is done automatically in accordance with the validation procedures defined in the system.

F.5. **Monitoring of system operations.**

Report, highlighting as a minimum the main features of:

F.5.1 The Audit Committee's ICFR supervisory activities and whether the company has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Companies should also report on the scope of the ICFR assessment conducted in the year and the procedure by which the assessor communicates its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

Internal Audit regularly presents to the Audit Committee the results of its verification and validation work, and the resulting action plans. Work done by the external auditor or other independent experts follow the same procedure.
The minutes of the Audit Committee document the work done from its planning to the reviews of results obtained.

Internal Audit functions are carried out by the Internal Audit Department of Caja Rural de Navarra which reports to the Audit Committee.

The Audit Committee relies on the Internal Audit Department to monitor the Internal Control System and ICFR. Internal Audit reviews the risk management systems, internal operating procedures and compliance with internal and external regulations.

The assessments carried out by the Internal Audit Department cover certain aspects of the process of financial reporting, mainly taking the form of reviews of accounting issues.

The reports and documents produced as a result of these reviews show the recommendations for various improvements and the impact each would have on financial reporting.

F.5.2 Indicate whether there is a discussion procedure whereby the auditor (pursuant to technical accounting standards), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The auditor issues an annual report of recommendations which is presented to the Audit Committee. This sets out any weaknesses in the internal control procedures identified during the audit of the financial statements. The report is passed on to the units/areas concerned which are then responsible for proposing improvements to resolve the weaknesses identified.

The rules of procedure of the Audit Committee include the following functions:

- To propose the appointment of an external auditor for the Bank and Group subsidiaries, the terms of their engagement, the scope of their professional mandate and if applicable, their termination or non-renewal
- To supervise the internal audit function and monitor the work of the external auditors.
- To review the final auditors' report, discussing, where necessary, any points that it considers appropriate, before these are made known to the Governing Board.
- To oversee follow-up of recommendations made by internal and external audits.

F.6. **Other relevant information.**

Nothing to report.

F.7. **Auditor's report.**

Report on:

F.7.1 Whether the ICFR information delivered to the markets has been reviewed by the external auditor. If it has, the Entity is to include the corresponding report as an Annex. If it has not, the reasons for the absence of this review should be stated.

The ICFR information delivered to the markets has not been reviewed by the external auditor in line with the policy on other information in the Annual Corporate Governance Report, only the accounting content of which is reviewed by the auditor. Also, it was felt that an external audit of the ICFR information delivered to the markets would be largely redundant, as technical audit standards require, in any case, that the external auditor review internal control as part of its audit of the financial statements.

CNMV COMISIÓN NACIONAL DEL MERCADO DE VALORES

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS – NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES – THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

G. OTHER DISCLOSURES OF INTEREST

Briefly describe any other material points affecting the corporate governance of the company or its group subsidiaries that have not been included elsewhere in this Report, but which are essential to the full and reasoned disclosure of the company's or group's governance structure and practices:

This section may also include any other relevant but not re-iterative information, clarification or detail related to previous sections of the report.

Specifically, indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

The company can also indicate whether it has voluntarily signed up to any other codes of ethics or best practice, whether international, industry-specific or covering some other scope. If so, the company should identify the code and its date of adoption..

Caja Rural de Navarra's good governance model includes the following best practices:
- A Customer Service Department, as required by the Bank of Spain, which handles all claims and suggestions through the different available channels.
- A Regulatory Compliance Unit, which oversees strict compliance by the Bank with laws in force on: Corporate governance, prevention of money-laundering, data protection, criminal liability and customer protection in the marketing of banking and investment product and services.
- The Bank has a code of conduct for managers and employees of the Bank approved by the Governing Board.- The Bank has approved a handbook summarising the Bank's Marketing Communications Policy.- The Bank has a handbook which summarises the Bank's anti-corruption policy.
- The Bank has handbook summarising the Policy on Purchases and Expenses Management for the Bank.
- The Bank has an Internal Governance System that aims to:
i) promote transparent, independent, effective and prudent management of the Company and its Group, in compliance with the requirements of regulators and supervisors; ii) To clearly attribute responsibilities and competences for internal control, including defining audit and internal control units and functions. iii) To make sure that decisions are taken in an appropriately informed manner and in the interest of the Bank and hence its members and to look after the interests of investors, customers, employees and other stakeholders.

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The section below highlights any corporate governance issues that the Bank considers material and expands on previous sections of this report where the Bank considers it appropriate.
The information given in section A.4 complies with the requirements of the applicable standards: Act 13/1989, on Cooperative Credit Institutions, Royal Decree 84/1993, of 22 January, on Regulation of Cooperative Credit Institutions, and Act 27/1999, on Cooperatives.
In section C.1.2., which lists members of the Governing Board, it should be noted that the Board is currently chaired by Ignacio Terés Los Arcos.
The suitability for their post of people covered by regulation 30 of Bank of Spain Circular 2/2016 and EBA Guidelines 2017/12 on the assessment of the suitability of members of the management body and key function holders, is assessed by the Bank's Appointments Committee as one of its functions. The suitability of those joining the Bank's Governing Board for the first time is also assessed by the Bank of Spain, whose approval is essential for anyone to take up their post on the Board.
The Appointments Committee also assesses issues of incompatibility in compliance with regulation 34 of Bank of Spain Circular 2/2016 and EBA Guidelines 2017/12 on the assessment of the suitability of members of the management body and key function holders, looking at each member of the Bank's Governing Board and General Management. This information is passed on to the Bank of Spain on request for its controls in this respect.

REMUNERATION OF GOVERNING BOARD

The per diems approved at the General Meeting of 9 May 2014 to remunerate Caja Rural de Navarra's directors for attending Board and Committee meetings were approved with quorum of 77 people, 1,253 valid votes, 1,253 votes in favour, 0 against and 0 abstentions. Total remuneration (in thousands of euros) accrued by each board member is as follows: -Ignacio Terés Los Arcos: 19.1
-Carlos Sanchez Diestro: 4.9
-Alberto Arrondo Lahera: 1.8
-Pedro Jesús Irisarri Valencia: 4.9
-Manuel Garcia Diaz de Cerio: 2
-Fernando Olleta Gayarre: 2
-Marcelino Etayo Andueza: 4.8
-Roberto Zabaleta Ciriza: 1.5
-Jesus Maria del Castillo Torres: 1.9
-Gabriel Urrutia Aicega: 1.8
-Jose Joaquin Rodriguez Eguilaz: 1.7
-Fermín Esandi Santesteban: 2
-Pedro José Goñi Juampérez: 2.1
-Ignacio Zabaleta Jurio: 4.4

INFORMATION ON IDENTIFIED PERSONNEL IN ACCORDANCE WITH REGULATION 1 OF BANK OF SPAIN CIRCULAR 2/2016

Regarding identified personnel as specified in the Circular's regulation 1, the functions of personnel whose professional activities have a material impact on the risk profile were as follows:
- General management: 1 person
- Risk: 1 person
- Internal audit: 1 person
- Compliance: 1 person
- Sales management: 1 person
- Sales network: 1 person
- Corporate clients management: 1 person
- Treasury: 1 person
- Management control: 1 person
- Head of equity investments: 1 person
- Head of legal affairs: 1 person
- Head of human resources: 1 person
- Head of technology and organization: 1 person
- Head of housing and real estate assets: 1 person

Total remuneration paid to this group in 2020 was EUR 1,926 thousand.
Remuneration to the identified group is paid as fixed individual remuneration to fairly reflect each employee's responsibility and professional career. This is reviewed regularly (at least annually) and changed where appropriate. The Remuneration Committee analyses the basic principles of the policy applied.

Remuneration is adjusted through variable remuneration taking account of the results of each working team and the overall results of the Bank. They are always based on the qualitative issues most closely related to long-term performance (maintenance of the customer base, customer satisfaction, balanced growth in terms of segments and products, etc.). Part of this remuneration may be deferred for between 3 and 5 years, tied to completion of the Strategic Plan for this period. No variable remuneration exceeding 100% of fixed remuneration has ever been approved.

ANNUAL CORPORATE GOVERNANCE REPORT BY OTHER INSTITUTIONS –
NOT CAJAS DE AHORROS OR STATE OR PUBLIC COMPANIES –
THAT ISSUE SECURITIES TRADED ON OFFICIAL MARKETS

This Annual Corporate Governance Report was approved by the Company's Board at the meeting held on:

[26/02/2021]

List the directors that voted against or abstained from approving this report:

CSR REPORT AND NON-FINANCIAL STATEMENTS 2020

CORPORATE SOCIAL RESPONSIBILITY REPORT OF CAJA RURAL DE NAVARRA AND CONSOLIDATED NON-FINANCIAL STATEMENTS OF THE CAJA RURAL DE NAVARRA GROUP 2020

External verification date 23 april 2021 · www.cajaruraldenavarra.com

In this Corporate Social Responsibility Report Caja Rural de Navarra has comprehensively applied GRI Standards which have been verified by Aenor as external assurer.

Annex II contains the 2020 Non-Financial Statements in accordance with Act 11/2018 of 28 December.

Contents

Chairman's letter

It is hard to summarise a year as complex and unexpected as 2020. A year that will be mainly remembered for the Covid-19 pandemic, a health crisis unprecedented in our recent history. It threw down new social challenges, including constraints on travel and business, and led to the worldwide social and economic consequences we now face.

Over these tough months, we lived times of weakness, loneliness and sadness. But we should not forget the many small spontaneous actions and inspiring contributions made by a host of professionals and strangers, which helped mitigate the consequences of the "state of alarm", breathing the spirit of hope back into our communities.

In such grave circumstances, we were called on to give of our best from day one. Banking was deemed an essential service and we kept our entire branch network open to serve the public, despite the health challenges, ensuring local communities could continue to function. For this reason, 2020 will also be remembered as a year of commitment. Commitment to our customers and employees, to our local districts, villages, towns and cities, and to wider society by putting in place a wide range of measures. A hard year, but a year that we can look back on with some satisfaction thanks to the effort and commitment shown by the whole organization.

But life goes on and we cannot stand still. We need to react and look forward, change and lay foundations that secure our future and that of new generations. We need to look beyond governments and public policy. Companies, social partners and the general public, we must all act with the greatest responsibility and minimise uncertainty. This is why, at Caja Rural de Navarra, we continue to create spaces that command the confidence of our customers and enhance the safety and stability of our community, once again showing the commitment and attachment to the region that is the hallmark of our cooperative banking model.

Our efforts should focus on supporting families, the self-employed, companies and institutions, helping them recover and consolidate their lives, while we target social and economic recovery. This will unquestionably be the greatest contribution we can make in current complex and uncertain times.

Also, in Caja Rural de Navarra we will be working hard to align our actions with the priorities set by the EU, to try and promote a carbon-neutral and green Europe, a Europe adapted to the digital era and an economy that works for people. This is best guarantee that we can work together to build a future that is more prosperous, more sustainable and helps us achieve the regional and social cohesion we need.

The economic crisis unleashed by the pandemic demands new answers. It also makes us very aware of the consequences of our actions. Now more than ever, we need to push forward a more responsible and inclusive economic model, one that channels investment into industries and activities that can deliver a more sustainable future. We are confronting a host of global challenges, including technological-digital transition, energy-climate transition and the social and healthcare transition.

It is obvious that this new world will demand innovation on our part. To do this, we will need to rely on talent. We are lucky enough to have the best educated generation in our history and so we are sure that, between us, we will be able to achieve our mission and make our contribution to the progress of society.

IGNACIO TERÉS LOS ARCOS
President

2. ABOUT THE REPORT

2.1 ABOUT THE REPORT

This is the fourth Corporate Social Responsibility Report, based on data at 31 December 2020 and compiled in accordance with GRI standards with a closely drawn focus on the most significant disclosures and the same scope as the first and second reports.

In Annex II Caja Rural de Navarra publishes the Non-Financial Statements for the consolidated Group in accordance with Law 11/2018 of 28 December, on non-financial information and diversity, including European Commission Communication 2017/C 215/01 on Guidelines for the presentation of non-financial reports.

The report seeks to give an overall view of Caja Rural de Navarra's progress in 2020, its management model, its place in the Spanish financial system and its exercise of corporate social responsibility in the various areas where it applies.

The report contains the most relevant economic and financial and corporate governance information, as well as information on the social and environmental issues that have been judged material by our stakeholders.

As for the reporting scope, we report on Caja Rural de Navarra, as a financial institution, and in Annex II we also report on the set of companies in which it invests and those included in its scope of consolidation.

Regarding dissemination of the report, we plan to issue it through the following channels:
Made available to people and agents who contributed to its preparation.
Publication on ***www.cajaruraldenavarra.com***

Request for information:
Information that is not included in this report can be found at www.cajaruraldenavarra.com, or requested by applying to the contact addresses below:

e-mail:
The Customer Service section of the website:
cajaruraldenavarra.com/atención-cliente
Email: info@crnavarra.com

mail:
Servicio de Atención al Cliente
CAJA RURAL DE NAVARRA
Plaza de los Fueros 1
31003 Pamplona.

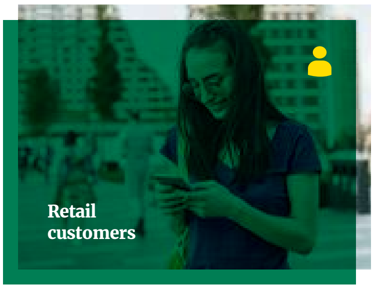
In 2017, Caja Rural de Navarra prepared its first CSR report. In 2018, it published the second CSR report for Caja Rural de Navarra and the Non-financial Statement for the Caja Rural de Navarra Consolidated Group, with external assurance by Aenor. Aenor has also assured the 2020 report and non-financial statements for Caja Rural de Navarra.

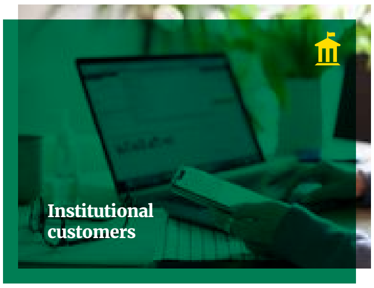
2.2 DIALOGUE WITH STAKEHOLDERS

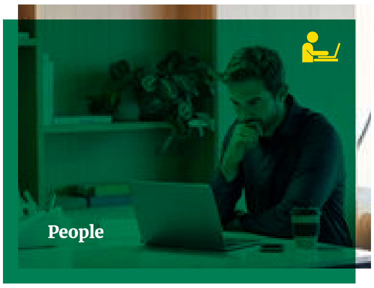
Dialogue with stakeholders was seen not only as an essential tool to determine what should be included in the report but also as a channel though which the Bank's different stakeholders could participate actively in its CSR strategy.

Caja Rural de Navarra has identified the people or groups of people which have an impact on or are affected by its activities, products and services and which therefore have a stake in Caja Rural de Navarra.

It is important to embed a commitment to stakeholders. This means initiating a range of actions and efforts to understand and involve these groups in the Bank's activities and decision-making.







Caja Rural de Navarra's management of its stakeholders is based on trust and open dialogue, which allows us to forge close relationships with each of them, understand their needs and expectations and make commitments to improve.

The abovementioned groups have been consulted by Caja Rural de Navarra to determine which CSR issues they see as most pressing for Caja Rural de Navarra and this has been distilled into a single priority list of relevant material issues for the stakeholders consulted.

Channels for communication with stakeholders:

Caja Rural de Navarra has set up a number of channels and mechanisms to generate dialogue with its stakeholders. All the information collected and analysed through these dialogue processes feeds into future CSR guidelines and initiatives.

STAKEHOLDERS	COMMUNICATION CHANNELS
CUSTOMERS Retail Corporate Private banking Institutions	Customer services - Social networks Quality reviews – *Te escuchamos* Customer satisfaction assessment Suggestion box cajaruraldenavarra.com website General commercial relationships Materiality Survey for this report Personal materiality interviews for this report Materiality Focus Group with corporate customers for this report
EMPLOYEES	Caja Rural de Navarra intranet Internal website: ideas and experiences Comité de Empresa (works council) Internal Communication Group Materiality Focus Group for this report Materiality survey of Caja Rural de Navarra employees for this report
SUPPLIERS	Commercial and contractual relationships Quality surveys Materiality survey of Caja Rural de Navarra's main suppliers for this report

2.3 EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION

As part of the process of preparing the CSR report in accordance with GRI standards (www.globalreporting.org/standards), Caja Rural de Navarra drew up a materiality review for the 2018 CSR report, at Bank scope (Caja Rural de Navarra).

The aim is to identify those issues that most impact the organization and its stakeholders and which it is therefore essential to report on.

The guidelines state that sustainability reporting should be based on the following principles: stakeholder inclusiveness, sustainability context, materiality and completeness.

In applying these principles to report content, Caja Rural de Navarra has defined and applied a number of methodologies to identify which issues are material.

This document summarises the main conclusions of Caja Rural de Navarra's materiality analysis, which was carried out between December 2017 and March 2018 and updated in March 2019. The next consultation will be carried out in 2021.

EXTERNAL VIEW	CONSULTANCY METHODS	SAMPLE/RESPONSES
Retail customers	**Online questionnaire**	
Private banking customers	**Focus group with managers**	
	Face-to-face interviews with customers	
	Written questionnaire	
Corporate customers	**Focus group with managers**	
	Focus Group with customers	
	Face-to-face interviews with customers	
	Written questionnaire	
Institutional customers	**Online questionnaire**	
Employees	**Focus Group with the Internal Communications Committee**	
	2018 Questionnaire	
	2019 Questionnaire	
Suppliers	**2018 Questionnaire**	
	2019 Questionnaire	

INTERNAL VIEW	CONSULTANCY METHODS	RESPONSES
Management Committee	**Online questionnaire**	**31**

After analysing the consultations with stakeholders, the areas of information considered to be a priority by each stakeholder group and on which Caja Rural de Navarra should therefore report were found to be:

RETAIL CUSTOMERS

- Caja Rural de Navarra's CSR policy and social engagement
- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.
- Corporate information: strategy, corporate structure and organization, etc.

INSTITUTIONAL CUSTOMERS

- Caja Rural de Navarra's CSR policy and social engagement.
- Corporate information: strategy, corporate structure and organization, etc.
- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.

PRIVATE BANKING CUSTOMERS

- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.
- Corporate information: strategy, corporate structure and organization, etc.
- Caja Rural de Navarra's CSR policy and social engagement.

PEOPLE

- Financial strength of the Bank and global risk management.
- Caja Rural de Navarra's CSR policy and social engagement.
- Marketing transparency.
- Quality of service and customer satisfaction.
- Work-life balance.

CORPORATE CLIENTS

- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.
- Corporate information: strategy, corporate structure and organization, etc.
- Caja Rural de Navarra's CSR policy and social engagement.

SUPPLIERS

- Strategy of the organization.
- Corporate structure and organization.
- Quality of service and customer satisfaction.

Caja Rural de Navarra's process for defining materiality includes internal and external factors to identify the material scopes.

To this end, once stakeholders' priorities have been identified, the vision and strategy of Caja Rural de Navarra will be included through consultation with members of the Management Committee and product managers.

STAKEHOLDER PRIORITIES **EXTERNAL VISION**

ASPECTS

HIGH
- Quality of service and customer satisfaction
- Caja Rural de Navarra's CSR policy and social engagement
- Marketing transparency
- Financial strength of the Bank and global risk management
- Strategy of the organization
- Corporate culture
- Commercial model
- Handling of suggestions, claims and complaints
- Corporate structure and organization
- Marketing channels

MEDIUM
- Personal development
- Work-life balance
- Equality and diversity
- Education and environmental awareness
- Code of conduct

LOW
- Reduction of consumables
- Payment systems
- Contracting criteria

STAKEHOLDER PRIORITIES **INTERNAL VISION**

ASPECTS

HIGH
- Financial strength of the Bank and global risk management
- Strategy of the organization
- Caja Rural de Navarra's CSR policy and social engagement
- Marketing transparency

MEDIUM
- Quality of service and customer satisfaction
- Corporate culture
- Corporate structure and organization
- Code of conduct

LOW
- Marketing channels
- Commercial model
- Personal development
- Equality and diversity
- Work-life balance
- Handling of suggestions, claims and complaints
- Contracting criteria
- Payment systems
- Reduction of consumables
- Education and environmental awareness

STAKEHOLDER PRIORITIES **GLOBAL VISION**

ASPECTS

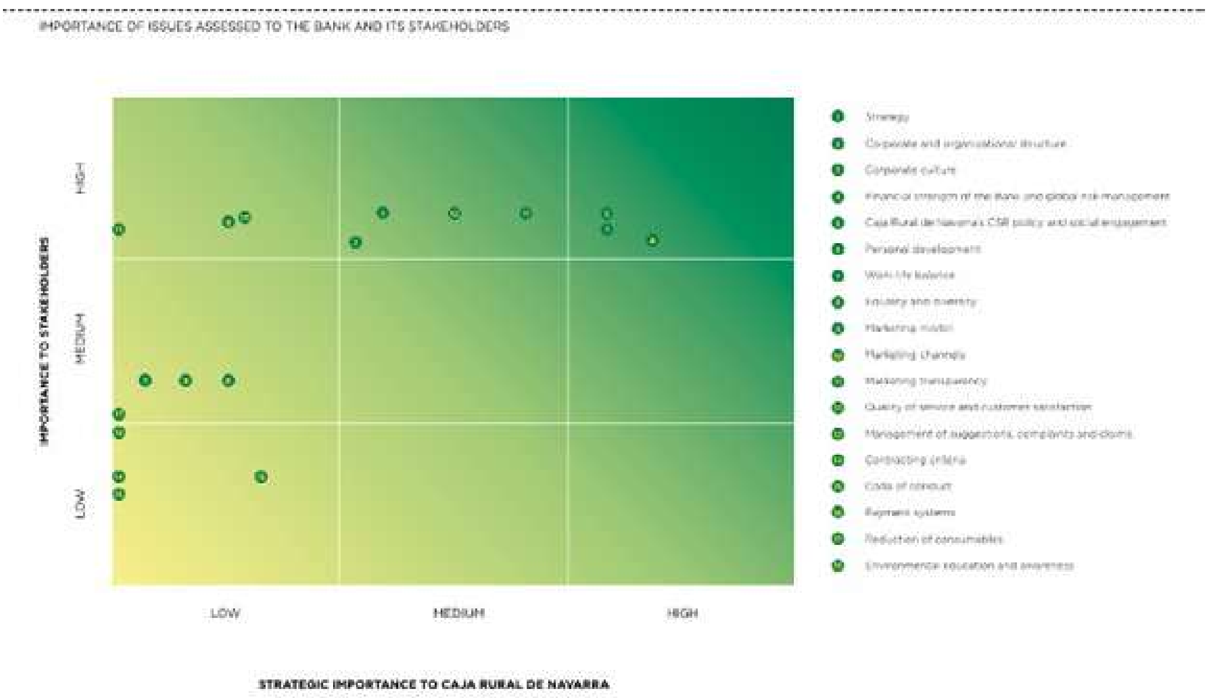
HIGH
- Financial strength of the Bank and global risk management
- Caja Rural de Navarra's CSR policy and social engagement
- Strategy of the organization
- Marketing transparency
- Quality of service and customer satisfaction
- Corporate culture

MEDIUM
- Corporate structure and organization
- Commercial model
- Marketing channels
- Handling of suggestions, claims and complaints
- Code of conduct

Personal development

LOW
- Equality and diversity
- Work-life balance
- Education and environmental awareness
- Reduction of consumables
- Payment systems
- Contracting criteria

ECONOMIC **SOCIAL** **ENVIRONMENTAL**



Caja Rural de Navarra's materiality analysis identified the following issues for inclusion in the CSR Report:

ECONOMIC

Financial strength of the Bank and global risk management.

Strategy of the organization.

Marketing transparency.

Quality of service and customer satisfaction.

SOCIAL

Caja Rural de Navarra's CSR policy and social engagement.

Corporate culture.

Employee issues were not identified as material. Nevertheless, this report sets out the organization's measures in this field and its management focus.

ENVIRONMENTAL

No environmental issues were identified as material. Unsurprising, given the nature of Caja Rural de Navarra's activity.

Nevertheless, this report sets out the organization's measures in the environmental field as testimony to the company's commitment to the environment.

The materiality analysis also yielded interesting information on our stakeholders which will feed into the design of our Corporate Social Responsibility Plan during the next few years.

The materiality analysis carried out between December 2017 and March 2018 was updated in 2019 to incorporate enhanced consultation with employee and supplier stakeholders. The issues considered material did not change as a result.

2.4 MANAGEMENT FOCUS

Guided by the conclusions of the materiality analysis following consultation with our stakeholders, Caja Rural de Navarra bases its relationship with its stakeholders on the following criteria:

1. CUSTOMERS

The Bank focuses overwhelmingly on local and retail banking. Little surprise then that the main points identified in our materiality matrix have to do with how we relate to our customers (retail, private banking, corporate and institutional).

The Bank prioritises responsible banking with a long-term view of its customers' needs regarding products (transparency and advice on investment and financing products) and in its marketing processes, emphasising local connections and quality of service.

See the "Customers" section below for further details of the Bank's activities in this area.

2. THE TEAM

Regarding employees, the materiality analysis identified a number of key points to which the Bank is paying special attention. Particularly important were the issues of involving the team in strategy, career management plans, training and a policy on professional selection and development based on merit and effort.

All this is being implemented over a long-term horizon, something we believe is fundamental to avoid conflicts of interest and make sure the work being done by our teams aligns with the aims of our different stakeholder groups, a crucial point for a services company if it is to flourish over the long term.

3. THE COMPANY

Our relationship with wider society is a differentiating factor for Caja Rural de Navarra. Our structure as a regional cooperative bank inevitably implies a close relationship with the region where we operate and a longer term vision. This reflects its cooperative ownership and business structure, which helps limit the risk of taking decisions on too short term a basis or where the interests of one group take excessive precedence over the rest.

On this point, it is essential for the Bank that society in the regions where we operate continues to see us as a local institution, supporting local initiatives, which has a far more direct knowledge of the economic and social realities of the towns and cities in our regions, and which supports key social groups to support long-term community development, such as SMEs, entrepreneurs, grass-roots sport, educational and cultural activities, etc. with an inclusive focus for the different social groups that is sustainable over time.

4. ENVIRONMENT

As a financial services institution, the Bank has limited direct material impact on environmental issues. Nonetheless, the Bank is developing multiple initiatives not only by reducing the negative impact of its own activities but also by supporting initiatives designed to improve the environment in our regions through training, awareness-raising, direct investment in environmental business projects (forest development, renewable energy, etc.) and by supporting projects to improve the environment through its financing lines (sustainable farming, sustainable forestry, waste management, renewable energy and energy efficiency).

5. SUPPLIERS

Caja Rural de Navarra seeks to maintain with its suppliers and partner companies a close, respectful, trusting and transparent relationship which promotes in-depth knowledge of the companies we contract with and confidence in the quality of the services provided, as we explain in greater detail below.

In its selection processes, the Bank measures suppliers against its own set of ethical principles, which besides including quality and financial costs, also requires that companies respect workers' rights, behave transparently and have a clean record on social and environmental issues.

2.5 STRATEGY

Caja Rural de Navarra is a cooperative institution specialising in retail and regional banking, which serves its customers through a network of 254 branches in the regions of Comunidad Foral de Navarra, the Basque Autonomous Region and La Rioja as well as through its virtual channels.

The Bank is drawing up a new strategic plan. In 2019, the 2016-2019 Plan was successfully completed. 2020 was the first year of a new 3-year Strategic Plan, running from 2020-2022 and supported by annual action plans.

The key principles of strategic planning are based on balanced growth which allows the Bank to keep growing market share in all areas where it operates while maintaining its differentiating model of a regional retail cooperative bank.

To achieve this, it is essential to maintain the levels of profit, efficiency, solvency and liquidity set out in the Strategic Plan, as well as to develop a marketing approach that meets the needs of customers and adapts as necessary to the needs of each segment and type of demand. An important tool for this is the service the Bank offers its customers through Ruralvía, its digital banking facility, accessible through a range of devices including computers, smart phone, tablet and other IT apps (Ruralvía pay, etc.) as well as the ATM network.

The Bank also belongs to the Caja Rural Group, a financial group based on a federal banking model. This overcomes the limitations of its member Rural Credit Cooperatives regarding scale and the geographical reach of their business while safeguarding their full autonomy and the essential requirement of banking effectiveness and business efficiency.

To run its business, the Caja Rural Group relies on shared central services provided by the companies set up by the group and covering each of the main business areas of the member Rural Credit Cooperatives. The Banco Cooperativo Español, Seguros RGA and Rural Servicios Informáticos give the group a competitive edge in meeting the challenges of an increasingly innovative and demanding market.

The main challenges and strategies of the Bank can be summed up as achieving the profitability to guarantee its future sustainability through a high-quality financial offer and a cost structure that provides the necessary competitiveness.

The strategy is to be a leader, or a benchmark institution, in its natural market. The Bank is an integral part of society and, by virtue of its origins and deep roots in local communities, is an important and energizing contributor to social development.

It is also fully committed to its environment, on which the Bank is completely dependent for its own development, while always taking a long-term view.
The Caja Rural de Navarra network has grown to 254 branches in Navarre, the Basque Autonomous Region and La Rioja (including a commercial office in Madrid).

2.6 CAJA RURAL DE NAVARRA STRATEGIC PLAN

Strategic planning has long been one of the Bank's key management tools, with a series of plans over several years. The four-year plan drawn up in 2015 was completed in 2019. We can firmly declare the plan successfully achieved its objectives.
In the objectives set for the first year of the new 2020-2022 Plan, we can state that in general expectations were met, with a few areas where efforts fell short, as follows:

• **Loans and Advances:**

Performed in line with the plan. Total lending grew by 7.97%, a shortfall of just EUR 7 million a year. In provinces outside Navarre, lending grew by nearly 12% , beating its 10% target.

• **Liabilities:**

Liabilities hugely outperformed their budgeted target in the Strategic Plan. The Plan expected branches to be holding EUR 9,314 million of funds from customers at end-2020. The actual figure was EUR 10,037 million (growth of 15.40%) beating the full-period growth target of 7% annually. Half the outperformance came from outside Navarre, with growth in the Basque country and La Rioja stronger than in the Navarre branches.

• **New customers:**

This item was affected by the pandemic, and we failed to meet the target of 36,750 new customers. We effectively hit the target for legal entities, with 3,847 new firms signing up compared to 3,850 budgeted, but on individuals we only achieved 80% of the target: 25,690 recruited compared to a target of 32,900. In both metrics, around 55% of new customers came through branches in the Basque country and La Rioja.

• **Non-performing loans:**
Despite the pandemic, budgeted NPLs were close to the actual outturn. This picture is expected to worsen in 2021 and 2022. We ended 2020 with an NPL balance of EUR 189 million, compared to the budget target of EUR 169 million.

• **Profit:**

Net income in 2020 was EUR 81,392 thousand, closely in line with the annual target.

• **Solvency:**

The definitive solvency ratio – measured as the fully loaded Common Equity Tier 1 (CET1) ratio, the highest-quality capital – at 31 December 2020 was 18.28%. The end-Plan objective was 17.66%. The phase-in CET1 ratio at the same date was 18.28%. The difference between the two ratios is that during the transitional phase extraordinary provisions taken for Covid can be counted as capital.

The Bank still enjoys a very robust level of solvency. All capital is of the highest quality. No other instruments are counted toward capital.

Overall, we can report that we hit most of the economic targets set in the Plan, improved market share and expanded our network in the Álava market (1 new branch).

3. ABOUT US – STRUCTURE OF THE BANK

3.1 ABOUT US

Caja Rural de Navarra is a credit institution that operates in Spain. Although its origins date back to 1910 as the central body for several Navarre cooperatives, Caja Rural de Navarra was founded in its current legal form in 1946. It is subject to the laws and regulations on credit institutions operating in Spain including Act 13/1989, of 26 May, on Cooperative Credit Institutions, Royal Decree 84/1993, of 22 January, and Act 27/1999, of 16 July, on Cooperatives. The Bank is governed by its articles of association, as officially amended to comply with Act 27/1999.

It is a member of the Deposit Guarantees Fund and registered in the Special Register of Banks and Bankers under number 3008.

Caja Rural de Navarra has 176,042 members (at 31 December 2020) representing a wide diversity of sectors and society. The Company has no majority or controlling members.

Its business originally focused on the agri-foods and fisheries sector but developed over the years as the region became increasingly industrialized. Now, Caja Rural de Navarra operates a universal banking model, with members and customers giving it a presence in all sectors of the economy, and with a culture based on transparency, responsibility, austerity and risk management.

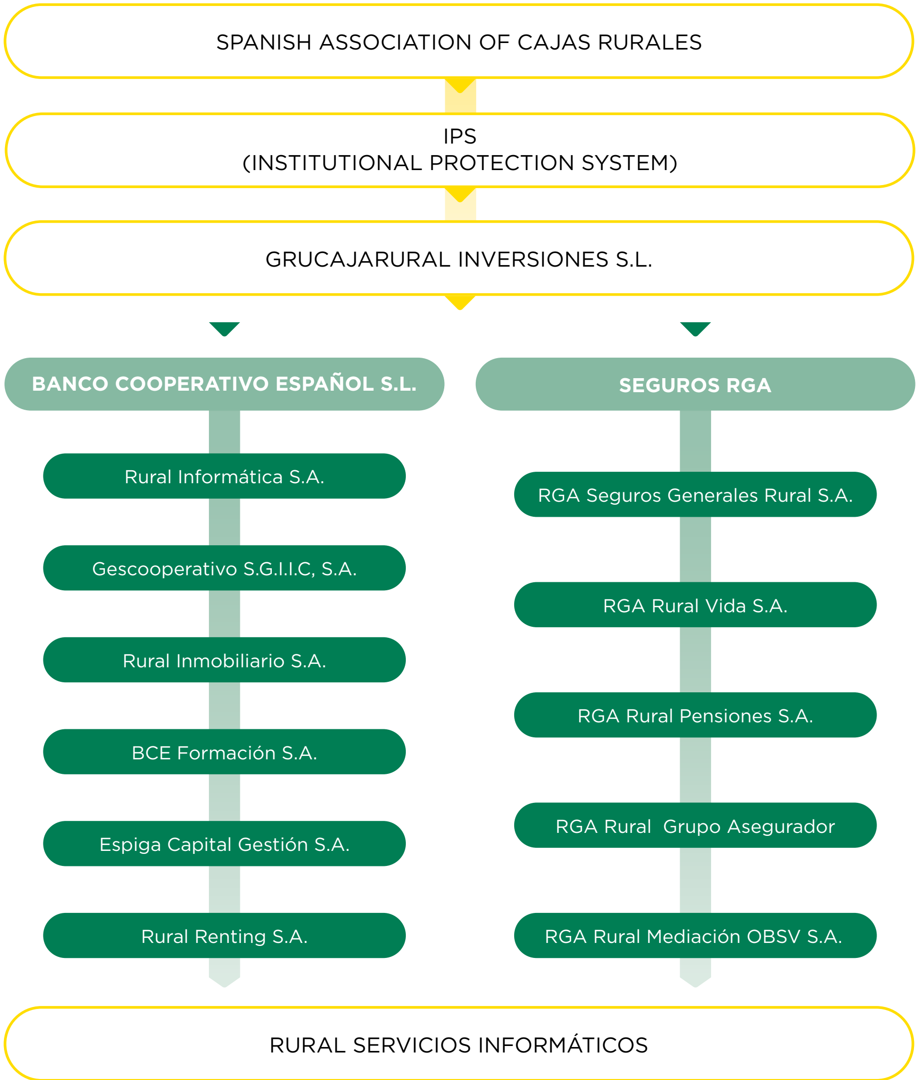
It retains its local focus and, following the tradition of the European cooperative model, its financial activities serve all retail banking segments (retail, corporate, the self-employed, institutions, etc.) through a network of 254 branches in the regions of the Comunidad Foral de Navarra, Basque Country and La Rioja. There is one more branch than last year. None closed in 2020.

Its strategy is local growth. Despite the radical changes that have redrawn the map of Spanish banking in recent years, it has been neither the object nor protagonist of any mergers and has retained its name and the historical brand of Caja Rural de Navarra.

The Bank has based its business model on pursuing continued growth over time and has proved successful in improving its market position, financial statements, solvency and liquidity.

Caja Rural de Navarra has been, since the early 1990s, a founding member of the "Grupo Caja Rural" (the "Group" or "Caja Rural Group") in which regional cooperative banks came together as a way to generate synergies and economies of scale. It should be clarified, however, that this association is not a "Group" in the sense of Article 42 of the Spanish Commercial Code. The system of association based on a federated banking model means members can retain their independence and autonomy, enabling them to fulfil the essential prerequisites of banking activity and business efficiency, while overcoming the potential limitations of small scale and regional scope. Currently, the Group's corporate structure looks as follows:

CORPORATE STRUCTURE OF THE GROUP



This model is based on the European cooperative banking model (Crédit Agricole in France, DZ Bank in Germany, Rabobank in the Netherlands, etc.) and provides greater security and stability to its member institutions. Its core principles are strong regional roots and collaboration in the economic and social development of the local communities where member institutions operate.

1. Spanish Association of Cajas Rurales

An association constituted under Organic Act 1/2002 of 22 March regulating the Right of Association in Spain and additional regulations, with its own legal personality and authorised to work, on a not-for-profit basis, for the fulfilment of the corporate purposes for which it is founded, these generally being to foment cooperation between its member institutions, so strengthening their solvency and stability and improving their functioning and financial results.

The Association was created in 1989 and currently includes 29 Rural Credit Cooperatives, all of which are independent of each other. It is governed by its articles of association and, in matters not covered by these, by applicable regulations. These include as an integral part the Regulations and Disciplinary procedures of the IPS (Institutional Protection Scheme).

The governing bodies of the Association are the General Meeting, attended by all member banks, and the Management Board, which statutorily has between 6 and 12 members. Caja Rural de Navarra, because of its size, has always been a part of the Association's Management Board since its creation. These bodies also exercise governance over the IPS.

A. The IPS, constituted in 2018, is an intercooperative mutual support and defence scheme created within the Association for the benefit of its members. It is an Institutional Protection Scheme in the sense of Article 113.7 of Regulation (EU) no. 575/2013 of the European Parliament and Council of 26 June 2013.

The IPS has no legal personality and is understood as the complex set of assets, rights, obligations and commitments included in the Association's articles of association and its protocols. The purpose of the IPS is to help sustain the financial stability of its members individually and as a whole and help reduce the risk profile of its members.

The IPS's membership is made up of banks belonging to the Spanish Association of Cajas Rurales (the "Association"), the Banco Cooperativo Español and the Holding Company.

The IPS has a Management Committee, constituted as a Delegated committee of the Association's Management Board, which is responsible for day-to-day management of the IPS and acts as its main management body. Caja Rural de Navarra, due to its weight in the Group, is a member of the Management Committee.

B. The Holding Company is owned by the member Rural Credit Cooperatives pro rata their average total assets (ATA) in the Group. Caja Rural de Navarra currently has a 20.76% stake. The Holding Company's name is "Grucajrural Inversiones S.L.". It also owns the shares in the following companies belonging to the Caja Rural Group:

- Seguros RGA, which is composed of the following companies:
    - o RGA Seguros Generales Rural S.A. de Seguros y Reaseguros
    - o RGA Rural Vida S.A. de Seguros y Reaseguros
    - o RGA Rural Pensiones S.A.
    - o RGA Mediación OBSV S.A.
    - o RGA Rural Grupo Asegurador

- Banco Cooperativo Español

Caja Rural de Navarra, because of its weighting within the Group, sits on the Board of Directors of this company, which it also currently chairs.

2. Banco Cooperativo Español S.A.

BCE is an equity investment of the Caja Rural Group, whose capital is 87.98% owned by the member Banks – either directly or indirectly via Grucajarural Inversiones S.L. – and 12% owned by DZ Bank, a similarly inspired German cooperative banking group. Since being set up, BCE has contributed considerable know-how and experience to the Group and given it an international dimension.

The main purpose of Banco Cooperativo Español, set up in 1990, is to help the Group's banks achieve an appropriate market position and exploit the synergies and competitive advantages offered by their association. To achieve this, the bank is segmented into different specialist areas, responsible for dealing efficiently with shareholders and customers. These are: Retail, Corporate, Private Banking, Treasury and Capital Markets, International, Human Resources, Organization and Legal Affairs and Tax.

The board of directors has 13 members, mostly drawn from Caja Rural Group companies. Caja Rural de Navarra, because of its weighting within the Group, sits on the Board of Directors of BCE. It also currently chairs the Board.
The Group has its own fund manager, Gescooperativo S.G.I.I.C, SA, whose management is controlled by BCE, which is responsible for managing and marketing its in-house Investment Funds.

BCE is also supported in specific aspects of its business by the following companies: Rural Informática S.A., Rural Inmobiliaria S.L., BCE Formación S.A., Espiga Capital Riesgo S.A. and Rural Renting S.A.

Caja Rural de Navarra has no presence on any of these companies' governing bodies as they are operating companies of the bank itself.

Links:

www.bancocooperativo.es
www.gescooperativo.es
www.grupocajarural.es

3. Seguros RGA

Seguros RGA was founded in 1986 with the aim of allowing Rural Credit Cooperatives to offer their customers a broad range of insurance and comprehensive provident solutions.

Members of Caja Rural Group own 100% of the company's capital.

The component companies of Seguros RGA are as follows:

- RGA SEGUROS GENERALES RURAL, SA de Seguros y Reaseguros.
- RGA RURAL VIDA, S.A. de Seguros y Reaseguros.
- RGA RURAL PENSIONES, S.A. Entidad Gestora de Fondos de Pensiones.
- RGA MEDIACIÓN, Operador de Banca-Seguros Vinculado, S.A.
- RGA GRUPO ASEGURADOR, Agrupación de Interés Económico.

Caja Rural de Navarra is represented on the Boards of Directors of RGA SEGUROS GENERALES RURAL, SA and RGA RURAL VIDA, SA. The board of directors has 12 members mostly drawn from Caja Rural Group companies. Links:

www.segurosrga.es

4. Rural Servicios Informáticos (RSI)

Rural Servicios Informáticos, created in 1986, is Caja Rural Group's vehicle for defining and implementing the shared strategy for automated data processing at the Caja Rural Group. It is a Banking IT firm that designs, develops and manages solutions and services for Caja Rural Group Banks and now also for other customers.

RSI's share capital is wholly owned by the Caja Rural Group institutions. The Board of Directors has 12 members, all representatives of Group entities. Caja Rural de Navarra, because of its weighting within the Group has always had a seat on the Board.

It currently has a 19.05% stake in the company.

A. Nessa Global Banking Solutions

Created in 2011, Nessa Global Banking Solutions is the vehicle through which RSI does business in international markets with companies outside the Caja Rural Group. It gives RSI a presence in four continents: Asia, America, Africa and Europe.

At the moment, it is governed by a Sole Director who acts as its top representative and management body. Caja Rural de Navarra currently has a 14.43% stake in the company.

B. Docalia S.L.

Docalia was created in 2003 when it was spun out of RSI's Post-Production Services Area. It is now a benchmark in Spain for integrated management and personalization of documents and cheques.

At the moment, it is governed by a Sole Director who acts as its top representative and management body. Caja Rural de Navarra currently has an 19.04% stake in the company. Links:

www.ruralserviciosinformaticos.com
www.nessagbs.com
www.docalia.com

5. UNACC

Caja Rural de Navarra is also a member of UNACC (the National Union of Cooperative Credit Institutions). UNACC was created in 1970 as the trade body for cooperative credit institutions representing the sector at institutional level.

It is a free association and its membership includes all the Cooperative Credit Institutions in Spain. Its core purpose is to represent and defend the interests of its members, promote the credit cooperative model and act as interlocutors and representatives with public authorities and other bodies.

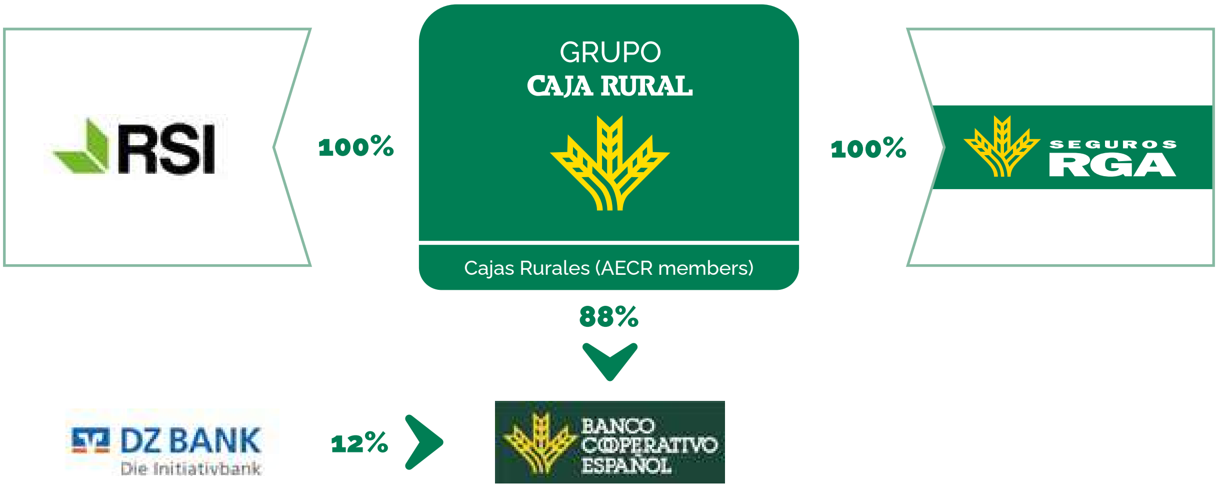
Its governance bodies are: The General Meeting of the 42 cooperatives that are currently members and a 15-strong Governing Board, which Caja Rural de Navarra currently sits on and vice-chairs.

UNACC has an international presence through the EACB (European Association of Cooperative Banks) an umbrella organization for Europe's cooperative credit institutions, which, with a market share of 20%, play an important role in the continent's economic and financial system. The association represents the interests of its 27 members, with their 3,100 affiliated cooperative banks and 80.5 million members, in European institutions.

Links:

www.unacc.com
www.eacb.coop

COMPOSITION OF CAJA RURAL GROUP



CAJA RURAL GROUP – KEY FIGURES:

8.357 EMPLOYEES

2.305 BRANCHES

3.067 ATMS

+ 1,5 million MEMBERS

+ 6,5 million CUSTOMERS

3.2 PROFILE OF THE ORGANIZATION

1. NAME

CAJA RURAL DE NAVARRA, Sociedad Cooperativa de Crédito.

2. LEGAL PERSONALITY (FORM)

Credit Cooperative

3. CORPORATE PURPOSE

To engage in all types of lending and deposit-taking operations and provide services typical of the financial institutions that comprise the Spanish Financial System.

4. REGISTERED OFFICE

Its registered office is in Pamplona, Navarre. Plaza de los Fueros, 1.

5. REGISTRATION AND LICENSES

Registered in the Register of Cooperatives and Limited Partnerships of the Directorate General for the Spanish Labour and Social Security Ministry with number 2163/344.
S.M.T., in the Bank of Spain with number 3008 and the Navarre Companies Register in volume 11, page 175, sheet NA 183.

6. Tax Identification No.

F/31021611

7. CORPORATE BODIES

A. General Meeting
B. Governing Board.

8. SCOPE OF OPERATIONS

Caja Rural de Navarra's territorial scope of operation covers the whole of Spain, although the bank currently operates in the provinces of Navarre, La Rioja, Guipúzcoa, Álava and Vizcaya.

3.3 GOVERNING BODIES

EBA guidelines on internal governance [EBA/GL/2017/11] charge Caja Rural's Governing Board to set up and oversee an appropriate and effective internal control and governance framework which defines an organizational structure which, among other points, governs the internal functions of risk management, compliance and audit, ensuring they have the independence, authority, range and resources to properly fulfil their duties.

In line with the Company's permanent commitment to best corporate governance practice, the Governing Board of Caja Rural de Navarra, approved a System for Internal Governance for Caja Rural de Navarra (the "System"). Its implementation and development will be overseen by the Governing Board with the support of its delegated committees.

The System has the following aims:

1. To promote transparent, independent, effective and prudent management of the Company and its Group, in compliance with the requirements of regulators and supervisors;

2. To clearly attribute responsibilities and competences for internal control, including defining audit and internal control units and functions;

3. To make sure that decisions are taken in an appropriately informed manner and in the interest of Caja Rural de Navarra and hence its members and to look after the interests of investors, customers, employees and other stakeholders.

General principles:

To comply with its aim of ensuring sound and prudent management of the Company, the System and the policies and procedures for its development are based on a number of principles, including the following:

A. Promoting efficient and organised functioning of the Governing Board in coordination with its Committees.

B. Defining appropriately the essential bases of the structure, organization and functioning of Caja Rural de Navarra, guaranteeing efficient strategic coordination.

C. Establishing a robust system of supervision and internal control.

D. Commitment to transparency, fulfilled by defining a System based on clear, transparent and documented decision-making processes.

E. Embedding a corporate culture based on ethical and sustainable action by the Company's governing bodies, control units, management and employees.

F. Appropriate regulatory compliance, ensuring the Bank complies at all times with applicable legal regulations and best practice in corporate governance.

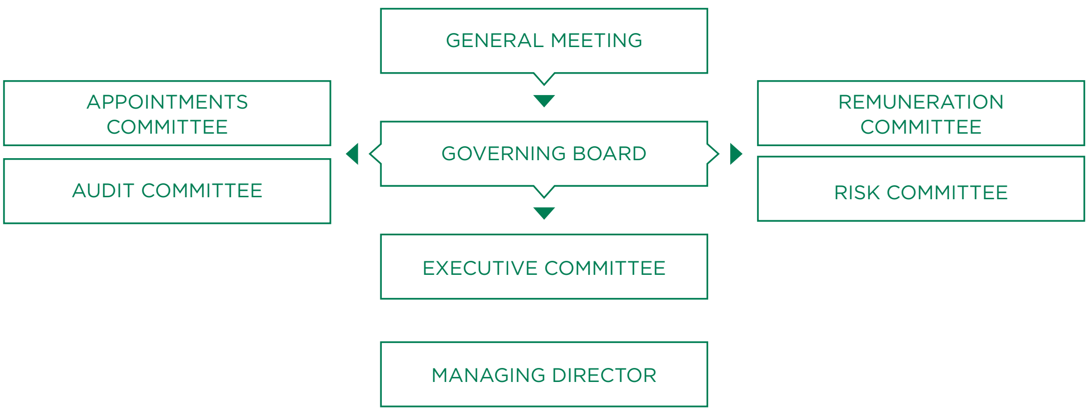
3.3.1 Governing Bodies

Caja Rural de Navarra has a solid, appropriate and transparent corporate structure and management and control model, designed to deliver efficient performance that complies with the principles of good corporate governance. It is a core role of the Governing Board to ensure the Company's structure is aligned with its business and risks model. To this end it conducts regular reviews of the organization and how its changes affect the Company, amending its structure and operations as necessary.

The Company's corporate governance model also includes internal management bodies. At the highest level are the Managing Director supported by the Management Committee. The former is the permanent channel for relations and Communications between the Governing Board and the Company's executive operations as represented by its senior management.

> The corporate structure of Caja Rural de Navarra is as follows:

Corporate structure of Caja Rural de Navarra



Members

Caja Rural de Navarra is a cooperative bank with 176,042 members at 31 December 2020, contributing EUR 169.8 million to the Bank's share capital. The number of members rose by 6,535 since the previous year and the contribution to capital rose by EUR 2,133 thousand.

General Meeting

The General Meeting, constituted by the members or their representatives, is the supreme decision-making body for the Bank. The General Meeting is held following a system of Preparatory Meetings. Members, whether individuals or legal entities, take part in Meetings via delegates appointed at the Preparatory Meetings and cannot reserve the right to attend the General Meeting in person.

Governing Board

The Governing Board is the collegiate body responsible for governance, management and representation of the Bank. Its responsibilities include as a minimum the oversight of executives and representing the cooperative. Its representative powers cover all actions relating to the activities constituting its corporate purpose. It is competent to set general guidelines for actions and to exercise all powers that are not reserved by law or by the articles of association to other corporate bodies. It shall conduct its business in accordance with the law, the articles of association and the general policy set by the General Meeting.

Members of the Governing Board are chosen from among the cooperative's members according to the procedure set out in articles 44 and 45 of the Bank's articles of association. These can be found (in Spanish) at:

www.cajaruraldenavarra.com/cms/estatico/rvia/navarra/ruralvia/es/particulares/informacion_institucional/galeria_descargas/Estatutos_Caja_Rural_de_Navarra.pdf

The Board is made up of a minimum of 5 and a maximum of 15 members: Chairman, Vice-Chairman and Secretary and up to twelve other Board members. Up to 14 members are chosen from among the members by the General Meeting, by secret ballot based on the greatest number of votes. The remaining member is an employee of the Bank appointed by its fixed-contract employees.

The eleven other Board seats, excluding those for corporate officers and the employee representative, are assigned to the different regions where the Bank operates so that all have a member representing their region on the Governing Board.

The Chairman, Vice-Chairman and Secretary can come from any of the regions where the Bank operates.
All Board members must be fit and proper persons who have the knowledge, competences and experience to carry out their functions and can act with honesty, integrity and independence of ideas and dedicate sufficient time to fulfil their functions in the Bank.

The Bank's Appointments Committee assesses whether each Board member meets these criteria both when a person first presents themselves for a seat on the Board and when they seek re-election at the General Meeting. The Bank has a suitability policy and internal regulations on assessing the suitability of senior management and key staff. If the Committee gives its approval, the Bank of Spain must then confirm its decision on suitability and authorise the Board member's registration in the Register of Senior Officers kept by its supervisor.

Also, each year, the Appointments Committee assesses the suitability of the members of the Governing Board as a whole to verify that this body has the knowledge and experience to understand the Bank's business, including the main risks, and confirm that there is nothing to prevent the free expression of opinion and decision-making by any of its members with complete independence.

The Governing Board has rules of procedure setting out measures and guidance for its actions and basic organizational and functional rules and codes of conduct for its members, to improve efficiency, transparency and unity of criteria in the management of Caja Rural de Navarra (the "Bank" or "CRN"). For full rules of procedure see:

https://www.cajaruraldenavarra.com/es/gobierno-corporativo

Governing Board Delegated Committees

The Governing Board can designate from among its members, subject to prior or subsequent ratification by the General Meeting, whatever Delegated Committees it considers necessary or that regulations require. These committees can have executive or informative powers. Organizationally, they must have a Chairman and Secretary.

Caja Rural de Navarra currently has the following Delegated Committees:

> Executive Committee
> Audit Committee
> Appointments Committee
> Remuneration Committee
> Risk Committee

Membership of the committees is as follows: Appointments and Risk Committees: 3 directors, Remuneration and Audit Committees: 4 directors, Executive Committee: 5 directors. Currently, 9 of the 14 directors sit on at least one of these Delegated Committees.

The functions of the Caja Rural de Navarra's governing bodies mentioned above are:

GOVERNING BOARD

Representation of the Bank, high-level management and management supervision. Each year it analyses issues relating to CSR and regularly reviews economic and social impacts, risks and opportunities.

EXECUTIVE COMMITTEE

A statutory body delegated by the Governing Board to provide more agile decision-making on any matter within the Board's remit except where these cannot be delegated by law.

AUDIT COMMITTEE

A statutory body delegated by the Governing Board to oversee the internal audit services, understand the financial reporting process and internal control systems and oversee compliance with codes of conduct and the Bank's Compliance.

APPOINTMENTS COMMITTEE

A delegated body of the Governing Board. It identifies candidates for the Governing Board, assesses the suitability of its members and the balance of expertise, capacities, diversity and experience of the Board as a whole. It defines targets for improving the representation of the gender least represented on the Board.

REMUNERATION COMMITTEE

A delegated body of the Governing Board. It proposes the general remuneration policy to the Governing Board, carries out an independent annual review of its application and reports on the remuneration policy for executives classed as "identified staff"

RISK COMMITTEE

A delegated body of the Governing Board. It advises the Board on management and supervision of all relevant risks and on correct application of the global risk appetite in light of the Bank's strategy.

The rules of procedure for these committees are available at:

https://www.cajaruraldenavarra.com/es/gobierno-corporativo

The Bank has 3 control functions, reporting functionally and hierarchically to their respective governing bodies: the risk management unit, reporting to the Risk Committee; the internal audit unit, reporting to the Audit Committee; and the Compliance Function reporting to the Governing Board.

The Bank also has an Internal Control unit, set up by the Governing Board with representation from various areas of the business. This body oversees implementation of the Bank's policies and procedures to combat money laundering and terrorist financing.

> The Bank's executive and operational structure is as follows;

General management

The Bank has a General Management structure, whose head will be appointed and contracted by the Governing Board from among persons who meet the conditions of professional capacity, technical preparation and experience to carry out the role.

The remit of the General Management shall include matters related to the ordinary business or dealings of the Bank. It shall be free to exercise all powers and functions granted to it in pursuit of this aim. These powers and functions must be listed in the corresponding public deed of attorney which must be established. The General Management may, to this end, take whatever measures are in the Cooperative's interest in accordance with the guidelines indicated and within the powers conferred on it.

The Managing Director's duties shall be those set out in his/her contract and in the general guidelines for action defined by the Governing Board. Within three months of the end of each financial year, he/she must present the financial statements and management report on the company to the Governing Board, for its report and subsequent consideration by the General Meeting.

He/she must also notify the Chairman of the Bank of any issue that he/she considers requires the convocation of the Governing Board and/or General Meeting or whose importance requires that it be made known to the Governing Board.

As part of the Bank's Suitability Assessment, the Company's Appointments Committee identifies and conducts annual reviews of the key staff of Caja Rural de Navarra, who are also subject to the same requirements of commercial and professional reputation, knowledge and experience.

The governance structure is based on the mandatory framework governing relations between the Governing Board and exercise of their powers by members of the Company's ordinary and permanent management.

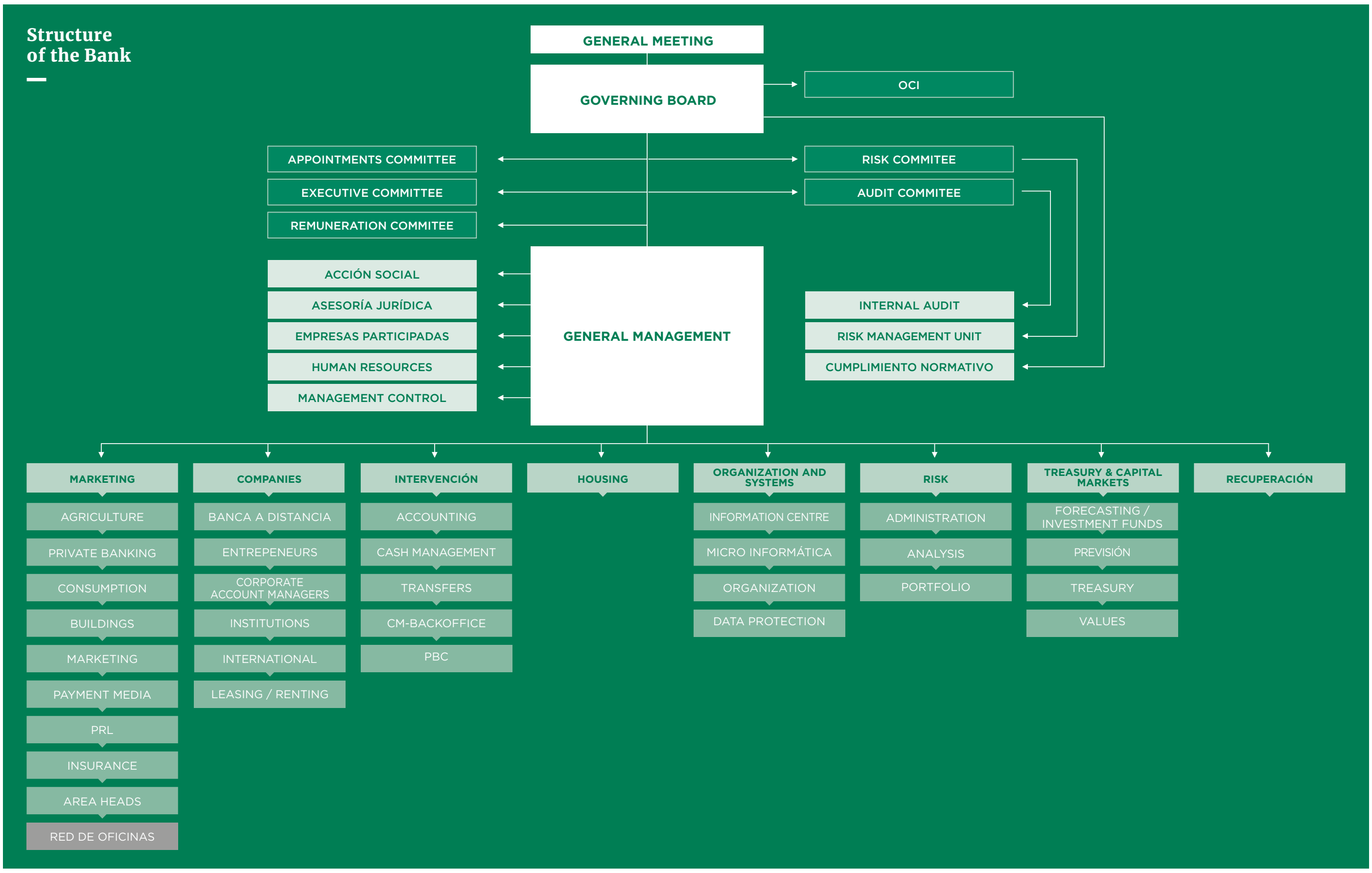
Areas/Internal Departments: Operational structure

The Bank's General Management has a consultative and support body in the form of the Management Committee, a Committee with internal scope and no delegated or executive functions.

Under the supervision of the Managing Director, the Bank is structured into a number of Internal Areas/Departments which play a significant role in segmenting the Company's different functions and areas of responsibility, thereby contributing to effective internal governance. Within their fields of responsibility, these Internal Areas/Departments can decide, report on, consult, coordinate or propose on all issues within their fields of activity or relating to their internal or business areas.

Specifically, Caja Rural de Navarra has created Internal Areas/Departments with responsibilities appropriate to their fields of activity, such as corporate governance, covered by the Legal and Tax Department, control and risk management, covered by the Department of General Intervention and Management Control, or business, covered by the Corporate Banking, Sales, Companies and Private Banking Departments, among others.

The Bank also has separate support units addressing these functional areas, such as Human Resources, Organization and Technology, Credit Risk Management, Equity Investments, Treasury and Markets and Housing and Property Assets.



3.3.2 Internal Control

Caja Rural de Navarra has a clear organizational structure and an appropriate operational management and control model.

1.- Principles and responsible bodies

Caja Rural de Navarra has a clear organizational structure which includes an appropriate distribution of functions with well-defined, transparent and coherent reporting lines and which permits sound and prudent management of the Bank.

Specifically, the Company's internal control framework is tailored to the specific features of Caja Rural de Navarra's business, its complexity and associated risks, and also takes into account its membership of the Caja Rural Group.

CRN's internal control framework is sustained, among other matters, by the following principles:

- A well-defined and appropriate organizational and operational structure with an efficient internal control and governance framework.
- The creation of appropriate procedures for exchanging information between the Governing Board and Managing Director on the different business lines and between the Governing Board and heads of internal control through the Board's Internal Committees.
- A risk management and control model based on three lines of defence with differentiated functions and responsibilities..
- Segregation of functions, establishing the information barriers needed to guarantee good governance.
- A comprehensive risk management framework covering all business lines and internal units.
- And procedures to guarantee the monitoring and control of outsourcing of certain functions or services.

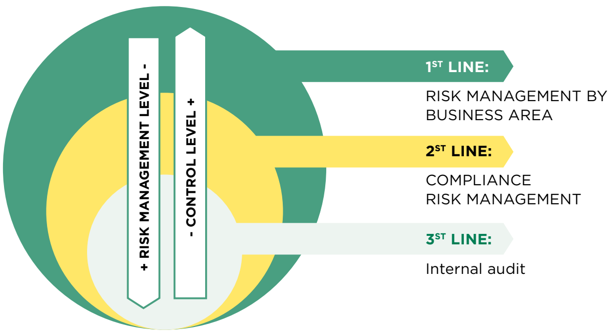
The Governing Board of Caja Rural de Navarra is the body responsible for defining the general framework for internal control and risk management. The Audit Committee supports the Board on oversight of efficiency and internal control, internal audit and liaising with the auditor on potential material weaknesses in the internal control system identified in the course of the audit, without impairing its independence. To this end, the Committee can put recommendations or proposals to the Governing Board and conduct regular follow-ups where appropriate.

The Risk Committee advises the Governing Board on the Bank's overall propensity to risk, current and future, and risk strategy.

The role of the Compliance Function is to advise and report to the Board on how the Bank is managing and mitigating the risks of legal or regulatory sanctions and of financial, material or reputational loss due to deficiencies in the standards being applied.

2.- Three lines of defense

Caja Rural de Navarra's internal control model has a three-line defence system, structured around the activities and processes that give rise to the risks and so determine who is responsible for them.



> First line of defense

The first line of defence lies with the business units. They are responsible for control within their field of activity and for implementing the measures decided by higher management.

> Second line of defense

The second line is the control units, particularly the compliance and risk management units. They oversee control of all units throughout the group that affect their area of responsibility, define mitigation and improvement measures where necessary and make sure these are properly implemented.

> Third line of defense

The third line is the Internal Audit unit, which conducts independent reviews, verifying the compliance and effectiveness of corporate policies and providing independent information on the control model. Internal Audit's principle functions include:

- Assessing the effectiveness and efficiency of the Internal Control Systems, overseeing compliance with applicable law and internal policies and regulations.

- Issuing recommendations to resolve weaknesses identified in the review processes and following these up.

3.- Internal control functions

Caja Rural de Navarra's internal control functions (risk management, regulatory compliance and internal audit) act separately and independently. They report functionally and hierarchically to the Internal Committees of the Banks' Governing Board or to the Board itself, as a guarantee of their independence. Their role is to make sure that the policies, mechanisms and procedures laid down in the internal control framework are being correctly applied in their areas of competence.

For this purpose, the Governing Board ensures, with the help of the Audit and Risk Committees, that the heads of internal control functions can act independently and present recommendations or proposals.

Notwithstanding their reporting obligations within each business area or to other areas, internal control functions must also immediately report any significant case of regulatory non-compliance, incident or anomaly that they identify to the Governing Board, its Committees and the Managing Director.

The Risk Management Function

The quality of our risk management is one of the Bank's hallmarks and a priority area of action. It is a differentiating factor in the running of the Bank which, through a combination of prudent policies and the use of different methodologies and procedures, helps generate sound and recurrent profits and a robust solvency position.

Note that the Bank is also a member of an Institutional Protection Scheme (as defined by EU Regulations), created as a tool for mutual support and defence between cooperatives in the Spanish Association of Cajas Rurales for the benefit of its members.

Risk Management is conducted by the Risk Management unit which, reporting functionally and hierarchically to the Bank's Risk Committee as a guarantee of its independence, is charged with implementing all actions and procedures required to fulfil its functions. The unit is headed by a senior independent director of the

Bank whose operational functions do not conflict with proper risk management.

The function head attends and supports the Risk Committee, which advises the Governing Board on the Bank's overall propensity to risk, current and future, and risk strategy and also helps oversee the application of this strategy. Specifically, it supports the Governing Board in drawing up, approving, updating and monitoring the Bank's Risk Appetite Framework and Recovery Plan.

The Committee determines, alongside the Governing Board, the nature, quantity, format and frequency of the risk information that the Committee and Governing Board should receive.

To maintain its modest and prudent risk profile Caja Rural de Navarra monitors a set of key metrics for different risks, quality and recurrence of earnings, liquidity and solvency. Specific risk tolerance levels are defined for each of these metrics. The most important metrics also include long-term targets. These aims and levels are updated and approved at least annually by the Governing Board on proposal of the Risk Committee.

All metrics come with an assigned target, tolerance and limit. In each metric, the target is the value achieved at a defined risk appetite. Tolerance is the (alert) threshold at which the Bank starts taking additional management, control and follow-up measures to get back onto target. The limit is the level that the Bank never wants to breach and, if attained, triggers decisive measures to get back to the Board's guidelines.
Regular reports are prepared for the Governing Board on risks taken and their breakdown, Caja Rural de Navarra's capitalization, risk measurement and control and the internal control system and whether it can guarantee orderly and prudent management of the Company's business and risks, with special focus on indicators and metrics approved under the Risk Appetite Framework and Recovery Plan.

Compliance Function

Caja Rural de Navarra is committed to strict compliance with all national and international regulations governing its activities and proper conduct and development of its business.

To this end, it has a permanent and effective Compliance Function. The aim of the Compliance Function is to manage prevention and, where applicable, mitigate risks including financial, penal and reputational risks arising from regulatory compliance if they do not meet the standards required of a credit institution.
Regulatory compliance is conducted by the Compliance unit which, reporting functionally and hierarchically to the Bank's Governing Board as a guarantee of its independence, is charged with implementing all actions and procedures required to oversee fulfilment of its obligations under regulations in force that apply to areas defined as within the Function's scope of action, acting independently of the services and activities it controls.

To this end, the unit has a Procedural Handbook and an Annual Action Plan approved by the Bank's Audit Committee. Also, the unit designs and maintains systems to identify the degree of compliance with different regulations, continually assessing the Company's regulatory compliance with dedicated "compliance engine" software and reporting on its work quarterly to the Audit Committee and annually to the Governing Board.

In turn, the Compliance Function supports the Governing Board on upcoming regulations to guarantee compliance with applicable laws, regulations and standards.

Certain activities to guarantee regulatory compliance within the Function's defined scope of action are directly managed through specialist units, with Compliance taking a coordination and monitoring role. These include Combating Money Laundering and Terrorist Financing through Internal Control, personal data protection through the Data Protection Officer (DPO), customer protection in the distribution of banking and investment products through the Product Committee and criminal liability through Corporate Compliance and the Bank's Criminal Risk Management System.

Internal Audit

Caja Rural de Navarra has an independent and effective internal audit function, with the scope and resources to properly carry out its remit.

This function is fulfilled by the Bank's Internal Audit Department which reports functionally and hierarchically to the Audit Committee. To this end, an annual working plan is drawn up in coordination with the Audit Committee. Its principle aims are to verify the existence and maintenance of an adequate and effective system of internal control, a system for measuring the different risks affecting the Company's activities and appropriate procedures to oversee compliance with law, regulations and internal supervisory policies.
The Internal Audit Department reports regularly to the Audit Committee on the effectiveness of Group risk management policies, methods and procedures, ensuring that these are appropriate, implemented effectively and regularly reviewed.

3.3.3 Corporate culture

1.- Rules of Conduct

The Bank's Governing Board defines the Bank's corporate principles and values. These are then set out in the Company's internal procedures and rules of conduct, which include:

- The Internal Rules of Conduct for dealing on securities markets drawn up by UNACC (the National Union of Cooperative Credit Institutions) and agreed with the CNMV which covers banks dealing on securities markets

- The Code of Conduct for executives and employees whose purpose is to instil confidence in members, customers, employees and the wider community by ensuring the Company at all times acts in an ethical manner that meets their expectations and deepens existing relationships.

- The Anti-Corruption Policy Handbook based on the Bank's commitment in its Code of Conduct, which forms an integral part of the institution's crime-prevention programme.

- The Suppliers Handbook, which sets out guidelines for selecting suppliers and other procedures for the control and evidencing of the Bank's expenses.

2.- Model for Prevention of Criminal Risks

Caja Rural de Navarra has drawn up a model for prevention of criminal risks, whose main aim is to set limits on the controls in place to prevent or, if necessary, mitigate the commission of each of the crimes that might by committed in the conduct of the Bank's business and which might give rise to criminal liability on its part.

The model includes a Criminal Compliance Policy Handbook, whose main purposes are to:

> Transmit to the Governing Board, Management Committee and all employees of the Bank, as well as to its other stakeholders and business partners, compliance with law and regulations in force and lay out and defend the fundamental values and principles underlying the Bank's actions as well as its Code of Conduct.
> Create a Criminal Compliance Management System in line with the requirements of regulation UNE 19601. The system includes a range of crime prevention measures. These basically consist of identifying activities where crimes are likely to occur, analysing the associated risks and controls and monitoring the implementation of a risk management plan agreed with and approved by the Bank's Governing Board. This system is certified by Aenor.

> Guarantee to all stakeholders – shareholders, customers, suppliers, legal bodies and wider society – that Caja Rural de Navarra SCC is compliant with its duties of oversight and control of its business and has in place adequate measures to mitigate risks of criminal activity.

3.- Policy on conflicts of interest

Caja Rural de Navarra's Governing Board is obliged to define a system for corporate governance that guarantees sound and prudent management of the Company and, among other matters, addresses the issue of conflicts of interest.

Caja Rural de Navarra has put in place a series of measures to identify those types of conflict of interest that could potentially arise in the course of its relationships and put in place procedures to manage them and ensure business is conducted independently and without harming the interests of the customers or the Bank itself.

The mechanisms are set out in the following places:

- Article 48 of the Bank's Articles of association and Article 24 of the Governing Board's rules of procedure, both of which can be found on the website: www.cajaruraldenavarra.com/es/ gobierno-corporativo

- The Bank's Policy on conflicts of interest, approved by the Governing Board with an accompanying internal procedure for actioning the policy.

- Internal procedures created by the Bank to comply with Royal-Decree 84/2015 regarding limits on loans, pledges and Guarantees to the senior managers of the Bank.

- Caja Rural de Navarra's Internal Rules of Conduct for securities markets.

In this way, the organizational and functional structure of the Bank provides appropriate segregation of functions which allows it to conduct activities that could potentially give rise to conflicts of interest, by persons or segregated areas, while avoiding undue interference.

This segregation is complemented by the establishment of barriers to information between the functional departments or areas vulnerable to the potential conflicts of interest identified.

The main areas where it was felt likeliest conflicts of interest could occur are as follows:

- Relationships of Governing Board members with the Bank. To address this risk, the Governing Board's Rules of Procedure specify the duties and prohibitions that Board members must comply with to exercise their role in accordance with the Bank's good governance guidelines.

- Employees and Executives with the interests of customers and the Bank. Both groups must tailor their actions to the policies and procedures that govern the different areas/departments and comply with the principles in the Code of Conduct for Executives and Employees referred to in section A above and section 5 of the Bank's Policy on Conflicts of Interest. The same Code of Conduct contains the principles of action and rules to prevent employees acting in ways likely to produce conflicts of interest, whether with customers or with the Bank itself, especially in the area of targets and variables.

- Related Party finance. Caja Rural de Navarra has policies and procedures on Credit Risk, including definitions and reporting and control requirements for such financing transactions, which in any case must be done on an arm's length basis.

3.4 CORPORATE CULTURE

Staff and governance bodies in Caja Rural de Navarra share a Mission, a Vision and Corporate Values that lend coherence to the Organization's behaviour.

The Corporate Social Responsibility Code of Conduct is a guide to the principles and duties that must govern all actions by employees and the Bank itself, forming part of the corporate culture.

Mission

To generate sustainable confidence among customers, involving them through our team, to contribute to the economic and social development of our community.

Vision

Caja Rural de Navarra's vision is to be one of the leading groups in Spain, with an international presence, while maintaining the Caja Rural style (human qualities, personal treatment, professionalism and modernity), and to be a benchmark for our community.

Corporate values

Our aim is to support the personal development of the people we work with on our corporate project, as well as that of our customers and the communities where we operate.

The values of Caja Rural de Navarra form the basis for progress and achievement and are spread through its wide network of branches, which is complemented by advanced virtual access systems. This makes possible a close and trusting relationship with all customers and a teamwork approach that brings everyone together and considers the needs of its surrounding community in the pursuit of progress.

Action principles

Everyone at Caja Rural de Navarra draws inspiration from the action principles below:

Commitment: we inspire people to be part of our project.

Professionalism/responsibility: we seek to make things better every day to achieve our objectives.

Localism: we care for and strengthen relationships based on trust and commitment.

3.5 EQUITY INVESTMENTS

1. EQUITY INVESTMENT POLICY

Traditionally, Caja Rural de Navarra has maintained a portfolio of equity investments in the field of finance and in other business sectors.

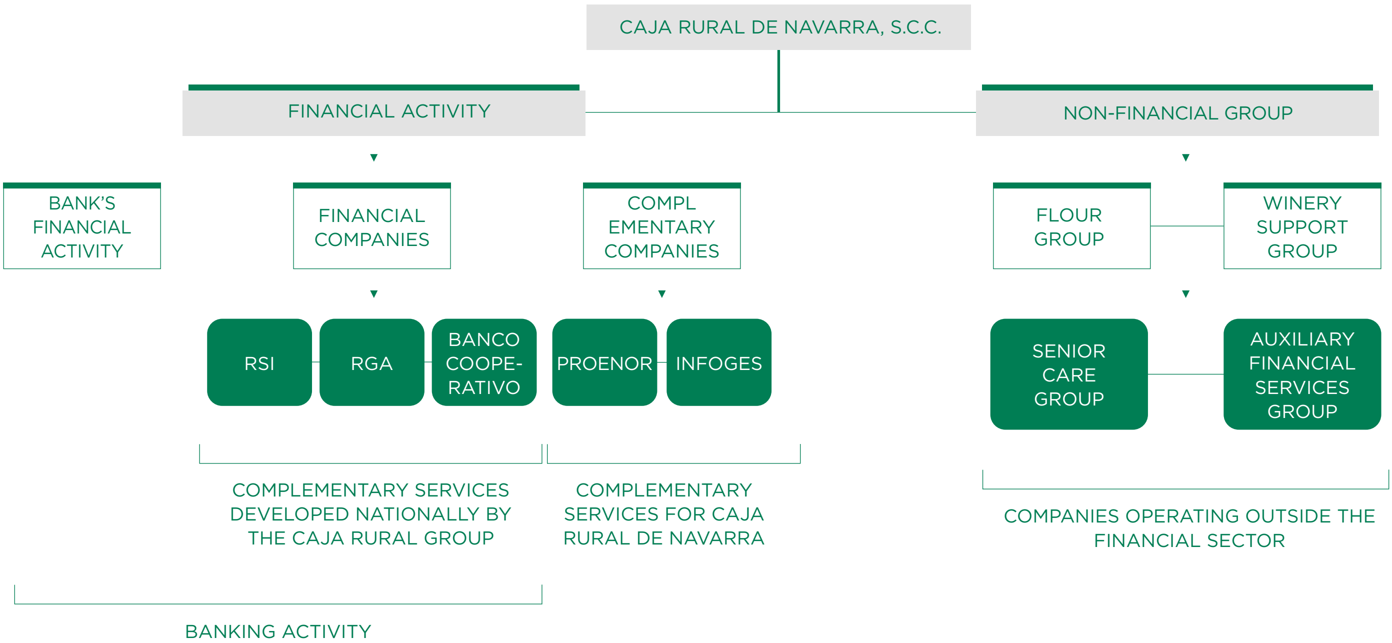
One of Caja Rural de Navarra's defining features is the rooting of its financial activities in its regional environment, with its proximity to cooperative members and customers as the nucleus of its operations.

Every day, Caja Rural de Navarra receives requests to invest in companies in various sectors and, through its activity and that of its equity investments, also analyses opportunities for innovation and/or growth.

As a financial entity with a dense presence in its community, Caja Rural de Navarra bases its investment or divestment decisions on the following fundamental criteria: (i) avoid any distortion of sector competition and recurrent activities of its cooperative members and customers; (ii) support the regional economy in an omnidirectional form, but with special relevance to the agri-food and agri-industrial sector reflecting its historical origins; (iii) viability and profitability of the business being analysed, and, (iv) synergies with the operations of Caja Rural de Navarra and/or its equity investments.

Caja Rural de Navarra carries on its financial business in the Basque Country, La Rioja and Navarre. But the industrial or services activities of its equity investments are global in reach and some of these companies export very significant percentages of their output.

We divide the activities of Caja Rural de Navarra's equity investments into companies in the financial sphere, support companies for the financial business and non-financial business groups (see chart)



According to the Bank of Spain circular, to qualify as an equity investment an institution must own at least 10% of its capital or voting rights. Exercising significant influence over management is defined as appointing at least 20% of the Board. Caja Rural de Navarra has equity investments in different percentages. But its investments in its complementary services and non-financial businesses are usually controlling. Exceptions to this rule are attributable to policies of supporting a newly emerging area.

Companies offering complementary services at national level provide the Caja Rural Group with a way to act efficiently despite the regional size of each of its member Banks individually. They also often offer their services to other small-scale or foreign financial firms.

The companies provide non-financial but related services to Caja Rural de Navarra or its customers across the same regional footprint as Caja Rural de Navarra.

Companies comprising the Caja Rural de Navarra Group, which are wholly owned by the Bank and consolidated in the financial statements:

GROUP COMPANY	ID	SECTOR OF ACTIVITY	% INVESTMENT	CRN DIRECT HOLDING
Harivasa 2000 S.A	A31013402	Flour	100%	SI
Transnoian S.A.	A31870058	Flour	100%	NO
Cerelia I+D S.L	B71312888	Flour	100%	NO
Cerelia S.L	B31949217	Flour	100%	NO
Harinera de Tardienta S.A	A22001499	Flour	100%	SI
Harinas Selectas S.A	A50107143	Flour	100%	SI
Comercial Don Obrador, S.A.	B79410742	Flour	100%	NO
Le Moulin de Navarre	FR25813803103	Flour	100%	NO
Harántico, S.L.	B36562593	Flour	100%	SI
Reyes Hermanos S.L	B36000818	Flour	100%	NO
Harinera del Mar S.L	B97832232	Flour	100%	SI
Haribéricas SXXI S.L	B64939341	Flour	100%	SI
Harivenasa S.L	B71075774	Flour	100%	SI
HRVS Eood**	BG203420883	Flour	100%	NO
Industria Tonelera de Navarra S.L	B31688336	Winery supplies	100%	SI
Tonnellerie de L'Adour S.A.S	FR96425029972	Winery supplies	100%	SI
Oroz Fils STE Exploitation ETS Oroz	FR94379700966	Winery supplies	100%	NO
Tonnellerie de L'Adour USA Inc	C3886342	Winery supplies	100%	NO
Bouquet Brands S.A	A31884000	Winery supplies	100%	SI
Bahia de Cádiz S.L	B84996743	Winery supplies	100%	NO
Solera Asistencial S.L	B71150866	Senior care	100%	SI
Solera Navarra S.L	B71186654	Senior care	100%	NO
Tarre Monreal S.L	B31872872	Senior care	100%	NO
SERESGERNA S.A	A31697808	Senior care	100%	NO
Preventia Sport S.L	B71008783	Services to CRN customers	100%	SI
Promoción Estable del Norte S.A	A31663651	Services to CRN customers	100%	SI
Informes y Gestiones Generales, S.A.	A31437635	Services to CRN customers	100%	SI
Informes Técnicos y Valoraciones Generales, S.L.	B31917305	Services to CRN customers	100%	NO
Administración De Fincas Informes Y Gestiones S.L.	B71054944	Services to CRN customers	100%	NO
Cerelia Agro, S.L.	B44539682	Flour	100%	NO
Explotación Agriícola Las Limas	J71085179	Flour	100%	SI

Caja Rural de Navarra holds a business portfolio, both in financial companies and other activities. Here are the names and the percentage of its participation:

GROUP COMPANY	ID	SECTOR OF ACTIVITY	% INVESTMENT	CRN DIRECT HOLDING
Bodegas Príncipe de Viana, S.L.	B31130438	Bodeguero	50%	SI
Rioja Vega, S.A.	A31002918	Bodeguero	50%	Directa e indirecta
Iparlat, S.A.	A31003031	Lácteo	23,60%	SI
OmegaGeo, S.L.	B31832314	Servicios de geotecnia e ingeniería	50%	SI
Igeo 2 S.L.	B31854292	Servicios de geotecnia e ingeniería	50%	NO
Laboratorios Entecsa, S.A.	A31536113	Servicios de geotecnia e ingeniería	50%	NO
Entecsa Bilbao, S.L.	B95200549	Servicios de geotecnia e ingeniería	42,50%	NO
Bosqalia, S.L.	B31813249	Cultivo y explotación madera	48,60%	SI
Errotabidea, S.L.	B31899271	Inmobiliaria	46,01%	SI
Servicios empresariaes Agroindustriales, S.A.	A31139884	Servicios de asesoría fiscal, laboral y contable	33,33%	SI
Rural de Energías Aragonesas, S.A.	A99225195	Energía	25%	SI
Compañía Eólica de Tierras Altas, S.A.	A42145912	Energía	25%	SI
Rural de Energía de Tierras Altas, S.A.	A42221382	Energía	50%	SI
Renovables de la Ribera, S.L.	B71032791	Energía	50%	SI
NION GESTIÓN DE ACTIVOS INMOBILIARIOS, S.L.	B31893506	Inmobiliaria	46%	NO
INMOBILIARIA OSANE, S.L.	B71079743	Inmobiliaria	46%	NO
Entecsa Rioja, S.L.	B26327791	Servicios de geotecnia e ingeniería	20%	NO
Entecsa Valencia, S.L.	B97150932	Servicios de geotecnia e ingeniería	20%	NO
Acoustic Analyisys, S.A.	A31667728	Servicios de geotecnia e ingeniería	13%	NO

Annex II contains details of the Non-Financial Statements for 2020, covering the Group scope, in accordance with Act 11/2018.

In 2020, the Governing Board of Caja Rural de Navarra approved the “Policy and procedures for investing in equity investments” which defines issues relating to:

1. SCOPE AND GENERAL PRINCIPLES
2. LIMITS ON EQUITY INVESTMENTS
3. APPROVAL
4. PLANNING AND MONITORING
5. MANAGEMENT AND CONTROL
6. DIVIDEND POLICY
7. DIVESTMENT PROCEDURE

3.6 KEY FIGURES

CAJA RURAL DE NAVARRA KEY FIGURES

(In thousands of euros)	2015	2016	2017	2018	2019	2020
TURNOVER						
Total assets	9.728.120	10.952.597	11.557.130	12.038.254	12.945.945	15.632.289
Shareholders' equity	866.295	934.022	1.018.716	1.092.019	1.176.846	1.261.282
Customer deposits	6.493.935	7.080.743	7.533.517	8.020.973	8.741.063	10.211.373
Loans and advances to customers	6.351.615	6.832.108	7.315.406	7.781.407	8.127.188	9.266.436
SERVICES						
Branches	246	249	250	252	253	254
ATMs	291	299	302	312	316	322
PEOPLE						
Number of employees	918	933	959	965	963	948
PROFIT						
Net interest income	148.514	147.278	142.907	138.135	145.467	148.976
Gross income	208.396	210.704	217.372	206.911	222.115	214.270
Administrative expenses	81.783	83.299	86.322	88.971	87.389	89.447
Income from operating activities	75.159	79.125	90.557	N/A (1)	N/A (1)	N/A (1)
Profit before tax	62.274	66.460	86.792	91.250	85.153	81.392

(In thousands of euros)	2015	2016	2017	2018	2019	2020
DISTRIBUTION OF WEALTH GENERATED						
1. Directly generated economic value	228.182	230.218	278.345	229.554	247.063	241.767
Gross income (excluding other operating expenses)	225.598	227.811	274.425	223.058	242.969	239.368
Proceeds of sales, property and equipment and foreclosed assets	2.584	2.407	3.920	6.496	4.094	2.399
2. Distributed economic value	108.795	108.672	143.820	118.496	119.081	126.991
Payments to suppliers (operating expenses)	45.258	44.369	83.248	43.525	47.409	52.288
- Other general administrative expenses	34.717	34.418	35.620	37.340	35.831	36.047
- Other operating expenses	10.541	9.951	47.628	6.184	11.578	16.241
Personnel expenses	47.065	48.881	50.702	51.631	51.558	53.400
Income tax	7.485	6.212	-1.518	11.793	9.163	10.768
Interest on investment capital	2.327	2.055	1.963	1.585	1.676	1.678
Investment/Donations to the community	6.661	7.156	9.425	9.963	9.275	8.857
- Education and Development Fund (EDF)	6.661	7.156	9.425	9.963	9.275	8.857
3. Retained economic value (1-2)	119.386	121.546	134.525	111.058	127.981	114.777

CAJA RURAL DE NAVARRA ***CONSOLIDATED GROUP*** *KEY FIGURES*

(In thousands of euros)	2015	2016	2017	2018	2019	2020
TURNOVER						
Total assets	9.860.147	11.085.569	11.726.238	12.202.865	13.133.114	15.849.799
Shareholders' equity	885.803	956.620	1.049.187	1.122.515	1.223.266	1.313.888
Customer deposits	6.480.414	7.054.214	7.524.305	8.011.914	8.729.469	10.198.137
Loans and advances to customers	6.370.613	6.849.057	7.334.762	7.789.185	8.176.553	9.313.939
PROFIT						
Net interest income	146.150	145.437	140.947	135.957	143.634	147.007
Gross income	259.652	266.741	278.719	276.758	293.966	288.760
Administrative expenses	126.796	132.190	141.274	150.334	151.605	152.364
Income from operating activities	75.820	79.788	89.304	N/A (1)	N/A (1)	N/A (1)
Profit before tax	66.091	69.512	92.418	93.502	98.449	86.935

(In thousands of euros)	2015	2016	2017	2018	2019	2020
DISTRIBUTION OF WEALTH GENERATED						
1. Directly generated economic value	479.552	480.944	557.151	534.622	556.801	560.597
Gross income (excluding other operating expenses)	476.968	478.537	553.231	528.126	552.707	558.197
Proceeds of sales, property and equipment and foreclosed assets	2.584	2.407	3.920	6.496	4.094	2.399
2. Distributed economic value	354.532	352.778	416.781	415.866	422.594	435.666
Payments to suppliers (operating expenses)	273.450	268.659	334.442	316.211	324.151	333.759
- Other general administrative expenses	62.795	64.019	69.355	74.806	74.685	73.179
- Other operating expenses	210.655	204.640	265.087	241.405	249.466	260.580
Personnel expenses	64.001	68.171	71.919	75.528	76.920	79.185
Income tax	8.093	6.737	-968	12.579	10.571	12.187
Interest on investment capital	2.327	2.055	1.963	1.585	1.676	1.678
Investment/Donations to the community	6.661	7.156	9.425	9.963	9.275	8.857
- Education and Development Fund (EDF)	6.661	7.156	9.425	9.963	9.275	8.857
3. Retained economic value (1-2)	125.020	128.166	140.370	118.756	134.207	124.930
Public Subsidies received	526	648	920	1.068	1.067	161

4. CUSTOMERS

4.1 CAJA RURAL DE NAVARRA CUSTOMERS

The focus of the Bank's corporate activity is the customer in general and, particularly the member in their dual role as both owner and customer. For this reason, one of the Bank's core principles that has always run through its business is customer focus.

Customers have financial needs that they seek to address with the products and services offered by the Bank, but also have expectations on the service they expect from the Bank. The Bank's response on both issues (needs and expectations) will differentiate us from the competition.

The principles underlying the Bank's relationships with its customers are as follows:

- To maintain a clear Communications and information policy.
- Not to use publicity that might be misleading, ambiguous or insufficiently clear for customers;

- To promote a socially responsible investment policy, by giving the right advice on customers' investment decisions and maintaining a set of lending policies based on sustainability criteria.

- To improve quality and accessibility for customers to the Bank and vice versa, promoting the use of new channels and technologies, developing innovative products and services.

- To protect the confidentiality of all data collected on customers as a consequence of business relationships.

The Bank took the following actions on this point in 2020:

A. Improved channels of communication

One of Caja Rural de Navarra's priorities is to continuously improve our communication channels. It therefore gives crucial importance to investment in technology that makes it easier for customers (who so wish) to conduct any transaction through digital channels.

We will be focusing on the following points this year:

- Continuous improvements to Ruralvía, the digital banking service and its mobile app, which means customers can deal with the Bank with ever greater flexibility, using more and better functionalities, with safer security standards and enjoying a satisfactory user experience. Improvements in the last year included:

    > "Maia", the virtual assistant chatbot for the Ruralvía app, which can resolve most of our customers' common issues.

    > "Mis Finanzas", a Ruralvía tool which allows individuals and corporate customers to keep track of all their everyday finances. "Mis Finanzas" can categorize spending and income, project forecasts, generate cash-flows, etc.

    > Integration of Bizum into our Ruralvía mobile app

    > Access to the insurance price calculator from Ruralvía's website and app.

- Digital tools that help users with their everyday life, such as;

    > The online "become a customer" process, an easy, agile and simple way for users to sign up as a Caja Rural customers in just five minutes via the website or app.

    > A search engine that let's companies and the self-employed search online for support and subsidies.

    > Online card and PoS terminal recommendation engine, available on our public website: cajaruraldenavarra.com

    > Personal loan simulator, also available on our public website: cajaruraldenavarra.com

    > Home insurance price calculator on the public website: cajaruraldenavarra.com

- We offer our customers all the new payment systems that have come out recently: Bizum, Pay Gold, e-commerce and all its possibilities etc. and, thanks to our agreements with Apple, Google, Samsung and Ruralvía Pay, our customers can make payments with their mobile.

- Security-wise, the Bank decided to develop a communication line on cybersecurity to raise awareness among our customers and give them the knowledge to minimise the risk of fraud.

- In 2021, we will be doing further work to improve these tools, the main projects in progress being:

    > "The wall": A new private communication channel within Ruralvía so that customers can contact their customer manager/contact branch.

    > initiators (PISP) or aggregators (AISP) which we will be rolling out in 2021.

Digital Transformation

The Bank's digital transformation has two aims: first, to make the banking system more accessible for customers by any channel as easily as possible, and, second, to combine this with the provision of personal advice services through its branch staff.

For this reason, a special Committee on Digital Transformation is charged with coordinating this task across all Bank areas and for all Caja Rural Group companies.

Transparency in marketing

Caja Rural de Navarra has been a member of Autocontrol since January 2011. Autocontrol is an association that seeks to promote responsible advertising that is true, legal, honest and fair. In 2020, Caja Rural de Navarra launched 136 new publicity items, of which 122 were approved by Autocontrol. The rest had been through the Bank's internal regulation process.
Image

In 2020, Caja Rural de Navarra worked to define its communication strategy and aims. It produced a new Corporate Identity Handbook tuned to the corporate values that make the Bank stand out in the market. The strategy is backed by a visual system that harmonizes all communication codes, modernizing them and tailoring them to the current branding system, foregrounding the values that set the Bank apart from other institutions.

Marketing

To improve transparency and clarity in the way the branch network markets products and services, customer communications available in-branch were updated every three months in 2020.
Product Committee

The Product Committee continued its work in 2020. It was set up in 2016 to bring all the products and services offered by the Bank under a validation process.

A number of issues were addressed in 2020, including some from the continuous improvement programme such as:

- Definition and drafting of the "Product Brochures" document, which specifies the scope and content of the brochures produced by the Bank:

    > Product Committee brochures

    > Internal brochure (sales support)

    > External brochure (for customer)

- Definition and approval of the "Internal Procedure" for the Bank's "Products and Services Governance".

The Bank also continued to tailor the documents highlihged and designed by BCE's Compliance Department to the Bank's needs and to update and approve standard documents such as the "Banking Product and Services Marketing Policy" or the Product Committee's own handbook.

The Product Committee met quarterly in line with its original schedule, except for the meeting planned for the first quarter, which was suspended due to the pandemic. There were also 25 sessions of the Permanent Committee to approve one-off measures that were subsequently ratified in a full Product Committee meeting. Overall, 87 product brochures and 6 other documents were approved and/or revised.

G. Quality surveys and Mystery Shopping

In January 2018, the Bank launched its "Measuring customer service in branches" project. The project involves all Banks in the Caja Rural Group and has two aims:

- To comply with regulations laid down by the European Banking Authority (EBA) and European Securities Markets Authority (ESMA) on criteria for defining and setting remuneration policies in the branch network so that they incorporate quality variables.

- To improve the customer experience by introducing procedures and methodologies to analyse contacts with new customers and set metrics for how to deal with existing customers.

The project is based on two methodologies, which run simultaneously:

- Mystery Shopping: The points tested, each of which is given a weighting in the overall score are: physical aspects of the branch, speed, treatment, explanation of products, sales approach.

Due to the pandemic no mystery shopping was carried out during the first quarters of the year. We resumed the method in the fourth quarter, looking at mortgages. The results were as follows:

Caja Rural de Navarra	2018	2019	2020
	68,45	66,25	72,84
Sales approach	43,70	47,93	62,93
Physical aspects	92,16	96,91	98,46
Explanation of products	41,30	51,90	57,80
Speed	80,67	95,97	94,63
Treatment	84,44	95,14	95,43

Satisfaction/Recommendation questionnaire: the points tested and their weighting in the overall score are: emotional value = 20% service + 20% explanations + 20% documentation + 40% NPS recommendation.

Results 2020 and 2019:

Point	Average score	
	Dec-19	Dec-20
Treatment received	9,1	9,2
Explanation of products	8,9	9,1
Documentation provided	8,8	8,9
NPS recommendation	61%	66%
Emotional value	**77,9%**	**80,7%**

A working group coordinated by the Bank is gradually incorporating improvements to both methodologies. These improvements focus on finding out first-hand from customers what they think and listening to what they have to say, to try and improve the experience of the Bank's customers.

H. CODE OF PRACTICE

As part of the policy of personalized negotiation when customers have difficulties paying their mortgage, the Bank applies Royal Decree-Law 6/2012 of 9 March on urgent measures to protect low-income mortgage debtors, for borrowers that meet the necessary requirements.

Caja Rural de Navarra signed up to the Royal Decree in March 2012 and has conducted 51 transactions since, all with people's usual residence posted as guarantee, for a total of EUR 5,478,401.10. In 2020, 8 mortgages on homes with usual residence guarantees were restructured for a total of EUR 786,565.80.

I. INVESTMENT FUND MARKETING SERVICES

In 2020, the Bank continued to improve service quality for our customers in the three types of investment service involved in selling funds. We are looking to continually improve all the actions that comprise an extra or better service for Caja Rural de Navarra customers.

The three services through which Bank customers can contract for investment funds are:

- "Non-independent Advisory service" This offers customer advice* on investment funds managed by Gescooperativo, with a view to recommending the investment best suited to the knowledge, experience, financial resources and investment aims of the client and offering our customers a way to judge the suitability of the investment funds they have with us and decide whether they suit their investor profile, based on our continuous commitment to recommend the best product for them. Also, in October 2020, we began offering our "Non-independent Advisory service" for the investment funds of international third-party managers. This advice* is available to private banking customers and, as with Gescooperativo's funds advice*, we undertake to recommend to our customers only those investment funds that match their investor profile, following a suitability test. Also, once a year, these customers are offered a proposal to reassign their assets.
- "Discretionary Portfolio Management service" Customers delegate management of their financial assets to the Caja Rural de Navarra, following an assessment of their investment profile by the Bank's professionals. They subsequently remain in permanent contact with the Bank so they can monitor their investments and make any changes to the instructions and limits set in the portfolio management contract.

- "Marketing or RTO service" Caja Rural de Navarra offers its customers a wide range of Investment Funds, including different options from prominent and respected third-party investment managers unrelated to Caja Rural de Navarra, which allow customers to invest in different markets through a diverse set of investment vehicles managed by international leaders in the sector. We also make available to our customers straightforward tools that provide objective information and help them choose the Funds that best suit their needs. Similarly, customers can compare various alternatives to see how they differ and take their own decisions.

* Based on the definitions in Directive 2014/65/EU advice is given on a "non-independent" basis.

Transparency and Investor Protection. In 2020, the Bank continued to progress its actions to improve transparency and investor protection. All the abovementioned investment services increased the amount of pre-contractual, contractual and post-contractual information provided to customers.

We believe that in the areas of improved service quality, transparency and investor protection during fund marketing, Caja Rural de Navarra achieves a high level of compliance with regulations in force matching that of the most compliant institutions the sector.

Improvements to the consultation and contracting of investment funds via digital channels. Work on these improvements was already ongoing in previous years, but the arrival of Covid-19 accelerated the process. The result was a string of major improvements in this area, making it easier for our customers to contract and monitor investment products every day, with no need to visit a branch.

J. Socially responsible investment

2020 marked some major milestones in Socially Responsible Investment (SRI). A number of different laws on Sustainable Finance are now in force or in the pipeline and will come into force over the next two years. Caja Rural de Navarra has analysed these new regulations and begun taking steps to correctly implement them in 2021 and 2022.

Meanwhile, for several years the Bank has been integrating a Socially Responsible Investment policy to its range of investment products and services. As a result:

- All but two Pension Plans on offer are managed according to SRI criteria.

- The Discretionary portfolio management service also offers customers a portfolio managed on SRI principles.

- Caja Rural de Navarra continued to offer this year, as part of its Investment Fund range, two funds run according to SRI criteria: Rural Sostenible Conservador and Rural Sostenible Decidido. In the fourth quarter we added two new SRI funds: Rural Sostenible Moderado and Rural Rendimiento Sostenible. Rural Sostenible Moderado, besides following SRI criteria, is a solidarity fund – 2% of fees go to official non-profit organizations recognized by National and/or Autonomous Region authorities as having the following purposes: promotion of actions to combat poverty, integration of people at risk of social exclusion, improvement of the quality of life, environmental protection, cooperative care or other projects deemed to be of social benefit.

These four funds currently comprise Caja Rural de Navarra's sustainable fund range. We note that the range has made gains in both profits and assets under management. Indeed, at end-2020, the range held 15% of all assets under management by the Bank's investment funds.

Finally, Caja Rural de Navarra, in cooperation with Gescooperativo, decided to launch, during the first half of 2021, a new sustainable investment fund for customers with a higher-risk investment profile, which will complement the current sustainable fund range. This will also be a solidarity fund. The Bank also continues to work to ensure that in the nearest possible future, a high percentage of the funds it sells promote and/or are managed according to socially responsible investment criteria.

4.2. PROFILE AND DISTRIBUTION OF CUSTOMERS

At 31 December 2020, Caja Rural de Navarra had a total of 609,948 customers. Of these 53,252 (8.73%) were classed as "Companies, institutions" and 556,696 (91.27%) were "Individuals".

The table below shows the breakdown by customer type:

SEGMENT	Customers
Individuals	556.696
Legal entities	53.252
COMPANIES	42.583
INSTITUTIONS	10.390
OTHER	279
TOTAL (individuals + legal entities)	609.948

The distribution of customers between the different provinces where the Bank operates and the associated business volumes are as follows:

Geographical area	Loans And Advances	Deposits	Customers
Navarra	47,26%	60,67%	54,00%
CAV	41,79%	29,97%	36,56%
Rioja	10,73%	9,31%	9,43%
Madrid	0,22%	0,05%	0,01%
TOTAL	100%	100%	100%

4.3 DIALOGUE WITH CUSTOMERS

LISTENING AND PARTICIPATING IN SOCIAL NETWORKS

Caja Rural de Navarra uses the following methods to communicate with its stakeholders:

- cajaruraldenavarra.com/atencion-cliente
- blog.cajaruraldenavarra.com
- Facebook, Caja Rural de Navarra page
- Facebook, Joven In page – Caja Rural de Navarra
- Twitter, Caja Rural de Navarra account
- Instagram, Caja Rural de Navarra site
- Instagram, Joven In page – Caja Rural de Navarra
- YouTube, youtube.com/CajaRuralNavarra
- LinkedIn Caja Rural de Navarra

CUSTOMER SERVICES DEPARTMENT

The Customer Services Department is responsible for resolving all complaints and claims received from Caja Rural de Navarra customers.

The regulations governing Caja Rural de Navarra's Customer Services Department were created by Act 44/2002 of 22 November, on Measures to Reform the Financial System, and Ministerial Order ECO/734/2004 of 11 March, on customer services departments or services of financial institutions and other applicable rules.

There are several channels that customers can use to make submissions to this Service: post, burofax, fax, email, official forms of the Autonomous Regions in which Caja Rural de Navarra operates or through the Bank's official documents and online forms on its website.

In 2020, this Service received 2,059 complaints or claims. These were resolved as shown in the table below, which includes a comparison with the previous year.

RESOLUTION OF COMPLAINTS AND CLAIMS

Form of resolution	2020	2019
Not accepted	987	496
Dismissed	495	355
Upheld in full	378	318
Upheld in part	199	86
Claims dealt with	**2059**	**1255**

In contrast to 2019, claims and complaints rose during the year, mainly in December when there was a rush of complaints about "administration costs for mortgages" clauses. This was reflected in the total data as, although the percentages were unchanged, 395 more claims were received on this issue.

The Customer Services Department prepares an annual report for the Governing Board in accordance with Article 17 of Ministerial Order ECO/734/2004, including a summary of all complaints and claims received, the processes applied by the Bank following their reception, the general criteria applied when resolving complaints and claims and the recommendations and suggestions made during the year. The report is available to the Supervisor.

In addition, any critical concerns identified in the year are brought to the attention of the Governing Board. In 2020, no critical complaint or claim was identified as having to be reported up to the Board.

Every four months, there is a meeting of the Quality Committee, which is the forum used to review how complaints and claims were dealt with, identify possible risks, decide on criteria to apply and make appropriate recommendations. The Committee is attended by people from a range of departments.

We analyse a number of specific issues below:

1.- Fraudulent use of payment media, phishing and product security

The Customer Services Department received 34 claims for fraudulent use of payment media, 24 relating to credit or debit cards and 10 to fraudulent transfers via the digital banking service. 23 of these were ultimately resolved in the customers' favour. Two were not accepted as they failed to provide documentation supporting the substance of the claims and the lawyers could not provide evidence of their power of attorney. Those that were not upheld were rejected on the grounds either that the transactions in question had been authorized by the customers and therefore were not a fraudulent use of the payment media in question or that the customer had not kept the payment media sufficiently secure, in which circumstances regulations say claims cannot be accepted.

In 2020, Caja Rural de Navarra was the subject of no complaints to the Bank of Spain for fraudulent use of payment media, phishing or product security.

There were no penalties, warnings or cases of non-compliance in this area in 2020.

2.- Information on products and services

The Customer Services Department dealt with a suggestion regarding the information provided on credit card payments.

There were no penalties, warnings or cases of non-compliance in this area in 2020.

3.- Publicity for products and services

No complaints were received in this section in 2020.

There were no penalties, warnings or cases of non-compliance in this area in 2020.

4.- Breach of data protection rules

In 2020, the Bank dealt with 1,179 requests to delete personal data for marketing use. We received one complaint, which was not passed up to the Spanish Data Protection Agency (AEPD).

There were no penalties, warnings or cases of non-compliance in this area in 2020.

4.4 CUSTOMER RELATION CHANNELS

1. BRANCH NETWORK

The branch is the usual place for conducting relationships with the customer. Caja Rural de Navarra had 254 branches to serve its business at the end of 2020, distributed among the Autonomous Regions as follows (aside from the one in Madrid):

90 Basque country; 24 La Rioja; 139 Navarra

One new branch began serving customers of Caja Rural de Navarra during the year, in Álava province.
Access to financial services is identified as a fundamental factor in social cohesion. In Spain, the erosion of branch networks in the banking industry over recent years could increase levels of financial exclusion in the regions.

Caja Rural de Navarra stands out against this trend, as the number of branches in locations with fewer than 3,000 inhabitants is 73 and none has closed in recent years. Its presence in these locations is fundamental to its provision of a full financial service, which unquestionably helps sustain economic activity and so over the medium term helps prevent depopulation in these areas. This is part of the Bank's social commitment to the rural world, the market where it began many decades ago.

Architectural barriers: At Caja Rural de Navarra we have long been aware of the need to have an accessible network of branches, not only to comply with Accessibility Regulations but also to benefit our employees and customers.

There are now no architectural barriers in most branches. However, some, due to the features of the building where it is located, do present some minor accessibility problems. Whenever a branch undergoes renovation work, we take the opportunity to make improvements designed to improve its accessibility. In 2020, we carried out such work on 2 branches.

2. PAYMENT MEDIA (cards, PoS terminals and ATMs)

At the end of the year, the Bank had 321 ATMs, of which 299 were in branches and 22 elsewhere. It also had 23,269 PoS terminals in 20,802 stores and other businesses.

The Bank continues to modernise its ATMs so that they can accept deposits, issue receipts for cash deposits (customers and non-customers) and handle "contactless" transactions.

During the year the Bank issued its first cards in recycled plastic, taking forward our CSR policy.

3. DIGITAL

Caja Rural de Navarra's remote banking service is branded as Ruralvía. A Ruralvía contract allows the customer to access a wide range of financial products and services as well as conducting nearly all banking operations online through a computer, telephone (telebanking), tablet or smartphone (Ruralvía móvil).

To guarantee secure delivery of financial services Ruralvía, Rural Servicios Informáticos (RSI) is developing security protocols that comply with legal standards.

Caja Rural de Navarra offers its customers a number of apps, including:

- Rvia Pay: which provides mobile payment and free transfers of small sums via Bizum.
- Ruralvía Móvil: mobile version of our remote banking "Ruralvía" application. This app offers customers the DIMO option to withdraw cash from ATMs using their mobile number.
- Ruralvía Mi Negocio: an app to help traders with their day-to-day banking by managing data.

4.5 PRODUCTS AND SERVICES

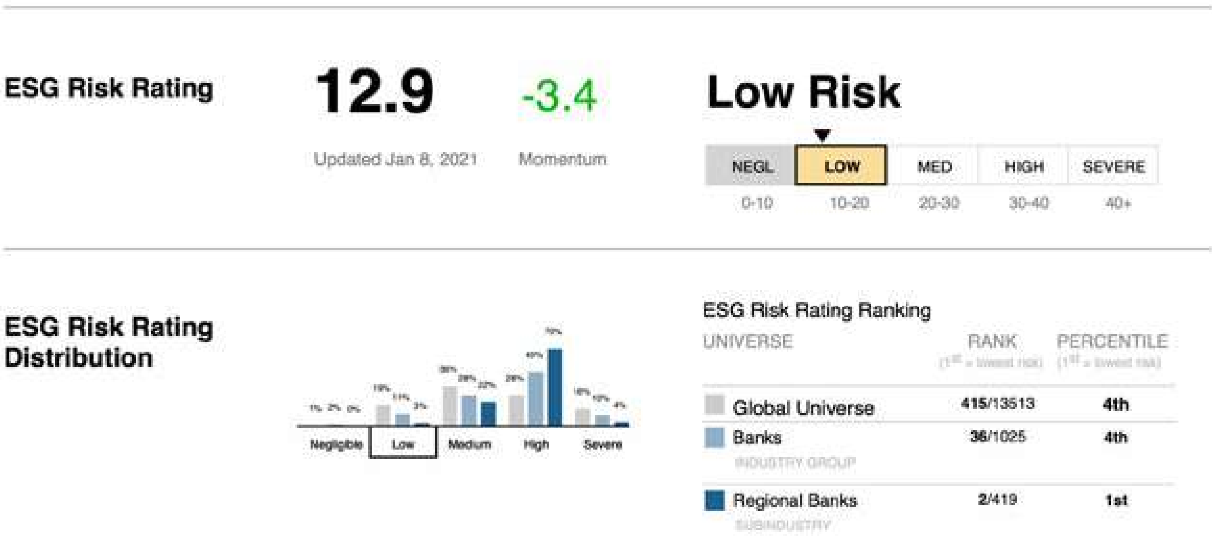
2020 LOAN PORTFOLIO IMPACT REPORT

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 Report[1].

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.

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



As part of its focus on ESG issues, Caja Rural de Navarra some years ago created a Sustainability Framework[2] 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 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[3] and with the United Nationals Sustainable Development Goals (SDGs)[4].

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: EUR 500 million 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: EUR 100 million 5yr Jun-17 https://sustainabonds.com/crn-reinforces--sustainableshift-gets-label-senior-debut/

-Sustainable mortgage covered bond: EUR 500 million 7yr May-18 https://sustainabonds.com/spain-positives-liftenhanced-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[5] whose "Second-Party Opinion" report[6] 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

[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
[5] https://www.sustainalytics.com/
[6] https://www.cajaruraldenavarra.com/sites/default/files/2020-04/202003-SPO-Sustainalytics-Caja-Rural-Navarra.pdf

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[7]).

Sustainalytics has ratified that the Bank's framework is aligned with the principles and objectives mentioned above, including the "Green Bond Principles"[8] and "Social Bond Principles"[9] 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)[10] 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.

The Green Bond Principles

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

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

[8] https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
[9] https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/
[10] https://www.un.org/sustainabledevelopment/sustainable-development-goals/

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.

OBJETIVOS DE DESARROLLO SOSTENIBLE

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.

COVERED BOND LABEL

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[11] 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-EEMI[12]: "Energy Efficient Mortgage Action Plan-Energy Efficient Mortgage Initiative"

ENERGY EFFICIENT MORTGAGE LABEL[13]

EEFIG[14]: *"the European Commission Energy Efficiency Financial Institutions Group"*

[11] https://coveredbondlabel.com/issuer/147/
[12] https://eemap.energyefficientmortgages.eu/
[13] https://www.energy-efficient-mortgage-label.org/
[14] 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:

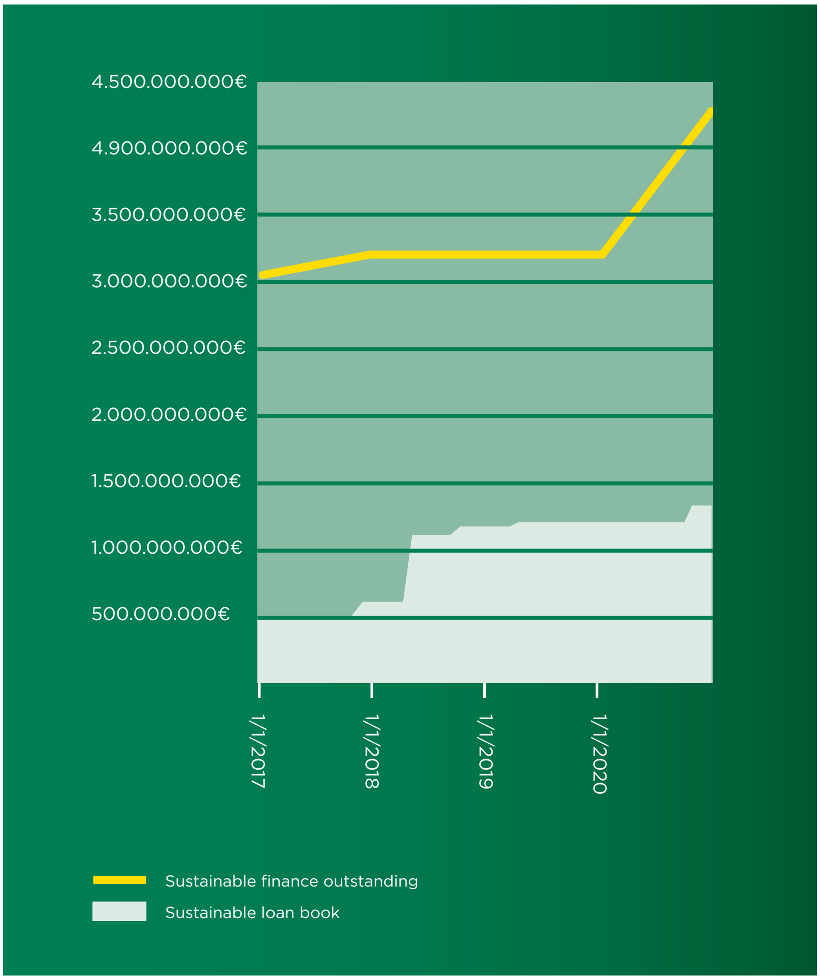
SUSTAINABLE PORTFOLIO - LOANS OUTSTANDING			
2020	2019	2018	2017
4.159.965.114	3.144.616.830	3.148.273.075	3.054.456.503

NUMBER OF BORROWERS			
2020	2019	2018	2017
52.064	43.608	44.121	39.356

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
TOTAL SUSTAINABLE PORTFOLIO	**4.159.965.114**	**4.159.965.114**	**MAXIMUM POTENTIAL SUSTAINABLE FINANCE**

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.



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.

4 QUALITY EDUCATION

2017	-
2018	-
2019	**24.028.003 €**
2020	**26.747.946 €**

7 AFFORDABLE AND CLEAN ENERGY

2017	281.168.595 €
2018	482.853.903 €
2019	504.305.151 €
2020	623.854.030 €

8 DECENT WORK AND ECONOMIC GROWTH

2017	-
2018	-
2019	1.777.932.762 €
2020	2.725.578.704 €

10 REDUCED INEQUALITIES

2017	-
2018	-
2019	50.888.474 €
2020	56.650.785 €

11 SUSTAINABLE CITIES AND COMMUNITIES

2017	2.685.353.502 €
2018	2.533.004.109 €
2019	628.560.131 €
2020	595.814.908 €

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

2017	87.934.406 €
2018	132.415.063 €
2019	157.603.620 €
2020	130.044.118 €

15 LIFE ON LAND

2017	-
2018	-
2019	1.298.688 €
2020	1.274.624 €

4 7 8 10 11 12 15 TOTAL

2017	3.054.456.504 €
2018	3.148.273.076 €
2019	3.144.616.831 €
2020	4.159.965.114 €

BREAKDOWN OF SUSTAINABILITY LINES[15]

1. SUSTAINABLE FARMING

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

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.

[15] 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_2 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%

CASE STUDY

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

2. RENEWABLE ENERGY

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

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:

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

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

  Number of loans: 25

CASE STUDY

enhol

CASE STUDY

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

> Grupo Enhol

3. ENERGY EFFICIENCY

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

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:

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

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 CO2 emissions).

Loans outstanding: EUR 64.9 million
Number of loans: 81

- 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[16] save 17,672 tonnes/year compared to the average home in Spain[17].

This section includes financing for the European SmartEnCity[18] 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.

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.

4. SUSTAINABLE FORESTRY

15 LIFE ON LAND

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."

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:

[16] 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.
[17] Assuming a 90 m_2 newbuild apartment (in apartment block) with annual emissions of 69.80 kg CO_2 eq/m_2 compared to the average emissions of existing Spanish properties.
[18] https://smartencity.eu/news/detail/?rx_call=238

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

All the loans in this category were for sustainably managed woodlands certified by the PEFC (Programme for the Endorsement of Forest Certification)[19] 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.

CASE STUDY

egoin

CASE STUDY

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

> egoin

[19] https://www.pefc.org/

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 21.6 million at 31 December 2020, spread across 67 loans to 33 borrowers as follows:

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

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

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).

6. SOCIAL HOUSING

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

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:
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:

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

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:

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

None	68.6%
1 child	15.9%
2 children	12.9%
3 children	2.2%
4 children	0.3%
More than 4 children	0.1%

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

< 5,000	15.7%
5,000 to 10,000	11.8%
10,000 to 25,000	28.7%
25,000 to 50,000	7.5%
50,000 to 100,000	1.6%
100,000 to 150,000	1.1%
150,000 to 200,000	20.2%
> 200,000	13.5%

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

Less than EUR 18,000	54.9%
EUR 18,000 to 25,000	23.7%
EUR 25,000 to 50,000	20.4%
More than 50,000	1.0%

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:

Navarre:
http://www.navarra.es/home_es/Temas/Vivienda/Ciudadanos/Censo+de+vivienda/Que+es+el+censo/

La Rioja:
https://www.larioja.org/vivienda/es

Basque Country:
https://www.etxebide.euskadi.eus/x39-contgen/es/contenidos/informacion/presentacion_etxebide/es_etxecont/presentacion.html

7. SOCIAL INCLUSION

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 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.

- **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.

- **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.

- **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.

- **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.

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

CASE STUDY

ecointegra

aspace

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

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"

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 Navarre, 20 Erasmus Plus and 13 Scholarships to the University of Navarre).

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

SAN PRUDENCIO
COLEGIO-IKASTETXEA
VITORIA-GASTEIZ

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

9. ECONOMIC INCLUSION

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"

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.[20]

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.

[20] Data includes financing to all classes of company

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

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 Union[21]

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:

[21] Commission Regulation (EU) 651/2014

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 Linéa 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:

- **Location of projects**
    - Navarre: 68 projects à 44%
    - Basque Country: 78 projects à 50%
        > Guipúzcoa: 28 projects à 18% of the total; 36% of the Basque Country total.
        > Álava: 11 projects à 7% of the total; 18% of the Basque Country total.
        > Vizcaya: 39 projects à 25% of the total; 80 % of the Basque Country total.
    - Rioja: 10 projects à 6%

- **Gender of partners:**
    - 186 men à 65%
    - 98 women à 35%.

- **Average age of project partners in 2020:**
    - 38.84 years

- **Geographical distribution of partners:**
    - Navarre: 123 (73 men and 50 woman).
    - Basque Country: 147 (104 men and 43 woman).
    - Rioja: 14 (9 men and 5 woman).

- **Distribution by sector:**
    - Services: 95 projects à 60.90%.
    - Industrial: 17 projects à 10.90%
    - Health and sport: 11 projects à 7.05%
    - Retail: 33 projects à 21.15%

- **Total investment generated:** EUR 12,081,500

- **Total finance granted,** not including Covid loans (ICO revolving credits, ICO investment, Government of Navarre, Sonagar, Elkargi and the Basque government): EUR 7,577,893

- **Average investment per project 2020** = 12,081,500/156 projects = EUR 77,466/project

- **Average finance per project 2020** = EUR7,577,893, 156 projects = EUR 48,576.24/project

- **Average equity contribution 2020** = (12,081,500 – 7,577,893) / 156 = EUR 28,869.28/project.

- **NPL at end-2019:** EUR 775,000/(72,665,000 + 1,346,000) = 1.047%

- **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%

Total 5-year survival rate (2015-2019): 75%

Total 3-year survival rate (2017-2019): 85%

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

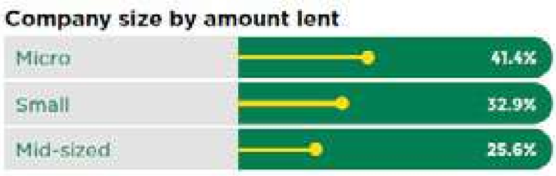
The following data, based on our analysis, show a significant number of positive social impacts:

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	ver 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.



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.

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

< 5,000	27.0%
5,000 to 10,000	10.2%
10,000 to 25,000	14.6%
25,000 to 50,000	6.4%
50,000 to 100,000	4.1%
100,000 to 150,000	0.5%
150,000 to 200,000	21.2%
More than 200,000	16.0%

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

Public limited	16.9%
Limited	73.9%
Cooperatives	7.2%
Other	2.0%

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

< EUR 1 million	55.0%
EUR 1-10 million	28.1%
EUR 10-20 million	6.5%
EUR 20-30 million	2.7%
EUR 30-45 million	2.8%
> EUR 45 million	4.8%

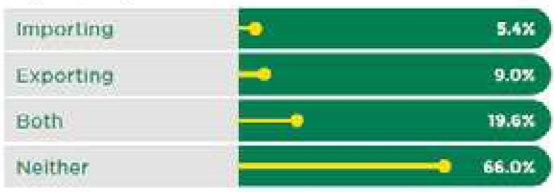
Number of employees

< 10	45.5%
10 to 50	31.5%
50 to 100	11.1%
100 to 150	4.6%
150 to 200	3.9%
>200	3.4%

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%

CASE STUDY

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

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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.

5. THE TEAM

5.1 THE TEAM

At Caja Rural de Navarra, we are convinced that the people who comprise our staff are the engine of the Bank and our key competitive advantage. The value our employees deliver is the Bank's raison d'etre and what really makes the difference. By value we mean both the value the Bank delivers for customers and hence the community, and what the employees contribute to each other, creating an enriching working environment that encourages team development in a generationally diverse workforce.

Working for Caja Rural de Navarra means having strong values, including close relationships with people, commitment to the environment and socially responsible business practice. These values came to the fore in 2020. All branches stayed open through the pandemic, even during the general lockdown, continuing to offer service throughout and giving practical expression to our objective of staying close to our community.

These circumstances, coupled with the ongoing digital transformation of the banking industry, encouraged a faster take-up of digital skills among the staff, which are essential to run our business through digital media but without sacrificing our essence, proximity.

5.2 DISTRIBUTION OF STAFF AND TYPES OF CONTRACT

2018 TOTAL EMPLOYEES: 965

> BY SEX

	Men	Women
%	51%	49%
Number	496	469

> BY AGE

Age	TOTAL	Men %	Women %	Men	Women
Under 30	266	11.50%	16.06%	111	155
30-50	580	30.47%	29.64%	294	286
Over 50	119	9.43%	2.90%	91	28

> PROFESSIONAL CLASSIFICATION

Group	TOTAL	Men %	Women %	Men	Women
Group I	1	0.10%		1	0
Group II Grade 1	13	1.35%		13	0
Group II Grade 2	8	0.83%		8	0
Group II Grade 3	1	0.10%		1	0
Group II Grade 4	17	1.45%	0.31%	14	3
Group II Grade 5	18	1.55%	0.31%	15	3
Group II Grade 6	219	16.68%	6.01%	161	58
Group II Grade 7	186	[illegible]	10.16%	88	98
Group II Grade 8	165	5.70%	11.40%	55	110
Group II Grade 9	52	3.21%	2.18%	31	21
Group II Grade 10	282	10.98%	18.24%	106	176
Group III Support staff	3	0.31%		3	0

2019 TOTAL EMPLOYEES: 963

> BY SEX

	Men	Women
%	52%	48%
Number	498	465

> BY AGE

Age	TOTAL	Men %	Women %	Men	Women
Under 30	264	11.84%	15.58%	114	150
30-50	583	30.74%	29.80%	296	287
Over 50	116	9.14%	2.91%	88	28

> PROFESSIONAL CLASSIFICATION

Group	TOTAL	Men %	Women %	Men	Women
Grupo I	1	0.10%		1	0
Grupo II Grade 1	11	1.14%		11	0
Grupo II Grade 2	8	0.83%		8	0
Grupo II Grade 3	1	0.10%		1	0
Grupo II Grade 4	15	1.25%	0.31%	12	3
Grupo II Grade 5	18	1.56%	0.31%	15	3
Grupo II Grade 6	225	17.03%	6.33%	164	61
Grupo II Grade 7	206	9.14%	12.25%	88	118
Grupo II Grade 8	135	5.19%	8.83%	50	85
Grupo II Grade 9	51	3.01%	2.28%	29	22
Grupo II Grade 10	289	12.05%	17.96%	116	173
Grupo III Support staff	3	0.31%		3	0

* Professional classification has three groups: Group I is the Managing Director, who prepares for and works with the Governing Board in its decision-making when defining and proposing the business strategy, drawing up the Annual Operating Plan, setting targets for the income statement and expansion of the Bank and monitoring budgets.

Group II is administrative and management personnel. This group involves heads of department and other executives responsible for carrying through the day-to-day business in the different areas. Group III, support staff, includes employees doing tasks that are not specifically related to banking but are support roles, such as qualified staff drivers and maintenance personnel.

Group II is divided into a number of pay grades. There are 10 pay grades for different functions within the same group. In addition to these 10 grades there are two starting grades, first-year entry and second-year entry. There is a professional promotion system within the Group II grades that means workers pass from grade 10 to 9, 9 to 8 and 8 to 7, and in the case of managers from 7 to 6 based on time served and the completion of commercial tasks.

5.2.2. TOTAL HEADCOUNT AND BREAKDOWN BY TYPE OF EMPLOYMENT CONTRACT

2018 TOTAL EMPLOYEES 965

1. TYPE OF CONTRACT

Contract code:	Description	Employees	% total
001	Permanent (full-time)	720	74.61%
200	Permanent (part-time)	0	0.00%
401	Specific task or service (full-time)	5	0.52%
402	Production contingencies (full-time)	53	5.49%
502	Production contingencies (part-time)	1	0.10%
410	Temporary replacement contract (full-time)	22	2.28%
420	Work experience (full-time)	163	16.89%
520	Work experience (part-time)	1	0.10%
	Total	965	100.00%

2019 TOTAL EMPLOYEES 963

1. TYPE OF CONTRACT

Contract code:	Description	Employees	% total
001	Permanent (full-time)	733	76.12%
200	Permanent (part-time)	2	0.21%
401	Specific task or service (full-time)	5	0.52%
402	Production contingencies (full-time)	51	5.30%
502	Production contingencies (part-time)	1	0.10%
410	Temporary replacement contract (full-time)	16	1.66%
420	Work experience (full-time)	154	15.99%
520	Work experience (part-time)	1	0.10%
	Total	963	100.00%

2020 TOTAL EMPLOYEES 948

1. TYPE OF CONTRACT

Contract code:	Description	Employees	% total
001	Permanent (full-time)	740	78.06%
200	Permanent (part-time)	2	0.21%
401	Specific task or service (full-time)	7	0.74%
402	Production contingencies (full-time)	57	6.01%
502	Production contingencies (part-time)	0	0.00%
410	Temporary replacement contract (full-time)	10	1.05%
420	Work experience (full-time)	131	13.82%
520	Work experience (part-time)	1	0.11%
	Total	948	100.00%

5.2.3. ANNUAL AVERAGE OF PERMANENT/TEMPORARY CONTRACTS

TOTAL PERMANENT CONTRACTS / **759**

2020 TOTAL INDEFINITE CONTRACTS 742

2019 TOTAL INDEFINITE CONTRACTS 735

2018 TOTAL INDEFINITE CONTRACTS 759

Contract code	Description	Employees 2020	Employees 2019	Employees 2018
001	Permanent (full-time)	740	733	759
200	Permanent (part-time)	2	2	0

2020 INDEFINITE EMPLOYEES

> BY SEX

Men	Women
53.91%	46.09%
400	342

> BY AGE

Age	Employees 2020	% total 2020
Under 30	73	9.84%
30-50	556	74.93%
Over 50	113	15.23%

> PROFESSIONAL CLASSIFICATION

Group	Employees 2020	% total 2020
Group I	1	0.13%
Group II Grade 1	10	1.35%
Group II Grade 2	8	1.08%
Group II Grade 3	1	0.13%
Group II Grade 4	13	1.75%
Group II Grade 5	18	2.43%
Group II Grade 6	224	30.19%
Group II Grade 7	238	32.08%
Group II Grade 8	102	13.75%
Group II Grade 9	73	9.84%
Group II Grade 10	51	6.87%
Group III Support staff	3	0.40%

2020 TOTAL TEMPORARY CONTRACTS	206

2019 TOTAL TEMPORARY CONTRACTS	228

2018 TOTAL TEMPORARY CONTRACTS	245

Contract code	Description	Employees 2020	Employees 2019	Employees 2018
401	Specific task or service (full-time)	7	5	5
402	Production contingencies (full-time)	57	51	53
410	Temporary replacement contract (full-time)	10	16	22
420	Work experience (full-time)	131	154	163
502	Production contingencies (part-time)	0	1	1
520	Work experience (part-time)	1	1	1

2020 TEMPORARY EMPLOYEES

> BY SEX

	Men	Women
%	46.60%	53.40%
Employees	96	110

> BY AGE

	Employees 2020	% total 2020
Menores de 30 años	189	91.75%
De 30 a 50 años	17	8.25%
Mayores de 50 años	0	0.00%

> PROFESSIONAL CLASSIFICATION

	Employees 2020	% total 2020
Grupo II Nivel 9	2	0.97%
Grupo II Nivel 10	204	99.03%

5.2.4. DEPARTURES BY SEX, AGE, COUNTRY AND PROFESSIONAL CLASSIFICATION

2018 TOTAL DEPARTURES	10

> BY SEX

	Men	Women
%	80.00%	20.00%
Employees	8	2

> BY AGE

	Employees 2018	% total 2018
Under 30	0	0.00%
30-50	4	40.00%
More than 50	6	60.00%

> PROFESSIONAL CLASSIFICATION

	Employees 2018	% total 2018
Group II Grade 6	1	10.00%
Group II Grade 7	3	30.00%
Group II Grade 8	3	30.00%
Group II Grade 10	3	30.00%

2019 TOTAL DEPARTURES	10

> BY SEX

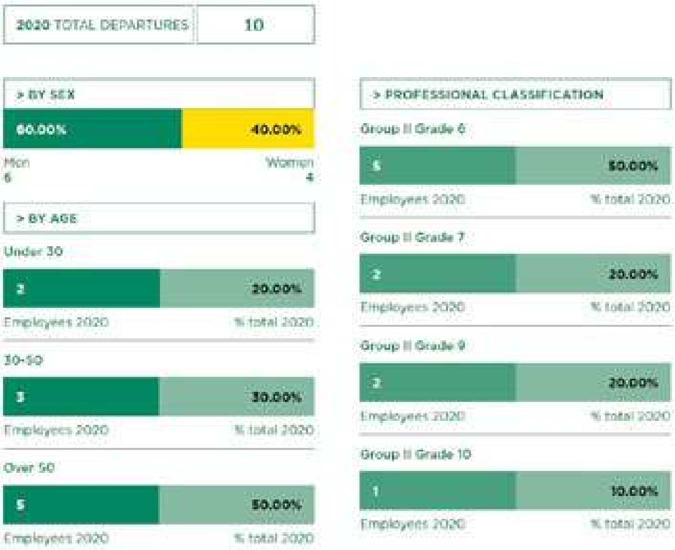
	Men	Women
%	60.00%	40.00%
Employees	6	4

> BY AGE

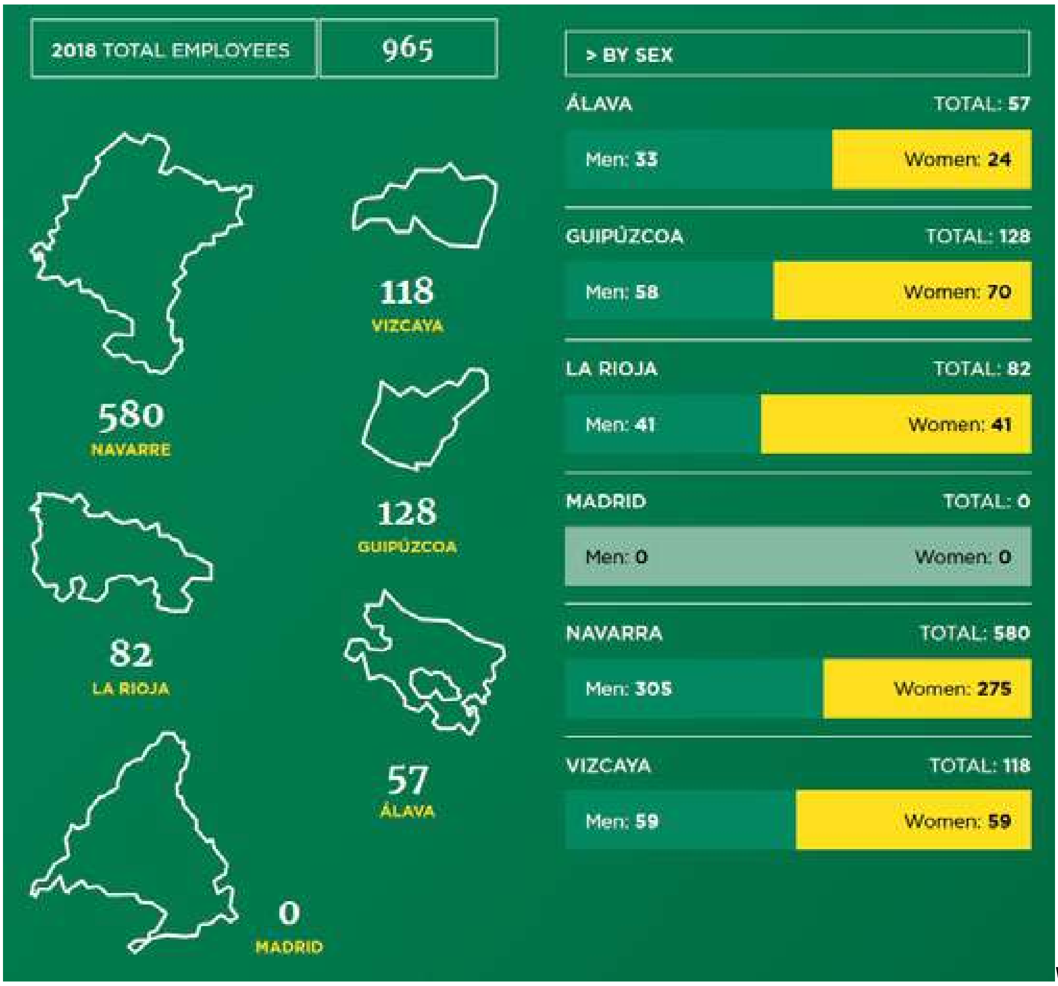
	Employees 2019	% total 2019
Under 30	2	20.00%
30-50	4	40.00%
More than 50	4	40.00%

> PROFESSIONAL CLASSIFICATION

	Employees 2019	% total 2019
Group II Grade 2	1	10.00%
Group II Grade 4	5	50.00%
Group II Grade 7	1	10.00%
Group II Grade 9	3	30.00%



5.2.5. EMPLOYEES AT END-2020, BY PROVINCE



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> BY AGE

ÁLAVA	TOTAL: 57
Under 30	24
30-50	33
Over 50	0

GUIPÚZCOA	TOTAL: 128
Under 30	42
30-50	82
Over 50	4

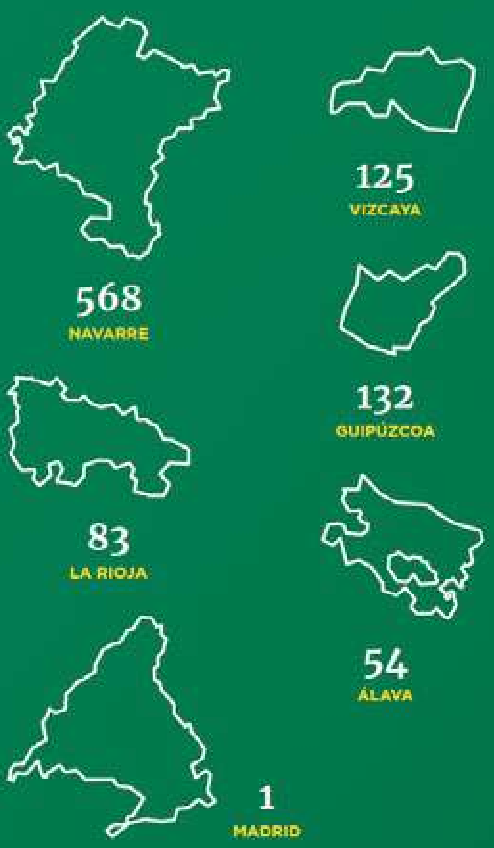
LA RIOJA	TOTAL: 82
Under 30	25
30-50	54
Over 50	3

MADRID	TOTAL: 0
30-50	0

NAVARRE	TOTAL: 580
Under 30	136
30-50	332
Over 50	112

VIZCAYA	TOTAL: 118
Under 30	39
30-50	79
Over 50	0

2019 TOTAL EMPLOYEES | **963**



> BY SEX

ÁLAVA	TOTAL: 54
Men: 29	Women: 25

GUIPÚZCOA	TOTAL: 132
Men: 66	Women: 66

LA RIOJA	TOTAL: 83
Men: 43	Women: 40

MADRID	TOTAL: 1
Men: 1	

NAVARRA	TOTAL: 568
Men: 297	Women: 271

VIZCAYA	TOTAL: 125
Men: 62	Women: 63

> BY AGE

ÁLAVA	TOTAL: 54
Under 30	20
30-50	34
Over 50	0

GUIPÚZCOA	TOTAL: 132
Under 30	44
30-50	83
Over 50	5

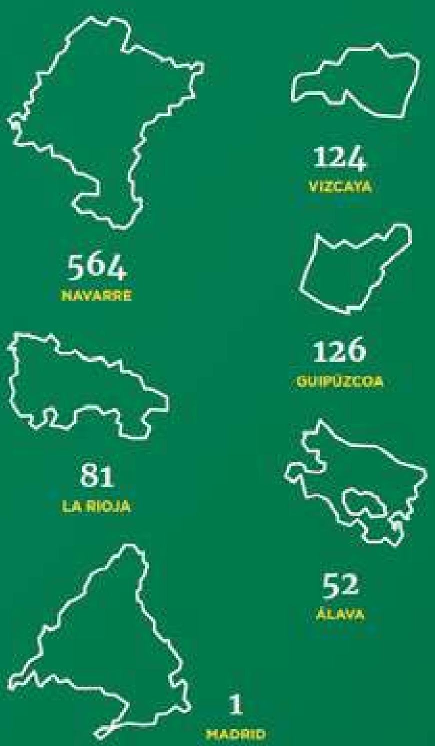
LA RIOJA	TOTAL: 83
Under 30	25
30-50	56
Over 50	2

MADRID	TOTAL: 1
De 30 a 50 años	1

NAVARRE	TOTAL: 568
Under 30	129
30-50	331
Over 50	108

VIZCAYA	TOTAL: 125
Under 30	46
30-50	78
Over 50	1

2020 TOTAL EMPLOYEES 948



> BY SEX

Province	Men	Women	Total
ÁLAVA	Men: 29	Women: 23	TOTAL: 52
GUIPÚZCOA	Men: 64	Women: 62	TOTAL: 126
LA RIOJA	Men: 43	Women: 38	TOTAL: 81
MADRID	Men: 1		TOTAL: 1
NAVARRA	Men: 301	Women: 263	TOTAL: 564
VIZCAYA	Men: 58	Women: 66	TOTAL: 124

> BY AGE

ÁLAVA	TOTAL: 52
Under 30	17
30-50	34
Over 50	1

GUIPÚZCOA	TOTAL: 126
Under 30	38
30-50	82
Over 50	6

LA RIOJA	TOTAL: 81
Under 30	24
30-50	55
Over 50	2

MADRID	TOTAL: 1
30-50	1

NAVARRE	TOTAL: 564
Under 30	139
30-50	323
Over 50	102

VIZCAYA	TOTAL: 124
Under 30	44
30-50	78
Over 50	2

5.2.6. INTEGRATED REPORT 2018

EXPERIENCE (AVE. YEARS OF SERVICE) 2019	EXPERIENCE (AVE. YEARS OF SERVICE) 2018
12.85	11.62

EXPERIENCE (AVE. YEARS OF SERVICE) 2020
13.32

Diversity	Employees 2020	% total 2020	% total 2019	* % 2018
Men	496	52.32%	51.71%	51.40%
Women	452	47.68%	48.29%	48.60%

Employees with university degrees	Employees 2020	% total 2020	% total 2019	* % 2018
Graduates	64	6.75%	4.15%	8.14%
Non-graduates	884	93.25%	95.85%	91.86%
Total	**948**			

At 31 December 2020 the number of Caja Rural de Navarra employees with a disability was: 4.

At 31 December 2020 the number of Caja Rural de Navarra employees with a disability was: 4.

5.3. REMUNERATION POLICY

The core aim of remuneration policy is to align the actions of employees with the long-term aims of the Bank.

Long-term aims include the need to generate financial profit but also take account of other key issues for a cooperative organization with strong local roots, such as growing its customer base, increasing the number of products held by each customer, building customer loyalty and fostering a positive market image of the services we provide.

The basic criteria that flow from this core aim are as follows:

A. Fixed individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.

B. Variable remuneration shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It should create no direct incentives to sell specific projects, such as discounts or fee reversals to employees.

C. Variable remuneration must be capped as a proportion of fixed income and can never be more than 100 % of fixed remuneration, as required by regulations in force.

D. It should always be based on the qualitative issues most closely related to long-term performance (maintenance of the customer base, customer satisfaction, balanced growth, etc.).

E. Part of variable remuneration shall be deferred for between 3 and 5 years, tied to completion of the Strategic Plan for this period.

F. Customer satisfaction data feeds into the design of remuneration policy.

G. Variable remuneration shall include a clawback clause allowing the Cooperative Back to retrieve sums paid in the event of fraud, disciplinary dismissal or misconduct that causes serious damage to the Bank.

H. Before agreeing any payment, the Bank must make sure that minimum solvency requirements will continue to be met so its solvency is not imperilled and check it against the detailed indicators in the Risk Appetite Framework.

Basic pay structure is set out in the Collective Agreement of Cooperative Credit Institutions, agreed between the employers of the National Union of Cooperative Credit Institutions and the unions, which sets the standard for all employees.

Once regulatory requirements have been met, the remuneration of each employee is set individually based on their individual career. Fair treatment is ensured by looking at a set of standardised functions for which they are responsible.

Data from individual pay awards are aggregated to check they match the Bank's budget and ensure there is no overrun during the year.

1. REMUNERATION SYSTEM

Caja Rural de Navarra structures its remuneration system to achieve an internal coherence between the elements of remuneration and the posts and responsibilities being rewarded, which is tailored to the realities of the market and provides a path of professional progress and promotion for its staff.

DISTRIBUTION OF ELEMENTS OF REMUNERATION

	2020	2019
Collectively negotiated salary	65.51%	70.62%
Voluntary salary	19.10%	19.78%
Incentives	15.38%*	9.60%

* E2020 included incentive payments on the Strategic plan

Caja Rural de Navarra has approved its Remuneration Policy linked to Risk management which fulfils its established obligations.

The Policy is based on a number of principles, including the following:

- Fixed individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.

- Variable remuneration shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It consists of a qualitative evaluation, taking into account aspects relating to the quality and performance of their work. It is discretionary.

Average remuneration by professional classification:

EMPLOYEE AVERAGE SALARY 2020	37,906.92 €
GROSS PAY 2020	2,263.10 €
MEDIAN EMPLOYEE SALARY 2020	34,895.53 €
GROSS PAY 2020	2,083.32 €

EMPLOYEE AVERAGE SALARY 2019	37,129.42 €
GROSS PAY 2019	2,216.68 €
MEDIAN EMPLOYEE SALARY 2019	34,000.00 €
GROSS PAY 2019	2,029.85 €

EMPLOYEE AVERAGE SALARY 2018	36,354.01 €
GROSS PAY 2018	2,170.39 €
MEDIAN EMPLOYEE SALARY 2018	33,284.26 €
GROSS PAY 2018	1,987.12 €

Category	Rel. to 2020 average	Rel. to 2019 average
Group II Grade 1	3.00	2.98
Group II Grade 2	2.29	2.32
Group II Grade 4	1.97	1.97
Group II Grade 5	1.83	1.85
Group II Grade 6	1.36	1.37
Group II Grade 7	0.99	1.01
Group II Grade 8	0.89	0.88
Group II Grade 9	0.76	0.79
Group II Grade 10	0.57	0.57
Group III Support Staff	0.84	0.85

Category	Rel. to 2020 average	Rel. to 2019 average
Group II Grade 1	3.26	3.26
Group II Grade 2	2.49	2.53
Group II Grade 4	2.14	2.16
Group II Grade 5	1.98	2.02
Group II Grade 6	1.48	1.50
Group II Grade 7	1.08	1.11
Group II Grade 8	0.97	0.96
Group II Grade 9	0.83	0.87
Group II Grade 10	0.61	0.62
Group III Support staff	0.91	0.92

2018		
Minimum starting salary EUR/hour		
22,056.74 €	1,700	12.97 €

Minimum starting salary EUR/NMW 2018		
22,056.74 €	10,302.60 €	2.14

*NMW = National Minimum Wage year 2018

2019		
Minimum starting salary EUR/hour		
22,634.18 €	1,700	13.31 €

Minimum starting salary EUR/NMW 2019		
22,634.18 €	12,600.00 €	1.80

*NMW = National Minimum Wage year 2019

2020		
Minimum starting salary EUR/hour		
22,634.18 €	1,700	13.31 €

Minimum starting salary EUR/NMW2020		
22,634.18 €	13,300.00 €	1.70

*NMW = National Minimum Wage year 2020

** For confidentiality reasons groups comprising one person have been merged into the nearest equivalent group with more than one.
** Data based on Average Labour Index
*** Data based on Median salary

2. AVERAGE REMUNERATION AND BREAKDOWN BY SEX AND AGE

	2020	2019	2018
EMPLOYEE AVERAGE SALARY	37,906.92 €	37,129.42 €	36,354.01 €
GROSS PAY	2,263.10 €	2,216.68 €	2,170.39 €

AVERAGE SALARY	2020 Men	2020 Women	2019 Men	2019 Women	2018 Men	2018 Women
> BY SEX	1.15%	0.84%	1.16%	0.83%	1.17%	0.82%
> BY AGE: Under 30	0.58%	0.58%	0.57%	0.58%	0.55%	0.55%
30-50	1.24%	0.95%	1.24%	0.94%	1.20%	0.91%
Over 50	1.62%	1.03%	1.64%	1.02%	1.63%	1.03%


EMPLOYEE AVERAGE SALARY 2020 34,895.53 €
GROSS PAY 2020 2,083.32 €
EMPLOYEE AVERAGE SALARY 2019 34,000.00 €
GROSS PAY 2019 2,029.85 €
EMPLOYEE AVERAGE SALARY 2018 33,284.26 €
GROSS PAY 2018 1,987.12 €
AVERAGE SALARY 2020
> BY SEX
1.25% Men
0.91% Women
> BY AGE
Under 30
0.63% Men
0.63% Women
30-50
1.34% Men
1.03% Women
Over 50
1.76% Men
1.12% Women
AVERAGE SALARY 2019
> BY SEX
1.27% Men
0.90% Women
> BY AGE
Under 30
0.63% Men
0.63% Women
30-50
1.36% Men
1.03% Women
Over 50
1.79% Men
1.11% Women
AVERAGE SALARY 2018
> BY SEX
1.28% Men
0.89% Women
> BY AGE
Under 30
0.60% Men
0.60% Women
30-50
1.31% Men
0.99% Women
Over 50
1.78% Men
1.13% Women
THE AVERAGE LABOUR INDEX AT CAJA RURAL DE NAVARRA IS: EUR 2,263.10 /GROSS PAY
* SSCC: Central Services
* Data based on average Labour Index

Function	MEN AVERAGE SALARY 2020	MEN AVERAGE SALARY 2019	MEN AVERAGE SALARY 2018
Area/regional manager	2.60	2.61	2.73
Branch manager/SSCC	1.39	1.39	1.41
Admin-sales/central services	0.90	0.91	0.92

Function	MEN MEDIAN SALARY 2020	MEN MEDIAN SALARY 2019	MEN MEDIAN SALARY 2018
Area/regional manager	2.82	2.85	2.98
Branch/SSCC	1.51	1.52	1.54
Admin-sales/central services	0.98	0.99	1.00

* SSCC: Central Services
* Data based on average Labour Index

Function	WOMEN AVERAGE SALARY 2020	WOMEN AVERAGE SALARY 2019	WOMEN AVERAGE SALARY 2018
Area/regional manager	2.22	2.20	2.42
Branch manager/SSCC	1.13	1.12	1.16
Admin-sales/central services	0.75	0.75	0.74

Function	WOMEN MEDIAN SALARY 2020	WOMEN MEDIAN SALARY 2020	WOMEN MEDIAN SALARY 2020
Area/regional manager	2.41	2.41	2.65
Branch/SSCC	1.23	1.22	1.27
Admin-sales/central services	0.82	0.82	0.81

* SSCC: Central Services
* Data based on average Labour Index

4. SALARY DISTRIBUTION 2019

	2020	2019	2018
MEDIAN SALARY excluding incentives	34,895.53	34,000.00	-
MEDIAN SALARY excluding top salary or incentives	39,319.74	36,844.07	-
Ratio of best-paid person's salary vs. median employee salary	**5.89**	**7.94**	**7.41**
MEDIAN % PAY RISE	0.31	2.62	-
Ratio of % increase best-paid person's salary vs. median % increase	**3.21**	**0.35**	**0.95**

5. AVERAGE REMUNERATION OF DIRECTORS AND MANAGERS

Gross total remuneration of **the board** in 2020 was:

55,275.08 €

Board members 2020	
TERES LOS ARCOS IGNACIO	ETAYO ANDUEZA MARCELINO
RODRIGUEZ EGUILAZ JOSE JOAQUIN	ZABALETA CIRIZA ROBERTO
ESANDI SANTESTEBAN FERMIN	GOÑI JUAMPEREZ PEDRO JOSE
SANCHEZ DIESTRO CARLOS	DEL CASTILLO TORRES JESUS MARIA
ARRONDO LAHERA ALBERTO	URRUTIA AICEGA GABRIEL
GARCIA DIAZ DE CERIO MANUEL	IRISARRI VALENCIA PEDRO JESUS
OLLETA GAYARRE FERNANDO	ZABALETA JURIO IGNACIO

Annual average remuneration per person:	**3,948.22 €**

Gross total remuneration of the management team was:	1,926,000.00 €

Board members 2020	
UGARTE ALBERDI ALBERTO	Risk Department Director
LECUMBERRI SEVIGNE ANGEL	Commercial Director
AYECHU REDIN JUAN MARIA	Bussines Banking Director
SOLA ARRESE FELIX	Compliance Director
RODRIGUEZ LASPIUR FRANCISCO J.	Management Control Director
ARRIETA DEL VALLE IGNACIO	Managing Director
SAGASETA GARCIA CARLOS ALBERTO	Internal Audit Director
GARCIA DE EULATE MARTIN MORO MIGUEL	Treasury Operations Director
TABOADA PLATAS SERGIO	Head of Technology and Organization
MORIONES ARAMENDIA MARIA	Head of Housing and Real State Assets
CAMPOS JIMENEZ FERNANDO	Head of Human Resources
MENA SOLA IGNACIO	Head of Legal Affairs
BERAZALUCE MINONDO FRANCISCO J.	Head of Equity Investments
MAEZTU ZAPATERIA IGNACIO	Commercial Director Branches
Annual average remuneration per person:	137,571.43 €

* 2020 includes incentive payments on the Strategic plan

5.4 CORPORATE PROFIT FOR THE YEAR

BENEFITS IN KIND – FINANCIAL PRODUCTS

· Subsidised loans

Employee primary home loan (personal guarantee or mortgage)
Home loan under collective agreement (personal guarantee or mortgage)
Employee payments (personal guarantee)
Loans for other purposes (personal guarantee or mortgage)
Second home loans (personal guarantee or mortgage)
Pledges
Advances on contributions

· Loans

· Subsidised current or savings account
· Subsidised cards and Via-T cards
· Regular free transfers
· Securities: special terms for employees, spouses and non-adult children
· Car and home insurance with special discounts for employees

WORK-LIFE BALANCE

Digital disconnection measures
Flexible working hours
Paid and unpaid permits and licenses
Maternity leave
Shorter working day
Medical support
Voluntary leave and leave for care of children under 3

OTHER BENEFITS

Help with children's studies
Help with employees' studies
Family support for children
Additional orphan's pension for children of deceased employees
Life and casualty insurance for employees
Right to receive 100% of real salary for 18 months temporary disability leave

5.5 RIGHT TO DISCONNECT

Disconnecting digital devices is a right that supports the health of workers. Digital disconnection is also essential to create a healthy work/life balance, goldplating statutory requirements in this area.

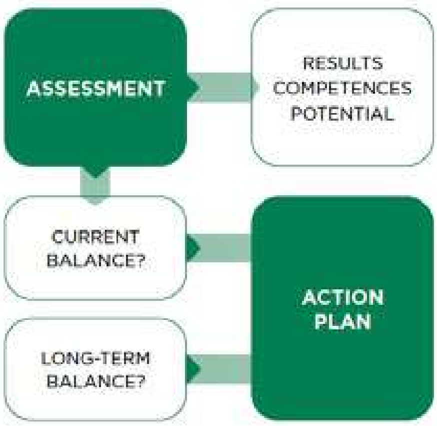
Accordingly, in line with the regulations in Article 20 bis of the Labour Code, the Bank and employees' representatives signed an agreement recognising that workers have the right to digital disconnection to make sure that, outside legal or negotiated working hours, their free time, leave and holidays and their personal and family life are respected.

The agreement was passed to employees at the start of the year and will be included in the new collectively negotiated agreement in 2021.

5.6 DEVELOPING PROFESSIONALS

The aim is to create a scorecard that gives an overview of the current staff situation and how this relates the ideal team structure.

This is important not only to balance the team to meet current needs but also to project future needs.



The model has three levels and indicators:

- A strategic consideration for any model to be sustainable is to have the initial talent that can grow and take on future responsibilities in the Bank.
- We must have people fit and ready to take on new responsibilities.
- A balanced management structure. We have to maintain a stable structure in the teams, blending experience with flexibility via new staff in training.

In designing the team balance scorecard, we rely on three information gathering exercises:

- Improvement Plan Review
- Cross-functional Review
- Review of team business objectives

The results will feed into action plans designed to bring new profiles into the Bank, and to develop communities where we consider we need to take action.

IMPROVEMENT PLAN/TALENT

Talent is the tool we use to manage the Bank's human potential and the channel through which we execute the annual Improvement Plan or assessment of competence-based development.

Competences assessed during the process are linked to the Bank's values of proximity, commitment and responsibility. And we lay especial emphasis on Leadership, as we consider that the managerial function is key in the personal development of Bank employees.

The Improvement Plan sets out objectives that tend to develop competences. These objectives can be met through specific actions. This allows us to monitor the development process as it unfolds.

CROSS-FUNCTIONAL REVIEW

Another of the processes providing information on growth and development, the annual review by branch managers and regional managements on the functioning of the central services departments and vice versa.

Central Services review:

- Sales support
- Service quality
- Closeness
- Creativity and innovation

Branch review

- Sales dynamism
- Product knowledge/business criteria
- Compliance with Area/Bank guidelines
- Creativity and innovation

5.7. STRUCTURES FOR DIALOGUE WITH EMPLOYEES

Employees are represented in the Bank's governance at Governing Board level. One representative of the staff is nominated as employee director and takes part in governance decisions with access to the management information forming the basis of discussions at Board meetings and strategy points. He/she also sits on the

Remuneration Committee, where the Bank's remuneration policy is analysed before being passed on to the Governing Board for approval.

Similarly, the way the Bank organises its human resources means employees have a voice in their day-to-day activities. First, it promotes teamwork so that the branch office is the company's core operational unit. Accordingly, targets set by the company are all team targets. The criteria to achieve, whether in terms of financial growth, customers or general functioning of the branch, are all common goals shared by all.

The company's communications system is also based on team meetings and coordinated decision-making by managers with the participation of all those involved. All the committees and meetings feed into the branch meeting, which is the core team and requires the collaboration of the whole group.

When it comes to dialogue with employees, the Bank is in constant contact with employees' legal representatives. There is an forum for initial exchange of ideas on training backed up by regular quarterly meetings.

Other aspects of employee relations have their own established channels for communications and exchange of ideas, ensuring a continuous flow of information on a wide range of issues, from organizational structure and distribution to compliance with labour regulations and health and safety.

The collective agreement governing terms and conditions in the sector is negotiated for all credit cooperatives by the UNACC, which includes the Bank, and by ASEMEC on the management side and by the unions Comisiones Obreras (CC.OO.) and Unión General de Trabajadores (UGT) on the workers' side. This sets the basic regulations for the activity of cooperative credit institutions and as such applies directly to 100% of Caja Rural de Navarra employees.

However, in addition to the above negotiation and application of the collective sector agreement, there are other areas which are regulated by internal agreements between employees' legal representatives and management, addressing specific issues that improve on the terms in the collective agreement or regulate matters not covered by the general regulations.

Current agreements in force cover, first, distribution of working hours in light of work-life balance and employees' right to decide some of their working hours, so that work is done at the best time for the business and the employee and coordinated with the working team. It also covers extra holidays.

Secondly, employee benefits such as loans for various purposes, various types of insurance protection and support for families with children.

5.8 TRAINING POLICIES

One of the Bank's key values is the talent of the workforce, which is transmitted day by day from person to person, like a continuous apprenticeship programme for personal development, which is reinforced by a well-funded internal training programme that we implement systematically. Also, the generational diversity of the workforce, with people from different generations working side by side, naturally facilitates exchanges on issues and skills, helping pass on this knowledge.

The Bank's basic objective is to develop people in their professional life, enabling them to progress horizontally and vertically into new roles and functions, empowering them to advise customers on all aspects of banking.

In the last 4 years, bank regulations have been tightened and the Bank has had to focus much of its training programmes on making sure staff have the qualifications to deliver advice and implement various regulations. This took the form of several courses on regulatory compliance. We now have a well-trained body of men and women with specific technical areas of knowledge, the result of an extra effort made by employees in the field of training. This, coupled over the last year with the rollout of the Bank's digital transformation, has meant more hours spent on staff training.

The need to comply with regulations also provided an opportunity to skill up employees so they can advise clients on more complex matters, with better service and high levels of knowledge.

The Caja Rural de Navarra training plan is customer-centric, putting the internal customer and their career development at the core of the programme and aligning the needs of the workforce with the Training Programme.

In 2020, a total of 77,938 training hours were delivered as follows:

> BY SEX

Men	Women
49.91%	50.09%
38,897.00	39,041.00
TOTAL	77,938.00 hours

> BY AGE

Under 30	31,046.50 hours	39.83%
30-50	40,662.00 hours	52.17%
OVER 50	6,229.50 hours	7.99%
TOTAL	77,938.00 hours	

> AREAS OF TRAINING BY HOURS DELIVERED

Horas normativa	69,970.00 hours	89.78%
Otras formaciones	7,968.00 hours	10.22%
TOTAL	77,938.00 hours	

Out of the total training hours, 69,970 were related to compliance, especially, in descending order, the Spanish Insurance Brokerage Act, MiFID II and the Mortgage Act.

> PROFESSIONAL CLASSIFICATION

Group II Grade 1	236.50 hours	0.30%
Group II Grade 2	506.00 hours	0.65%
Group II Grade 3	40.00 hours	0.05%
Group II Grade 4	884.00 hours	1.3%
Group II Grade 5	1,158.50 hours	1.49%
Group II Grade 6	15,450.00 hours	19.82%
Group II Grade 7	15,269.50 hours	19.59%
Group II Grade 8	7,130.00 hours	9.15%
Group II Grade 9	5,498.50 hours	7.05%
Group II Grade 10	31,765.00 hours	40.76%
TOTAL	77,938.00 hours	

These extraordinary circumstances led to a reduction in the number of hours' training delivered to 82.13 hours per person, successfully ensuring the workforce is kept constantly updated.

5.9 ABSENTEEISM INDEX AT CAJA RURAL DE NAVARRA

TYPE OF ABSENTEEISM	2020	2019	2018
Common illness	32,190.00	33,592.50	37,635.00
Covid-19 illness	17,805.00	-	-
Non-work accident	1,267.50	3,097.50	1,072.50
Accident at work/Work-related illness	555.00	450.00	397.50
Maternity	12,667.50	14,977.50	15,487.50
Paternity/full or part time	7,230.00	4,672.50	3,390.00
TOTAL HOURS OFF WORK	**71,715.00**	**56,790.00**	**57,982.50**
TOTAL WORKING HOURS	1,611,600.00	1,637,100.00	1,640,500.00
ABSENTEEISM INDEX	**4.45%**	**3.47%**	**3.53%**

* The absenteeism index rose in 2020 due to the incidence of Covid-19.

5.10 MEASURES TO PROMOTE GENDER EQUALITY OF TREATMENT AND OPPORTUNITIES

At Caja Rural de Navarra we are committed to developing policies that ensure equality of treatment and opportunity between men and women, a strategic principle in our Corporate and Human Resources Policy. Not just by the Bank itself but also in the community of people and companies with whom we do business, and through the values and actions we spread and promote.

The Bank's Equality Plan, currently being rolled out, will put in place measures that reaffirm our equality policy, promote an egalitarian culture among the staff and establish the Bank as an equalities trailblazer in its community. The workforce is evenly split between men and women, and 34% of branch managers, a key role in the Bank, are women. This is one of the highest ratios in the sector.

The key targets of the Equality Plan are:

1- To reaffirm Caja Rural de Navarra's Equality Policy
2- To include equality considerations in the new Strategic Plan
3- To strengthen the heavily male- or female-biased teams to create a better gender balance.
4- To promote an equality culture among leaders to develop a gender-aware leadership style
5- To inform staff of the results of the Bank's Equality Diagnostic and Plan
6- To use inclusive language and non-sexist imagery in internal communications
7- To engage the Bank's staff in the march toward Equality
8- To maintain a balanced workforce in terms of access to employment
9- To reduce vertical segregation
10- To correct any gender gap in salary

11- To compile data broken down by gender
12- To run a 5-year analysis of termination of temporary contracts to see if their is any gender bias
13- To raise awareness on work-live balance and co-responsibility
14- To seek to make sure the composition of Committees reflects the composition of the workforce
15- To encourage monitoring or how the gender equality principle is applied in practice
16- To provide the resources needed to implement the Equality Plan and meet the commitment to equality
17- To incorporate gender issues into customer surveys
18- To draw up gender equal criteria for "personal service"
19- To use inclusive language in oral and written communications
20- To highlight Caja Rural de Navarra's commitment to managing Equality
21- To promote equality through the CSR report
22- To encourage suppliers to promote gender equality in their companies when subcontracting

5.11 INTEGRATION OF TALENT AND COMMITMENT TO EMPLOYMENT

Identifying Talent

The University is our main source of talent, and we are in continuous contact and collaboration with academic institutions, providing a first opportunity to many people completing their training and struggling to break into the working world.

In 2020, we took part in the following jobs fairs: Empleogune in Vitoria, the Jobs conference held by the University of the Basque Country and the Forum of the Chamber of Gipuzkoa, both in San Sebastian, and the Career Forum of the University of Navarre in Pamplona.

Also, in Bilbao, we took part in the Industry Conferences organised by the University of the Basque Country and its Masters course in Portfolio Management and Private Banking.

Our work experience programmes serve as a way to the working world and as our Talent "incubator".

In 2020, 183 people joined our work experience programme. We welcomed 95 people to our summer programme, including 61 women and 34 men.

Improving the candidate experience

One of the aims of bringing in talent is to improve the candidate's experience. To this end, we have developed a new section of the website which makes it much more intuitive and simpler to log in and apply.

Another key issue is communications with candidates and we have made a number of improvements to the onboarding process.

Upskilling advisors

Our commitment to personal development is reflected in the 92 students that joined the joint university programme with UNIR, the International University of La Rioja. MiFID II and the Mortgage Act have created new needs for training in the banking industry. We make it possible for recent graduates seeking a career in the financial world to get the necessary qualifications while putting into practice the knowledge acquired within our teams.

Guidance and feedback is key to this process. To ensure this, we assign an experienced internal tutor whose functions include:

- Welcoming new recruits
- Organizing their work
- Supporting them in the conduct of their role
- Overseeing, guiding and controlling the development of their work experience

Sustainable growth

In this uncertain year, Caja Rural de Navarra has continued to consolidate talent. We are maintaining our positive trend in converting temporary to permanent contracts. This year, 32 people were put onto permanent contracts: 20 women and 12 men. This is 6% more than last year.

Caja Rural de Navarra alumni

We want to develop our ongoing relationships with professionals that have contributed value to Caja Rural de Navarra. For this reason we are setting up a community of people who have passed through our teams or whom we have sponsored in their studies.

The Alumni programme will offer networking among its members, training, news updates on financial issues and the Bank, and professional opportunities in the community.

5.12 PROTOCOL ON SEXUAL AND GENDER HARRASMENT AND AGAINST ANY KIND OF DISCRIMINATION

As indicated in Article 7.1 of Act 3/2007 on the effective equality of men and women, sexual harassment consists of any type of sexual behaviour intended to violate a person's dignity, especially when such attitudes create an offensive, degrading or intimidating effect for the victim. Caja Rural de Navarra has gone further, introducing a protocol to combat harassment for reason of racial origin, religion or beliefs, disability, age, gender or sexual orientation (Article 4.2 of the Labour Code), as psychological harassment is always a breach of the victim's personal dignity and moral integrity.

The Bank has set up a whistleblowing channel to receive complaints, investigate and respond to any workplace problems of this kind to deal with any conflict in a quick and effective manner. Confidentiality is guaranteed for the content of any complaint by the victim of harassment or any other employee who becomes aware of such behaviour.

It is vital to remember that a workplace culture that respects people's right to physical and psychological integrity is the responsibility of all employees of the Bank, particularly when it comes to reporting such behaviour.

5.13 PREVENTING WORK RELATING RISKS

To comply with applicable Regulations on the prevention of work-related risks and to guarantee the health and safety of its employees, Caja Rural has an In-house Prevention Service which works on prevention and embraces the specialist areas of Safety, Ergonomics and Applied Psychosociology. Industrial Hygiene and health monitoring are coordinated with the external prevention consultants Preving Consultores.

The **system for management** and prevention of work-related risks is based on the Prevention of Work-related Risks Plan as regards procedures and associated record-keeping. The purpose of the system is to ensure compliance with Caja Rural de Navarra's health and safety policy incorporating preventative actions in all aspects of management and at all levels of the company.

The **key elements** are as follows:

1. Prevention structures at Caja Rural de Navarra.
2. Risk evaluation at workstations and other work areas.
3. Prevention planning.
4. Health research and measurements.
5. Training and informing employees.
6. Emergency and evacuation plans.
7. Documentation of work teams and premises.
8. Documentation of the Health and Safety Committee.
9. Health monitoring: certificates of standards and medical protocols applied.

To achieve the objectives in the annual plans within the Prevention plan, the following **actions** were taken in 2020:

> The Prevention plan was revised and updated.
> Health monitoring actions were carried out.
> Internal checks were carried out on branches. In some cases, furniture was changed or workstations were overhauled.
> Regular maintenance was carried out on fire detection systems and air conditioning.

In addition, in response to the onset of Covid-19 from March 2020, Caja Rural de Navarra drew up an **Action protocol**, which is continually updated, following the recommendations and standards laid down by the health authorities and providing the necessary measures and means to safeguard the health of employees and customers at all times.

In 2020, there were a total of 9 **workplace accidents** at Caja Rural de Navarra, involving 6 women and 3 men. Of these, 6 resulted in time off work. Of the accidents resulting in time off work, 3 took place in the usual workplace during the working day and 3 when travelling to or from work. There are no recognised occupational illnesses for the industry

2020 **indicators** are as follows:

- Frequency rate: 5.58
- Severity rate: 0.10

The following actions are planned for 2021:

> Training of new staff members.
> Continued coordination across business.
> Meeting the targets in the annual plan.
> Continuation of the Healthy Company group.
> Continuation of the actions set out in the Covid-19 action protocol for as long as necessary.

At Caja Rural de Navarra we have a Health and Safety at Work Committee representing all employees. It meets quarterly to deal with all actions designed to prevent work-related risks.

5.14 HUMAN RIGHTS

Caja Rural de Navarra's Code of Conduct sets out guidelines for action. Compliance with the Code of Conduct is how we address Human Rights in our business. We ensure compliance by socialising our values through different channels of communications with employees.

To achieve this, we must all be aware that it is essential to be aware and work together to avoid and correct such situations.

During the induction process, new employees are given a guide to policies that workers must comply with and apply as members of Caja Rural de Navarra. The same content is also available on the employee website. Bank management and employees must always act in accordance with ethical principles and behaviour for the service and benefit of all, which, fundamentally, is the reason the Bank was founded and the basis for all its actions.

The Bank has over the years of its existence built up a deserved reputation among its member customers who are also the Bank's main customers, but this reputation must be continually strengthened and improved. Part of this comes down to the people who work in the Bank every day, in the way they behave at work and outside.

Ethical behaviour of employees in the way they relate to other colleagues, members, customers and suppliers is one of the fundamental ways to maintain and improve the Bank's reputation. Again, at the Bank we seek to support various projects to promote cooperation on international development, so fomenting respect for human rights.

We also believe that such ethical behaviour is good for the Bank's growth and profitability over the long term. Therefore, besides the moral and human imperative, ethics must be included as a basic part of our business policies and objectives.

6. SUPPLIERS

6.1. SUPPLIER AND EMPLOYEE RELATIONS

Caja Rural de Navarra seeks to maintain with its suppliers and partner companies a close, respectful, trusting and transparent relationship which promotes in-depth knowledge of the companies we contract with and confidence in the quality of the services provided. Relationships always comply with the confidentiality provisions of Organic Law 15/1999, of 13 December, on Personal Data Protection (LOPD).

Caja Rural also has a Suppliers Handbook, approved by the Governing Board which sets, among other internal rules, the criteria for selecting suppliers. In general, supplier selection procedures must meet criteria of objectivity, impartiality and equality of opportunities.

Processes must also give due weight to the qualities imposed by the following ethical principles defined by the Bank:

1. FIT AND PROPER PERSON PRINCIPLE

In no circumstances shall the Bank contract with third-parties which are known to be under investigation for, charged with or guilty of criminal activities.

2. MORALITY AND ETHICS AT WORK

Suppliers shall be eliminated from the selection process if they are known or widely reputed to breach workers' rights recognised in the labour standards or their legal obligations as a business.

3. RECOGNISED EXPERIENCE AND QUALITY

Before being contracted, any new supplier must provide accreditation of their technical qualifications and experience in providing the services to be contracted. Accreditation may be by quality standards certificates

(ISO) or similar, or by any other means that the Bank finds acceptable in the circumstances. To this end, a supplier may be contracted without providing the documentation indicated above when their experience and quality has been publicly recognised in the course of trade.

Caja Rural sets out in the Handbook a number of criteria which prevent suppliers from being selected if any of the following circumstances apply:

- There has been a serious incident in the course of providing a service to the Bank. Any exceptions must be authorised by General Management and the financial officer.

- In the provision of specific services or the supply to be contracted, suppliers who are undergoing bankruptcy proceedings are excluded if it is considered that this could have adverse consequences for the Bank.

- The candidate supplier is not up to date with their social security contributions and/or taxes.

- The candidate supplier has been found guilty of an offence relating to their professional morality (e.g. against their employees), or there are convincing indications of their involvement in money laundering, terrorist financing or similar offences.

6.2. CONTROL AND MONITORING OF SUPPLIERS

Each area contracts with suppliers as its needs and demands dictate.

All areas follow the procedure set out in the Suppliers Handbook, which sets the following rules to ensure companies obtain a range of offers from potential suppliers depending on the size of the contract:

- Up to EUR 10,000: at least one quotation or invoice
- EUR 10,001 to EUR 50,000: at least two quotations
- EUR 50,001 and higher: at least three quotations

Any exceptions must be authorised by General Management and the financial officer.

Having each department contract its own suppliers ensures better quality control of services provided. Each Area head has first-hand knowledge of any incidents or irregularities.

On cost control, General Management approves annual expense budgets for each Area. Expenses are checked monthly by the Management Committee and two six-monthly controls are run each year by the Financial Area with General Management.

Caja Rural de Navarra is fully aware of the importance of a certain group of suppliers on whose services it depends for a significant part of the quality perceived by employees and customers. The Bank has identified the IT, back office and insurance departments as critical services. These services are therefore provided by companies in which Caja Rural de Navarra has an equity stake and which form part of the Caja Rural Group.

For those services that the Bank considers most essential, it requires meetings between the parties to assess both the quality of service and delivery and Communications, to ensure a satisfactory standard of work. Final quality depends as much on the buyer of the service as on the supplier. Non-economic factors are considered where they affect service quality.

Caja Rural de Navarra complies with the Spanish Act on Social Inclusion of People with Disabilities (LISMI). It contracts services from special employment companies to promote the social inclusion of these persons in line with its commitment to Corporate Social Responsibility.

6.3. FUTURE PLANNING

Caja Rural de Navarra has implemented a paperless office policy. This is an objective that should improve the productivity of employees while simultaneously reducing the volumes of paper and toner used.
Production of both comes with environmental costs.

Caja Rural de Navarra's corporate governance standards ensure this requirement is passed on to bought-in services improving the general quality of suppliers working with the Bank. The effect is wealth-generating, as suppliers deliver a higher quality of service.

6.4. PERCENTAGE FINANCING OF LOCAL SUPPLIERS

The biggest suppliers in the financial sector are institutions' own creditors, who are the source of funding for their business (along with equity capital). Also, one of the peculiarities of banking is that the same individual can appear as a customer (consuming financial and other intermediation services) and as a supplier/creditor (providing funds to the institution as a depositor).

Looking at the figures for local suppliers (total 2020 billings) it turns out that the total expense (2020 billings) is EUR 124 million, of which 51.96% are purchases from suppliers in Navarre, the Basque Country and La Rioja.

7. CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

7.1 CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

The Rural Credit Cooperatives grew out of the agricultural and credit cooperatives of over a century ago and certain values have been maintained over time.

Caja Rural de Navarra conducted its business in 2020 with a sense of responsibility toward the environment, successfully meeting a series of general targets that can be summarised as follows:

- Direct actions to improve the environment (generation of renewable energy, planting trees, etc.)
- for our customers in sustainability projects: renewing transport fleets, energy renovation of buildings, production of renewable energy, design and manufacture of equipment to produce renewable energy, etc.
- Support for cooperativism and the traditional farming sector, which sustains the rural population and ensures farming is done in a way that respects nature.
- We do not see rural communities as an unchanging bucolic place for tourists to visit at weekends but as a place where people want to live with dignity and adequate services. This requires sensible and sustainable human impacts.
- Optimising resource consumption (energy, plastics, paper, etc.). Reduce, remove and recycle.
- Provision of essential services to customers by opening and providing face-to-face services in all branches throughout the Covid-19 crisis in 2020. This is most important in small communities, where there is a higher proportion of older people.

We expand on these points below.

RESOURCE CONSUMPTION AND IMPROVEMENT PLANS

Banking is usually thought of as running bureaucratic and largely inflexible structures. This is not true of Caja Rural de Navarra. Caja Rural de Navarra's own management model of lightweight structures close to the customer further reduces the need for paper and makes it easier to introduce systems for electronic processing of data. Although, for regulatory reasons, we are still far from being a paperless organization, over the year we have continued and intensified our strategy of digitising document management internally between the Bank's departments and branches and with customers. This process has many advantages, making management faster and more efficient while reducing storage space and the need for meetings and travel. It has has additional environmental benefits such as less fuel used for travel and less consumption of paper.

We sincerely believe that we are developing an increasingly efficient and sustainable branch model with lower energy use.

With this in mind, the Bank has acted to minimise its environmental impact in the following areas:

1 RESOURCE CONSUMPTION

PAPER AND TONER

At Caja Rural de Navarra, we have had for ten years a document management system in the branches that digitises internal and customer processes, significantly reducing the volume of paper used by branches. In 2020, this process was introduced in 34 branches. The forecast for 2021 is to complete the programme, digitizing the last 21 branches.

Paper is the main commodity used in providing financial services, both in terms of cost and in its environmental impact, especially A4 paper printouts. For many years now, this paper has had Forestry Stewardship Council certification FSC C015403, which guarantees it has been made using a more environmentally respectful production process.

Over the year, we have continued to roll out procedures to save paper consumption in internal communications and with customers, with a huge increase in virtual mailbox use by customers. The general circumstances created by the onset of Covid-19 have tended to accelerate this process, accelerating adoption of digital banking channels.

For instance, **total paper consumption** continued the general downward trend of recent years but declined more than expected in 2020 as Covid-19 kept many customers away from branches (terminal paper is not included in the figures as we do not buy it directly):

Paper consumption (Kg/year)	2016	2017	2018	2019	Forecast 2020	2020	Forecast 2021
chlorine free paper	65,656	63,278	58,349	50,800	50,000	45,825	48,000
thermal POS paper	340	332	0	0	0	0	0
ATM paper	294	148	277	1,533	1,700	1,415	1,400
envelopes	4,214	3,568	3,767	2,576	2,500	3,618	3,000
brochures and posters	4,565	4,300	4,200	1,195	1,150	416	1,100
total paper consumption	75,069	70,894	66,593	56,104	55,350	51,274	53,500

Paper consumption per employee in 2020 (at 31 December the headcount was 948) was 54.08, below the level of 62.62 in 2019, although, as we said, exceptional factors were at play in 2020.

Toner use has continued to decline, but not very significantly in our view, partly because of the current transparency rules and banking regulations which oblige us to include a lot of information in new customer contracts. However, we are in the midst of a process to reduce the documentation sent out to customers' addresses. Most documentation is now sent via the web, by email and other digital communications channels.

Toner consumption figures:

Toner consumption units	2016	2017	2018	2019	Forecast 2020	2020	Forecast 2021
recycled toner	3,199	3,276	3,368	1,1957	1,900	3,183	3,050
original toner	231	251	229	106	100	82	70

Toner consumption per employee in 2020 was 3.35 in recycled toner and 0.08 in original toner, compared to 2019 figures of 2.03 recycled toner and 0.11 original toner.

ENERGY

Caja Rural's branch network consumes no fossil fuels directly. The only energy supply is electricity which means it has no direct emissions. For the first time in 2020, all electricity was supplied from renewable sources.

2020 consumption data shows a steady decline thanks to the energy efficiency measures in place. Although in this case, the reduction in consumption will have been exaggerated by the absence of many employees and customers from the branches during lockdown.

Consumption was as follows:

Electricity consumption kW/h. kW/h.	2016	2017	2018	2019	Forecast 2020	2020	Forecast 2021
	5771,985	5,557,303	5,814,696	5,307,239	5,250,000	4,870,619	5,100,000

Energy consumption per employee during the year was 5,137 KWh, compared to 5,511 KWh in 2019.

There is another minor indirect source of consumption, which is the fuel used by employees in the vehicles they use for their day-to-day work (not including journeys to and from home).

Consumption from this source in 2016 was 3,894 Gj, in 2017 3,921 Gj, in 2018 4,280 Gj, in 2019 4,026 Gj and in 2020 2,282.50 Gj. As we said, there was a sharp decline this year, mainly due to the increasing use of videoconferencing, which was especially encouraged this year by Covid-19 restrictions on mobility.

(based on a conversion rate of 1 KWh= 0.0036 Gj, and 1 litre of diesel = 10kwh)

The main energy efficiency measures put in place in 2020 were:

- Air conditioning
Replacement of the olldest and least efficient units by inverter heat pumps using variable refrigerant volume technology, which have a nominal consumption 40-50% lower than traditional heat pumps. In 2020, we replaced units in 8 branches

- Lighting
We continued to replace fluorescent with LED lighting, which is much more efficient and lower consumption. In 2020, 6 branches switched to LEDs.

- External signage
Traditional signs use fluorescent tubes. For more than 10 years we have been gradually replacing these with LED tubes and also reducing and optimising the length of signs as well as reducing the programming for the hours they are lit
In 2020, 17 signs were replaced.

- Computers and ATMs.
We have planned no actions on this point as it is immaterial.

- Travel
We continued to reduce face-to-face meetings with employees and customers, promoting videoconferencing, web-cams on executives' computers and the use of a virtual classroom for online training. As we said, Covid-19 gave a huge boost to videoconferencing between employees, at training meetings and even when dealing with customers.

WATER

Water in Caja Rural de Navarra's branches comes from the municipal supply and is basically used for toilets in branches and cleaning. We have no buildings or premises with gardens so use no water for irrigation.

Water consumption in the branch network was as follows:

Water consumption m³	2016	2017	2018	2019	Forecast 2020	2020	Forecast 2021
	12,924	12,810	12,220	9,830	9,700	8,519	9,800

Water consumption per employee in 2020 (at 31 December the headcount was 948) was 8.98 m3, compared to 10.30 m3 in 2019.

This consumption data was derived from adding up the real consumption of the 6 Central Services offices, plus an estimate of consumption by the branch network based on their real consumption, classifying branches into different types according to the number of employees and extrapolating the branch consumption to all offices of this type.

We believe much of the fall in consumption in 2020 was due to the lower attendance of employees in branches during lockdown.

2 WASTE MANAGEMENT

Caja Rural de Navarra conducts its business through its branch network and the waste it generates is managed in accordance with current best practice, considering both mandatory regulations and ways of reducing, reusing or recycling waste.

This is an extensive network of 254 branches which are mostly small in size and therefore similar to urban offices. As such they require no special waste disposal measures (except for toner) but can use local waste collection services.

Most of the waste generated is managed as follows:

- Paper waste generated in branches is deposited by the cleaning services in specific paper and cardboard recycling bins in the street.
- Used toner cartridges are collected by a company licensed to recycle and reuse them.
- Fluorescent tubes and empty batteries are collected either by the maintenance and cleaning services which take them to a recycling centre or by a licensed waste manager
- Computer hardware which cannot be reused is donated or returned to the supplier whenever possible. Otherwise the equipment is passed to licensed waste managers.

The volume of toner collected for recycling by a licensed waste manager across the branch network was as follows:

Consumption units	2016	2017	2018	2019	Forecast 2020	2020	Forecast 2021
	2,788	2,280	684	3,162	3,000	3,277	2,800

3 ATMOSPHERIC EMISSIONS

The activity in branches does not generate atmospheric emissions. Branches do not cause lighting or noise emissions, so no specific measures need be taken.

Emissions of tonnes of CO_2 equivalent due to electricity consumption should be zero in 2020 as, as in the previous year, electricity was the only energy used and was all bought from renewable sources with the corresponding certificates of origin. The certificates are provided as part of a long-term supply agreement struck by the Caja Rural Group's flour companies with an energy supplier, which guarantees to supply all the consumption of the Group's centres and plants with renewably sourced electricity, and supports the building of the Campoliva II and Dehesa de Mallén wind farms, located in Aragón and owned by third parties.

This saved 1,325 tonnes of CO_2 emissions. The amount was calculated by taking our total electricity consumption in 2020 and multiplying it by the Endesa Energía conversion factor (0.27gCO_2/kWh) from the latest Ministerial regulation (June 2020).

The vast majority of air-conditioning units in branches use R-407 or R-410 refrigerant gases which do not damage the ozone layer. The remainder, which use other types of gas, are being replaced by newer units as part of the regular annual renovation plans.

4 WASTE WATER

The only waste water is from the toilets in branches and waste water is therefore not a significant item. It is recycled through the municipal water system.

There has never been any spill or leak which produced any environmental pollution.

5 DESIGN OF BRANCHES AND MANAGEMENT OF FIXTURES AND FITTINGS

Branches are designed to help minimise the environmental impact of the business by various means, including the following:

- The network consists of a large number of small offices, which means customers do not need to travel far to receive services.
- Also, our employees tend to live in the same village or nearby, which again reduces mobility. This is an important point, particularly as the current trend in the banking industry is to close more branches every year, particularly in rural areas..

The design, construction and renovation of Caja Rural de Navarra's branches takes into account the formal considerations, regulations for building, fixtures and fittings and an adequate quality of materials to create pleasant working environments, which are comfortable for employees and customers, with ergonomic workstations and environmentally efficient fixtures.

Building materials used for branches and their furnishings are bought from local suppliers in the area where we operate, which contributes to the sustainability of the region and reduces the environmental footprint.

The branch network has a programme of corrective and preventative maintenance to optimise the control and functioning of the fixtures and create healthy and safe working spaces.

6 INITIATIVES TO REDUCE WASTE AND CONSUMABLES IN 2020

- 6 air-conditioning units in branches replaced. By installing new units with VRV technology, we achieved better results with less electricity usage. Note that new and renovated branches are all rated A for energy and emissions.
- Replacement of fluorescent lighting with LEDs in branches. This generates better lighting with less electricity. It is planned to re-equip nine more branches in 2020
- New signage. There are plans to change 12 luminous displays, replacing them with lower-consumption LED displays.
- Digitization of branches to eliminate the use of physical paper. This year, the last 21 branches are expected to go fully paperless.

7.3. DIRECT RELATION WITH SUSTAINABLE ENVIRONMENTAL ACTIVITIES

The sections above deal with the direct impact of Caja Rural de Navarra's activities. In addition to these, the Bank invests in a number of companies who we consider make a significant positive contribution to the environment:

a) Compañía Eólica de Tierras Altas, S.A.. This company has developed and operates four wind farms in the north of Soria province. They were installed between 2001 and 2005 and generate a total of 99 MW with annual production of between 2.3 and 2.7 times the power consumed by the whole of Caja Rural de Navarra Group. 2020 was not a windy year and generation was below average at 229 GWh (260 in 2019).

b) Renovables de la Ribera, S.L.; owner of four wind farms in Navarre, whose construction was completed in 2020. There are a total of 111 MWh taking its annual estimated power generation to 325,000 MWh. This company obtained finance for this investment from the European Investment Bank.

The two companies produce enough energy to power 167,000 average households, saving 270,000 tCO_2eq of atmospheric emissions if the energy was produced in combined cycle power stations (comparable to wind as such plants also act as load regulators)

c) Bosqalia. This company grows and exploits poplars. At end-2020 it managed 284 hectares of planted land, more than 90,000 feet.

According to Carlos A. Noverto in a report recently compiled for the FAO, to produce 446 grams of wood a tree requires 650 grams of CO_2 and releases 477 grams of oxygen into the atmosphere. According to this calculation, each cubic metre of forest biomass (trunk, roots, branches, leaves) absorbs 0.26 tonnes of carbon equivalent (tCe). For poplar or cottonwood forest this equates to 41.28 tonnes of CO_2/ha/year.

The carbon absorbing effect of our plantations, based on the most common use of the wood which is for planks is 11,720 tCO2eq. Assuming planks have a limited life and can decay in a tip or be burnt in a kiln the cultivation of poplars has a zero carbon cycle. The Spanish Ministry of the Environment calculates the absorption effect in its 2015 "Guide to estimating carbon dioxide absorption" at 10.5 kg CO2/year/foot. This equates to 945 tonnes per year.

All Bosqalia's cultivations have, before they are cut, PEFC sustainable wood chain of custody certification.

d) Flour group (see Equity investments annex). For the years 2019-2028, plants producing wheat flour that are subsidiaries of Caja Rural de Navarra signed a long-term contract for electricity supply under which around 80% will come from renewable sources, specifically the new Dehesa de Mallén and Campoliva II wind farms, both in Saragossa and not owned by Caja Rural de Navarra.

These plants will come onstream in 2020.

7.4. SUPPORT FOR COOPERATIVE MEMBERS AND CUSTOMERS IN SUSTAINABILITY PROJECTS

Support for sustainability projects is structured around the Caja Rural de Navarra "sustainable portfolio", which includes nine lines of action that are aligned with the UN Sustainable Development Goals and subscribe to the Green Bond and Social Bond Principles. The sustainable portfolio is rated by Sustainalytics and formed the bases for the issuance of certain financial products, as detailed in the loan book sustainability impact report for 2020.

Although the total portfolio combines EUR 4,160 million in its nine lines, at the moment we will focus on three types of action centred around climate change:

a) Promotion of renewable energy

Loans to fund the generation of electricity from renewable sources – solar, wind, geothermal, hydro-electric, etc. – use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. The metrics of this line are as follows:

	AMOUNT OF LINE (Millions of euros)	NUMBER OF LOANS	NUMBER OF BORROWERS
2020	30.4	68	49
2019	40.6	87	53
2018	39.7	80	49

b) Energy efficiency

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

The metrics for this line are as follows:

	AMOUNT OF LINE (Millions of euros)	NUMBER OF LOANS	NUMBER OF BORROWERS
2020	593.4	4,575	3,892
2019	463.7	3,968	3,086
2018	443.1	3,711	3,024

c) Waste management

Loans to develop equipment and technology that make more efficient use of resources and/or reduce waste.

	AMOUNT OF LINE (Millions of euros)	NUMBER OF LOANS	NUMBER OF BORROWERS
2020	21.6	67	33
2019	22.9	70	42
2018	22.9	74	51

d) Support for the cooperative model and traditional agriculture sector

The focus on environmental sustainability groups together all 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 metrics of this line are as follows:

	AMOUNT OF LINE (Millions of euros)	NUMBER OF LOANS	NUMBER OF BORROWERS
2020	108.4	1,653	1,265
2019	134.7	1,688	1,284
2018	103.3	1,220	963

8. CAJA RURAL DE NAVARRA AND SOCIETY

8.1. Committed to local region

Caja Rural de Navarra is a regional financial institution with 254 branches and employing 948 people at 31 December 2020. Legally constituted as a credit cooperative, it is strongly rooted in the regions where it is active, Navarre, the Basque Country and La Rioja.

The local presence and strong commitment to the local community is part of the powerful base formed by its 176,042 members 569,362 customers (517,347 people and 52.015 legal entities). This social footprint allows the Bank to interact with the social reality, making it an important social actor. It is a clear competitive advantage, providing a direct line to the real demands and needs of the community. Equally, having local decision centres mean we can offer a swift and flexible response thanks to our knowledge of the territory and its people.

All of which makes it easier for the Bank to maintain close relationships with economic and social agents. It always seeks to deal with them in line with Corporate Social Responsibility principles as set out in its articles of association.

8.2. Social action

Caja Rural de Navarra uses its Education and Development Fund (EDF) as the main driver for its social action. This is used to return part of its profits from its financial activity to the community as what we consider to be a social dividend. Each year, it mounts a major effort to support value-generating projects which help improve quality of life in our community, providing solutions to different social, environmental, sporting and cultural needs.

PRINCIPLES AND GUIDELINES

The EDF follows these guidelines according to its articles of association:

· 10 per cent of the available surplus (profit) each year is donated to the Fund.

· Support activities that fulfil one of the following aims:

a) Training and education of Caja Rural members and employees in the principles and values of the cooperative movement or in specific matters relating to its corporate or labour-related activity and other cooperative activities.

b) Promoting the cooperative model and fostering relationships between cooperative entities.

c) Cultural, business and welfare initiatives serving the local area or community in general, initiatives that enhance quality of life, promote community development and/or protect the environment.

· Working in conjunction with other companies and entities in pursuit of the Fund's objectives, in such cases providing either full or partial funding.

BUDGET ALLOCATION

We set out below the core lines and allocation of the Education and Development Fund approved by the General Meeting for financial year 2020:

· **Consultancy, training and promotion of the cooperative business model:** EUR 1,788,096.94 (42.86%)

· **Teaching and research:** EUR 769,374.28 (18.44%)

· **Sports aid:** EUR 83,613.89 (2.00%)

· **Charity work**: EUR 379,523.48 (9.10%)

· **Cultural, recreational and other activities:** EUR 412,020.71 (9.88%)

· **Economic and social development:** EUR 739,166.04 (17.72%)

TOTAL EUR 4,171,795.34

(In thousands of €)	2020		2019		2018	
Consultancy, training and promotion of the cooperative model	1,788	42.86%	1,737	41.15%	1,783	43.39%
Teaching and research	769	18.44%	1,291	30.59%	1,142	27.78%
Sports aid	84	2.00%	152	3.60%	136	3.31%
Charity work	380	9.10%	132	3.13%	85	2.06%
Cultural, recreational and other activities	412	9.88%	263	6.23%	306	7.44%
Economic and social development	739	17.12%	645	15.28%	658	16.01%
TOTAL	**4,172**		**4,221**		**4,110**	

Each year, we renew our commitment and provide continuity to many projects we have worked with for years. It is a source of great satisfaction that we continue to organise, sponsor and work with hundreds of institutions and initiatives that are now achieving a scale unimaginable just a few years ago. Caja Rural de Navarra works tirelessly to adapt to new social needs, channelling its contributions to the most in-demand projects at any time. In the course of this last year, for instance, the impact of Covid-19 meant that charity, cultural and other projects promoting economic and social activity received more support than in prior years.

Through the EDF, Caja Rural de Navarra does its bit to help create a fairer society with greater solidarity. To achieve this, it is a reassuring to work with institutions that have for decades been working for the most disadvantaged segments of society, such as the Red Cross, Proyecto Hombre, Aspace, etc.

INITIATIVES AND PROJECTS SUPPORTED

The most prominent projects supported in 2020 under each of the Fund's guidelines were as follows:

ACTION TO COMBAT COVID-19

- Backing for local business through the "We are your business" campaign. EUR 150,000 was allocated to stimulate commerce in towns and villages, with special offers, free vouchers, etc. through different trade associations in the Basque Country, Navarre and La Rioja.
- Support for older people and those at risk of vulnerability, through the "*Pañuelico Solidario*" (Red scarves for solidarity) initiative, supporting the work done by the Pamplona-Tudela Cáritas organization and the Pamplona Casa de Misericordia. EUR 379,090.97, thanks to the direct contribution of Caja Rural and the extraordinary collaboration of the citizenry.
- Spanish Red Cross: collaboration with the "Your rights in play" campaign, which collects toys for children and families at risk of vulnerability. As well as making a direct contribution of EUR 2,000, we repurposed our branches in the Basque Country and La Rioja as toy collection points.

COOPERATIVE MOVEMENT AND LOCAL DEVELOPMENT

- Support for the cooperative movement, especially in the primary sector, by signing collaboration agreements with cooperatives and their representative bodies to develop effective training and professionalization programmes.

- Entrepreneurship Days in Villava and Cadreita to encourage young people into the farming sector, run jointly with the public sector company INTIA. The primary aim was to address the problem of next-generation farmers, prevent rural depopulation and promote the empowerment of women.

- Advice to customers on processing PAC aid, through a dedicated team of experts. In 2020, 4,944 applications were dealt with under this scheme.

- Advice and processing services for income and wealth tax returns, particularly in provinces where it is an official collaborator with the Spanish tax authorities (Hacienda), using a specially assigned team of professionals.

- Collaboration agreements with various trade organizations and industry bodies to promote lifelong learning, competitiveness and local associations.

INSTITUTIONS	SCOPE OF OPERATIONS	AIMS
Professional associations	Álava Biscay Guipúzcua Navarre La Rioja	To support events, associations and financial benefits for their members.
Trade associations		To support events, collegiality and financial benefits for their members.
Small trader associations		To support customer loyalty, associations and financial benefits for their members. Support for digitization at both association and member level by providing the WE ARE YOUR BUSINESS market place. Training support for businesses so they can acquire the skills to upgrade to new technologies and e-commerce.
Affinity cards		Issue of affinity cards and promotion of customer loyalty. The Bank makes financial contributions to the associations to help them run promotional and loyalty programmes for their customers.
Promueve programme		The programme gives the self-employed, professionals and businesses financial benefits and helps support enterprise.

SOCIAL, CHARITY AND SPORTING PROJECTS

- Asociación Navarra de Autismo (ANA): Installation of new pictograms to help children with autism in Pamplona (on each of the city's traffic-lighted pedestrian crossings). This is a scheme developed in tandem with the Pamplona local authority and ANA, the Autism Association of Navarre.

- Proyecto Hombre: partnering with programmes to attend and support people suffering from addiction problems.

- Aspace: support for care and protection of people with cerebral palsy.

- Cáritas: support for the UN's "Right to food" programme, through the "*Tu corazón suma*" (your heart counts) initiative which was integrated with the 2020 Vuelta a España and raised EUR 8,000.

- Social and leisure activities for various groups and organizations of older people.

- Solidarity mask day: under this initiative, 10% of income from Seguros RGA insurance policies sold in the Bank's branches during the day go to support projects run by the Spanish Red Cross.

- Development of and support for environmental education projects: Support for the Aula de la Naturaleza de Fundación Ilundain – Haritz Berri. This is an educational resource visited by thousands of schoolchildren each year.

- Issue, management and promotion of the Carné Joven Project in Navarre and La Rioja. Caja Rural de Navarra renewed its partnership agreement with the Navarre and La Rioja regional governments to provide the Carné Joven for another year. Through this initiative, we provide thousands of young people between 14 and 30 with access to services and discounts on accommodation, transport, culture, stores and insurance among other things, through deals struck in Spain and more than 40 other countries which together give them discounts at more than 50,000 establishments.

- Support for grass level sport and sporting activity through cooperation agreements with clubs in our region, helping boost quality of live and healthy habits. We successfully adapted to the circumstances imposed by the pandemic, supporting virtual sponsored runs such as the "Run for water" sponsored by the NGO Alboan, which supports drinking water projects in different African countries.

RESEARCH, EDUCATION AND EMPLOYMENT

- CIMA scholarships: EUR 45,000 contributed to the Centre for Applied Medical Research to support the work of this leading national and international research centre sponsored by the University of Navarre.

- Universities:

    - International scholarships: despite Covid-19 restrictions on travel, in 2020 Caja Rural de Navarra continued to support students at the Universidad de Navarra and Universidad Pública de Navarra through its scholarship programmes, helping them pursue their studies and research in countries around the world. A total of 277 students were supported through various programmes (Erasmus, Palafox, Martín de Rada, ISEP USA, ISEP International, bilateral agreements and UN Alumni).

    - Other activities: the Bank also promotes activities with the university community in the fields of enterprise, dissemination of scientific knowledge, volunteering, sport and health.

  - Creation and support of an area of enterprise, which can finance special activities that drive and develop enterprise and start-ups throughout the university community.

- Professional training:

  - Support and development of Erasmus Plus, through 20 international scholarships in collaboration with the Government of Navarre. Students benefit from Professional Training stays in other EU countries which allows them to experience cultural, social and working conditions different from their usual environment.

- Work Experience at Caja Rural de Navarra: these are part of our commitment to training and employment and are designed to complement student training, introducing participants to the reality of the financial world, enhancing their knowledge, developing skills and making them more employable. Through these programmes, we have contributed to training more than a thousand students in these last ten years.

CULTURE AND SOCIETY

- Music and cinema festivals: support the cultural sector through hard times by sponsoring new initiatives such as the "Pamplona Reclassics" classical music festival and the Navarre International Film Festival.

- VI. Caja Rural de Navarra photography competition: the latest competition was held in 2020 attracting more than a thousand entries.

- Huertas Solidarias Project: in this project the Bank deploys resources so that retired people with the knowledge can cultivate allotments, donating the produce to social projects.

- Bodas de Oro Navarra: recognition for all married couples in Navarre who celebrated their 50th wedding anniversary in 2020 and are customers of CRN.

ENTREPRENEURSHIP:

- Support for entrepreneurs via Inicia. This is an exclusive credit facility for financing and advising young entrepreneurs, through which the Bank gives preferential treatment to people dreaming of starting their own business, to give their business a boost.

  The Caja Rural's Línea Inicia advisors analyse the viability of the business, the experience of the workers and their commitment. Besides more technical points, they gauge enthusiasm and commitment to the projects.

  Through Inicia, we advise on finance and propose customised solutions, adapting to the specific needs of each project and making sure they are eligible for all types of support and subsidies. To facilitate this action, there are collaboration agreements with development agencies, other business organizations and universities.

  Línea Inicia solutions are as diverse as people's needs and the forms of finance are adapted to each enterprise project.

  In the 14 years that the line has been running it has supported 2,108 projects which have helped economic and social development in the areas where they operate.

Over this time, 3,589 direct jobs have been created. In 2020, 284 jobs were directly generated (123 in Navarre, 147 in the Basque Country and 14 in La Rioja). They were taken by 186 men and 98 women (65% and 35%, respectively) with an average age of 38.84 years.

The average funding sought per project in 2020 was EUR 48,576.24 and the average investment made was EUR 77,466.

The success rate of businesses is 85% (survival rate of projects funded over the last three years), well above the market average.

The geographical spread of businesses supported in 2020 was: 68 in Navarre, 78 in the Basque Country and 10 in La Rioja.

Projects supported in 2020 by sector: services (60.90%), retail (21.15%), industry (10.90%), health and sport (7.05%).

Caja Rural de Navarra's aim is that everyone presenting a sound project should have initial support and the finance they need to start developing their business. Enterprise is one of the engines of the Navarre economy and in this way Caja Rural de Navarra is supporting the entrepreneurs and SMEs of the near future.

By these and other actions, Caja Rural de Navarra is keeping its commitment to local economic development, now and in the future, contributing to the region's sustainability.

8.3. OUR RELATIONSHIP TO THE PUBLIC AND PRIVATE INSTITUTIONAL SECTORS

Caja Rural de Navarra's business puts us in constant direct contact with society. This means, we need to agree policies with different public and private players in the region, so we can put these actions into effect. The most important agreements we have with such institutions are as follows:

AGREEMENTS WITH PUBLIC AUTHORITIES AND OTHER AGENCIES

GOVERNMENT OF NAVARRE – MANAGEMENT OF THE NAVARRE CARNÉ JOVEN SCHEME
GOVERNMENT OF NAVARRE – INCOME TAX AND PAC
GOVERNMENT OF NAVARRE – EDUCATION DEPARTMENT (PROFESSIONAL TRAINING)
GOVERNMENT OF NAVARRE – MANAGEMENT OF THE LA RIOJA CARNÉ JOVEN SCHEME
BASQUE GOVERNMENT – R&D&I
BASQUE GOVERNMENT – VISESA
BASQUE GOVERNMENT – LANGUAGE RIGHTS
BASQUE GOVERNMENT – SENDOTU SMES AND SELF-EMPLOYED WORKERS IN THE AGRICULTURAL, FORESTRY AND FISHING SECTORS
GOVERNMENT OF ARAGON – PAC
REGIONAL GOVERNMENT OF VIZCAYA – VIA T REMOTE TOLL SYSTEM
UNIVERSITY OF NAVARRE
PUBLIC UNIVERSITY OF NAVARRE
FUNDACIÓN PARA LA INVESTIGACIÓN MÉDICA APLICADA
ALTUBE UNIVERSITY ASSOCIATION
OFFICIAL CHAMBER OF COMMERCE AND INDUSTRY IN NAVARRE
ELKARGI SDAD. GARANTÍA RECÍPROCA
IBERAVAL, SDAD. DE GARANTÍA RECÍPROCA
ANEL
ASSOCIATION OF WORKERS SOCIETIES OF EUSKADI (ASLE)
EUROPEAN INVESTMENT FUND'S SME INITIATIVE

ENISA – ENTREPRENEURS / YOUNG ENTREPRENEURS / SMES COMPETITIVENESS
CONFEDERATION OF COOPERATIVES OF EUSKADI (ERKIDE)
GARAPEN – DEVELOPMENT AGENCIES OF EUSKADI
FOMENTO DE SAN SEBASTIÁN – ENTREPRENEURS
UEMA (MANCOMUNIDAD DEL EUSKERA) – GIA
AUTOCONTROL
IDAE PAREER PROGRAMME WITH NEIGHBOURHOOD ASSOCIATIONS

CSR REPORT – ROAD MAP

MAIN IMPROVEMENT CHALLENGES AND OBJECTIVES/ ECONOMIC-FINANCIAL ANALYSIS AND CORPORATE GOVERNANCE DEVELOPMENTS			
TARGETS/OBJECTIVES	**OBJECTIVE 2020**	**DEGREE OF ACHIEVEMENT 2020**	**OBJECTIVES 2021**
Sustainable practices	Maintain the programme of training new employees to give investment advice and maintain continuous training for all employees accredited to advise customers.	Training programmes were maintained, with an inclusive ambition, reaching most employees with the investment advisory training.	We will continue the same policy. Personalised advice is a key part of our focus on proximity to customers.
Customer-focused services	Maintain the programmes to collect data on customer perceptions of service quality, and their user experience of the Bank's main products and services.	Dialogue with customers was maintained through the channels provided by the Bank.	The same objective is maintained for 2021.
Socially responsible investment	Update the Sustainability Framework by including in the impact report (loan book sustainability framework) information on how it aligns with the EU taxonomy and, in greater detail, with the UN PRI, which will probably lead to a more detailed identification of additional goals beyond the 3 currently considered (12 -"Responsible consumption and production"-, 7-"Clean and affordable energy"- and 11 -"Sustainable cities and communities"-).	Objective achieved in 2002, with the drafting of a new Sustainability Framework, verified by Sustainalytics, which includes alignment with the EU taxonomy (according to its latest draft versions), and more detailed and granular alignment with the United Nations Sustainable Development Goals.	Maintain the current Framework.
	Update again the Sustainalytics Second-Party Opinion report on the new sustainability framework.	Objective achieved in 2020.	Continue obtaining Sustainalytics Second-Party Opinion for sustainable bond issues.
	Complete the process of identifying energy efficient homes following the guidelines of the EU taxonomy.	Push forward towards the objective in 2020. Since 2019, the Bank's IT system stores all required data on Energy Efficiency Certificates, covering both energy consumption and CO2 emissions.	Continue to identify this information adequately for all new mortgages.
	As part of the inclusion of Housing Energy Efficiency information in the impact report (of the loan book sustainability framework), it is intended to complete the data collection processes for the financing granted for renovation purposes.	Objective achieved in 2020. Renovation projects are now being identified so that they can be appropriately monitored.	Continue identifying renovation projects.

TARGETS/OBJECTIVES	OBJECTIVE 2020	DEGREE OF ACHIEVEMENT 2020	OBJECTIVES 2021
Sustainable products	Complete the development of a specific financing line for improving homes' energy efficiency.	Objective in progress. The Bank continues to finance a relevant number of energy efficiency initiatives, although this funding needs to be more specific.	Specify parameters for home energy efficiency improvement loans.
	Analysis of legislation applying to different sustainable investment vehicles to adapt them to the demands of the sustainability regulations.	The Caja Rural Group has developed an ambitious project to adapt the Bank, with the support of a consultant, to meet all sustainability requirements.	Complete the Bank's adaptation to the sustainability Disclosure Regulation, both on products and the Bank's obligations as an investment advisor. Adapt to the requirements flowing from the new taxonomy and its impact on non-financial reporting obligations, such as the Green Asset Ratio (GAR).
Sustainable management of suppliers	Continue with improvements to traceability, reporting and monitoring processes for suppliers.	Monitoring was put in place based on the Bank's Supplier's Handbook and improvements were made to monitoring, traceability and reporting.	Objective maintained for 2021 and the procurement policy expanded to include social, gender equality and environmental issues.
Regulatory compliance, corporate governance and transparency	Maintain communication with ESG rating agency Sustainalytics to improve Caja Rural de Navarra's sustainability management.	In 2020, the Bank renewed its ESG risk rating with a score of 12.9, among the best in the sector.	Maintain a high ESG risk rating by Sustainalytics.
	Continue to improve the Regulatory Compliance platform being developed jointly with the members of the Caja Rural Group at national level.	Considerable progress was made in developing and implementing the compliance engine. A number of improvements were made and new ones identified.	The objective for 2021 is to have the engine fully up and running and implement the new improvements identified in 2020.
	Improve presence of the gender under-represented on the Board.		Promote women's candidacies as Directors of the Bank during statutory renewals of Board membership.
	Incorporate sustainability factors into the Risk Appetite Framework.		Develop and launch the project
	Incorporate sustainability factors into lending and monitoring of credit risk.		Define the carbon footprint of the Bank's loan book by sector and start to define new monitoring variables.
	Register transactions that meet sustainability criteria. Expand the data collected on projects.		Define objectives and establish the control and identification process.

MAIN IMPROVEMENT CHALLENGES AND OBJECTIVES/ SOCIAL ISSUES

TARGETS/OBJECTIVES	OBJECTIVE 2020	DEGREE OF ACHIEVEMENT 2020	OBJECTIVES 2021
Financial inclusion	Continue financial education initiatives in the school environment.	Objective in progress. The pandemic and social distancing made it harder to complete some of the planned actions for schools.	Objective maintained for 2021, given the increasing importance of financial education in modern society.
Human resource management (equality and diversity, health and safety etc.)	Healthy company: promote a mindfulness programme to improve staff health with the aim of giving employees methods to relax and confront conflict situations in a considered and responsible way. We also seek to enhance the sense of belonging and external dissemination of the Caja Rural de Navarra brand through inter-company sports competitions.	Objective partly achieved. Staff were offered various mindfulness and emotional well-being courses. A sports programme was also launched as part of the "Companies challenge" although it was halted because of the pandemic.	The physical and mental well-being of employees remains a priority for the Bank so we will continue offering programmes of this kind.
Social Welfare Fund	Continue awareness-raising actions on re-use of resources and recycling	Objective in progress. We must continue to put out messages promoting more sustainable consumption in a context of rising global population and limited resources.	Draw up educational content for school students to raise awareness of responsible consumption from a young age.
Volunteering	Creation of the Mueve-T blog to raise awareness, motivate and integrate employees into long-term sustainability projects.	Objective achieved. A wide range of articles were published on the blog during the year addressing different topics.	Extend this commitment to the different existing working groups to address new areas in the future.
	Promote volunteering initiatives involving Caja Rural de Navarra employees.	Objective not achieved. Social distancing prevented a number of planned volunteering initiatives.	Promote corporate volunteering actions, focusing on the two areas of care and reforestation at a local level.
Contribution to society	Continue to prepare and publish the Corporate Social Responsibility Report.	Objective achieved.	
Alignment with the UN sustainable development goals (SDG).	Spread and raise awareness in the organisation of the concept of sustainability and SDGs.	Objective in progress. Two blog articles were posted on this topic, continuing to promote a sustainability culture in the organisation.	Effectively communicate all actions taken by the Bank in this area.

TARGETS/OBJECTIVES	OBJECTIVE 2020	DEGREE OF ACHIEVEMENT 2020	OBJECTIVES 2021
Dialogue with and development of local communities	Launch a new dialogue with stakeholders and extend the materiality analysis to include all companies in the Caja Rural de Navarra Group	Objective in progress, although we continued to generate forums and channels for dialogue with our stakeholders.	Complete a comprehensive materiality analysis, giving us the opportunity to effectively reach all stakeholders and hear their main concerns and demands.
Training	Increase training of new recruits, encouraging digitalisation and virtual media as an advanced communication system for skill-sharing and development.	Objective partly achieved. All employees received digital skills training during the year. New employees can access these courses and are included in the training programme.	Continue promoting online training and delivering update sessions to avoid older employees falling behind.
Time register	Introduce a time register system to comply with the regulation and as a self-regulation system with the flexibility we already have in place to support work-life balance.	Installation of the Woffu app to underpin the time register of the workforce. Online courses on work-life balance were also delivered (guide to balance and shared responsibility).	Guarantee family life balance for our employees offering alternatives and flexible working methods (teleworking).
Employee affinity groups, diversity councils or networking groups			Create a private Alumni group on LinkedIn to foster the Talent community, for people who have worked at CRN.
Diversity initiatives			Updates to the CRN Equality Plan, including the concept of diversity.
Equal pay			Conduct an in-depth study on CRN's gender pay gap.
Disclose the overall median gross gender pay gap			Study the Bank's pay gap compared to median pay.
Advice			Define the policy for integrating sustainability risks into investment advice.
Expand the Sustainable Funds range			Develop a new Sustainable Fund "Rural Fondo Sostenible". Its investment policy will not only consider environmental and social issues, but will also contribute a percentage of management fees to non-profit organizations.

TARGETS/OBJECTIVES	OBJECTIVE 2020	DEGREE OF ACHIEVEMENT 2020	OBJECTIVES 2021
Introduction of the loyalty module in local businesses			Define the customer loyalty module which allows businesses to offer discounts, issue vouchers, special offers and prize draws.
Digitisation of schools			Call for applications for grants for schools in the Basque Country, coupled with a financing line, to facilitate investment in digital classrooms.
Support the employability and integration to the labour market for young people			Draw up a collaboration agreement that promotes young people's employability (practical training, company visits, grants, etc.)

MAIN IMPROVEMENT CHALLENGES AND OBJECTIVES/ ENVIRONMENT

TARGETS/OBJECTIVES	OBJECTIVE 2020	DEGREE OF ACHIEVEMENT 2020	OBJECTIVES 2021
Climate change strategy	Continue cooperation with the EeMAP initiative.	Strong links were maintained with the project. The Bank was also a member organisation of the Energy efficient mortgage label (EEML).	Remain involved in EeMAP and EEML, playing an active role in promoting funding for energy efficiency through this European initiative.
	Analyse, design and implement a specific financing line for improving homes' energy efficiency.	Objective in progress. The Bank continues to finance a number of energy efficiency initiatives, although this funding needs to be more specific.	Specify parameters for home energy efficiency improvement loans.
Volunteering	Continue developing the Volunteering Strategy, encouraging environmental and social activities that help improve our environment, creating a standing group of volunteers to carry out actions and form a motivating group when proposing actions, innovation and development.	In progress. A guiding reforestation plan was drawn up, to conduct actions in local woodlands to underpin a zero CO_2 emissions policy.	Creation of a pool of volunteers to develop various environmental projects in collaboration with local organisations (reforestation, cleaning up woodland, etc.).
Promote environmental actions in our community			Promote various environmental initiatives in all regions where Caja Rural de Navarra operates.
Improve recycling of waste at Caja Rural de Navarra branches			Develop a recycling process for solid urban waste generated at the branches.
Calculate and eliminate CRN's carbon footprint			Measure current emissions and develop an action plan.
Reduce the carbon footprint at the Grupo Harinero and Solera Asistencial			Continue working to raise awareness and develop an action plan.

ANNEX I: GRI INDICATOR TABLE (MANDATORY AND MATERIAL)

GRI STANDARDS - MANDATORY INDICATORS			
	INDICATOR		COMMENT
Profile of the organization	102-1	Organization name	**CAJA RURAL DE NAVARRA**, Sociedad Cooperativa de Crédito **ABOUT US**, Page 18 **PROFILE OF THE ORGANIZATION**, Page 23
	102-2	Activities, brands, products and services	**ABOUT US**, Page 18 **PROFILE OF THE ORGANIZATION**, Page 23
	102-3	Location of headquarters	PROFILE OF THE ORGANIZATION, Page 23
	102-4	Location of operations	**ABOUT US**, page 18 **PROFILE OF THE ORGANIZATION**, Page 23
	102-5	Ownership and legal form	**PROFILE OF THE ORGANIZATION**, Page 23
	102-6	Markets served	**PROFILE OF THE ORGANIZATION**, Page 23
	102-7	Scale of the organization	**KEY FIGURES**, Page 40
	102-8	Information on employees and other workers	**THE TEAM**, Page 81
	102-9	Supply chain	**SUPPLIERS**, page 111 The biggest suppliers in the financial sector are institutions' own creditors, who are the source of funding for their business (along with equity capital). Also, one of the peculiarities of banking is that the same individual can appear as a customer (consuming financial and other intermediation services) and as a supplier/creditor (providing funds to the institution as a depositor). As a result, Caja Rural de Navarra's local suppliers (depositors) form a high percentage of total suppliers.
	102-10	Significant changes to the organization and its supply chain	There were no significant changes to the organization and its supply chain in 2020.
	102-11	Precautionary principle or approach	The development and launch of new products by the Financial Institution does not generate risk or serious or irreversible damage to the environment.
	102-12	External initiatives	**ABOUT US**, Page 18 **CORPORATE CULTURE**, Page 36 **CAJA RURAL DE NAVARRA AND SOCIETY**, Page 125
	102-13	Membership of associations	**CAJA RURAL DE NAVARRA AND SOCIETY**, Page 125 **ABOUT US**, Page 18

GRI STANDARDS - MANDATORY INDICATORS			
	INDICATOR		COMMENT
Strategy	102-14	Statement from senior decision-makers	**CHAIRMAN'S LETTER**, Page. 4
	102-15	Key impacts, risks, and opportunities	**STRATEGY OF THE BANK**, Page. 15 The main mechanisms for identifying risks are: sector analysis, identifying customer expectations through established dialogue mechanisms and retreats for reflection by the managers on the different committees.
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	**ABOUT US: STRUCTURE OF THE BANK**, Page. 29
	102-17	Mechanisms for advice and concerns about ethics	**CONFIDENTIAL CHANNELS FOR 'WHISTLEBLOWING' AND COMMUNICATION:** To promote its values throughout the organization and create a structured path for the resolution of ethical dilemmas that may arise, the Bank has created a Whistle-blowing channel for employees. Employees can use this to securely and confidentially report any potential irregularities so that they can be investigated and studied by the competent bodies. This is in addition to the ordinary internal control and review work instituted by the Company.
Governance	102-18	Governance structure	**GOVERNANCE BODIES**, Page. 24 **GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE**, Page. 26
	102-19	Delegation of authority	**ABOUT US: STRUCTURE OF THE BANK**, Page. 29
	102-20	Executive-level responsibility for economic, environmental, and social topics	**ABOUT US: STRUCTURE OF THE BANK**, Consejo Rector Page. 26
	102-21	Consulting stakeholders on economic, environmental, and social topics	**About the Report**, Page. 6
	102-22	Composition of the highest governance body and its committees	2020 Annual Corporate Governance Report: **https://www.cajaruraldenavarra.com/sites/default/files/igc-2020.pdf**
	102-23	Chair of the highest governance body	
	102-24	Nominating and selecting the highest governance body	**GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE** Page. 26.

GRI STANDARDS - MANDATORY INDICATORS			
	INDICATOR		COMMENT
Governance	102-25	Conflicts of interest	Caja Rural de Navarra's Governing Board is obliged to define a system for corporate governance that guarantees sound and prudent management and addresses the issue of conflicts of interest. Caja Rural de Navarra has put in place a series of measures to identify different types of conflict of interest. The mechanisms are set out in three areas: • Article 46 of the Bank's Articles of association. • Article 24 of the Governing Board's Rules of Procedure. Both these documents can be found at: www.cajaruraldenavarra.com • Internal mechanisms created by the Bank to comply with Royal Decree 84/2015 regarding limits on loans, pledges and guarantees to the senior managers of the Bank. Caja Rural de Navarra's oversight of the Compliance Function has a section on conflicts of interest, including the policy on conflicts of interest whose latest update was approved by the Bank's Governing Board in May 2020. The policy sets out details on the following issues: Definition of a conflict of interest, scope of application; situations likely to generate conflicts of interest, measures to prevent, remedy or mitigate conflicts of interest, notification and registration of a conflict of interest, register of conflicts of interest, and review and maintenance of the policy on Conflicts of Interest
	102-26	Role of the highest governance body in selecting objectives, values and strategy	**ABOUT US: STRUCTURE OF THE BANK**, Page. 29
	102-27	Collective knowledge of highest governance body	**ABOUT US: STRUCTURE OF THE BANK**, Page. 29
	102-28	Performance evaluation of the highest governance body	**GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE**, Page. 26
	102-29	Identifying and managing economic, environmental, and social impacts	**ABOUT THE REPORT**, Page. 6 **GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE** Page. 26
	102-30	Effectiveness of risk management processes	**INTERNAL CONTROL FRAMEWORK FOR CAJA RURAL DE NAVARRA**, Page. 30

GRI STANDARDS - MANDATORY INDICATORS			
	INDICATOR		COMMENT
Gobernanza	102-31	Review of economic, environmental, and social topics	Economic, environmental and social issues and their associated impacts, risks and opportunities will be assessed annually to coincide with the preparation of this Report.
	102-32	Highest governance body's role in sustainability reporting	**ABOUT THE REPORT**, Page. 6
	102-33	Communication of critical concerns	**CUSTOMERS**, Page. 43
	102-34	Nature and total number of critical concerns	**CUSTOMERS**, Page. 43
	102-35	Remuneration policy	**THE TEAM**, Page. 95 With summary of the remuneration policy: https://www.cajaruraldenavarra.com/es/gobierno-corporativo-politica-remuneraciones
	102-36	Process for determining remuneration	
	102-37	Stakeholders' involvement in remuneration	Stakeholders do not participate in determining remuneration
	102-38	Annual total compenzation ratio	**THE TEAM**, Page. 95 CRN remuneration policy (summary): https://www.cajaruraldenavarra.com/es/gobierno-corporativo-politica-remuneraciones
	102-39	Total annual compenzation percentage increase ratio	
Reporting practice	102-40	List of stakeholder groups	**ABOUT THE REPORT**, Page. 7
	102-41	Collective bargaining agreements	**THE TEAM**, Page. 81
	102-42	Identification and selection of stakeholders	**ABOUT THE REPORT**, Page. 7 **EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION**, Page. 9
	102-43	Approach to stakeholder engagement	**ABOUT THE REPORT**, Page. 7 **EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION**, Page. 9
	102-44	Temas y preocupaciones clave mencionados	**EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION**, Page. 9

GRI STANDARDS - MANDATORY INDICATORS			
INDICATOR			COMMENT
Reporting practice	102-45	Entities included in the consolidated financial statements	**ABOUT US: STRUCTURE OF THE BANK- EQUITY INVESTMENTS**, Page. 37
	102-46	Defining report content and topic boundaries	**EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION**, Page. 9
	102-47	List of material topics	**About the Report**, Page. 6
	102-48	Restatement of information	There are no restatements resulting from: • Mergers or acquisitions; • Changes in base years or periods; • The nature of the business; There are some restatements in Annex II, relating to the methods used to measure employees and remuneration in companies comprising the consolidated Group. Age range data in permanent and temporary contracts have also been restated to bring the report into line with GRI guidance. They remain comparable having been adjusted for all reporting periods.
	102-49	Changes in reporting	**EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION**, Page. 9 In 2020, the materiality analysis was again based on the stakeholder consultations conducted in 2017 and 2018 and the material aspects therefore remain unchanged.
	102-50	Reporting period	**ABOUT THE REPORT**, Page. 6
	102-51	Date of most recent report	**CHAIRMAN'S LETTER**, Page. 4
	102-52	Reporting cycle	**ABOUT THE REPORT**, Page. 6
	102-53	Contact point for questions regarding the report	**ABOUT THE REPORT**, Page. 6

GRI STANDARDS - MANDATORY INDICATORS			
INDICATOR			COMMENT
Reporting practice	102-54	Claims of reporting in accordance with the GRI Standards.	**CHAIRMAN'S LETTER**, Page. 5 **About the Report**, Page. 6
	102-55	Table of GRI contents	**ANNEX II**, Page. 151
	102-56	External assurance	Caja Rural de Navarra is publishing its fourth Corporate Social Responsibility Report and the 2020 Non-Financial Statements for the Caja Rural de Navarra Consolidated Group. Caja Rural de Navarra has commissioned AENOR to undertake the Exhaustive Verification of its CSR Report based on GRI standards, verify the information on the companies in the Group and so issue an External Verification Report.

GRI STANDARDS MATERIAL INDICATORS			
KEY ISSUE	COMMENT		
Financial strength of the Bank and global risk management.	GRI 103: Management focus	103-1 Explanation of the material topic and its boundary	**ABOUT THE REPORT**, Page. 9 The materiality analysis was carried out by the parent Bank (Caja Rural de Navarra). The next materiality analysis will be carried out in 2021 at Consolidated Group scope.
		103-2 The management approach and its components	**ABOUT US**, Page. 18
		103-3 Evaluation of the management approach	**ABOUT THE REPORT**, Page. 14
	GRI 201: Economic performance	201-1 Direct economic value generated and distributed	**ABOUT US**, Page. 40
		201-2 Financial implications and other risks and opportunities due to climate change	Caja Rural de Navarra provides financial services and the key risks and opportunities due to climate change arise not from the Bank's own activities but from the businesses carried on by its customers, particularly those mounted by its borrowers using the Bank's loans. For this reason, several years ago, the Bank implemented a **Sustainability 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. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices. The consultancy **Sustainalytics** has ratified that the Bank's framework is aligned with the principles and objectives mentioned above, including the **"Green Bond Principles"** and **"Social Bond Principles" of the ICMA (International Capital Market Association)** and that it finances projects that contribute to environmental sustainability, social challenges and the United Nations **Sustainable Development Goals (SDG)** in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework.

GRI STANDARDS MATERIAL INDICATORS			
KEY ISSUE	COMMENT		
Financial strength of the Bank and global risk management.	GRI 201: Economic performance	201-3 Obligations of the defined benefit plan and other retirement plans	There is no Pension Plan, but the Bank has obligations under the national collective agreement on life and accident insurance and widow/er and orphan supplements.
		201-4 Financial assistance received from government 202-2 Proportion of senior executives hired from the local community	**QUIÉNES SOMOS**, Page. 29 Todos los altos ejecutivos proceden de la comunidad local.
	GRI 203: Indirect economic impacts	203-1: Infrastructure investments and services supported	Page. 57-84 Given the Bank's nature as an entity that provides financial services, our main impact as an investor in infrastructure and services comes from the projects carried out by our customers, and in particular those carried out by the Bank's borrowers. For this reason, several years ago, the Bank implemented a **Sustainability 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. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices. The consultancy Sustainalytics has ratified that the Bank's framework is aligned with the principles and objectives mentioned above, including the **"Green Bond Principles" and "Social Bond Principles" of the ICMA (International Capital Market Association)** and that it finances projects that contribute to environmental sustainability, social challenges and the United Nations **Sustainable Development Goals (SDG)** in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework.

GRI STANDARDS MATERIAL INDICATORS			
KEY ISSUE	**COMMENT**		
Financial strength of the Bank and global risk management.	**GRI 203: Indirect economic impacts**	203-2 Significant indirect economic impacts	Page. 57-64 Given the Bank's nature as an entity that provides financial services, our main economic impact is indirect and comes from the projects carried out by our customers, in particular those carried out by the Bank's borrowers. For this reason, several years ago, the Bank implemented a **Sustainability 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. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices. The consultancy Sustainalytics has ratified that the Bank's framework is aligned with the principles and objectives mentioned above, including the **"Green Bond Principles" and "Social Bond Principles" of the ICMA (International Capital Market Association)** and that it finances projects that contribute to environmental sustainability, social challenges and the United Nations **Sustainable Development Goals (SDG)** in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework.
	GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	The Bank does not have this information. It is planning to work, firstly, on defining its suppliers, and secondly on measuring its spending on local suppliers.

GRI STANDARDS MATERIAL INDICATORS			
KEY ISSUE	**COMMENT**		
Strategy of the organization.	**GRI 103: Management focus**	103-1 Explanation of the material topic and its boundary	**ABOUT THE REPORT**, Page. 9
		103-2 The management approach and its components	**ABOUT THE REPORT**, Page. 10-14
		103-3 Evaluation of the management approach	**ABOUT THE REPORT**, Page. 10-14 Stakeholders did not participate in the strategic planning process for the plan 2020
Transparency in marketing	**GRI 103: Management focus**	103-1 Explanation of the material topic and its boundary	**ABOUT THE REPORT**, Page. 9
		103-2 The management approach and its components	**ABOUT US**, Page. 10 **CUSTOMERS**, Page. 42-52
		103-3 Evaluation of the management approach	**ABOUT THE REPORT**, Page. 6-9
	GRI 206: Anti-competitive behaviour	206-1. Legal actions related to anti-competitive behaviour, anti-trust and monopoly practices	In 2020, there was no legal action in relation to anti-competitive behaviour or infringements of the applicable monopoly practices and anti-trust legislation.

GRI STANDARDS MATERIAL INDICATORS			
KEY ISSUE	COMMENT		
Transparency in marketing	GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	**CUSTOMERS**, Page. 45
		417-2 Incidents of non-compliance concerning product and service information and labelling	**CUSTOMERS**, Page. 48-52
		417-3 Incidents of non-compliance concerning marketing communications	**CUSTOMERS**, Page. 47
	GRI 418: Customer privacy	418-1: Substantiated complaints regarding breaches of customer privacy and losses of customer data	**CUSTOMERS**, Page. 53
Quality of service and customer satisfaction	GRI 103: Management focus	103-1 Explanation of the material topic and its boundary	**ABOUT THE REPORT**, Page. 9
		103-2 The management approach and its components	**ABOUT THE REPORT**, Page. 6 **CUSTOMERS**, Page. 48-52
		103-3 Evaluation of the management approach	**ABOUT THE REPORT**, Page. 9
		FS15 Description of policies for the fair design and sale of financial services and products.	**CUSTOMERS**, Page. 45

GRI STANDARDS MATERIAL INDICATORS			
ASPECTO CLAVE	COMMENT		
Caja Rural de Navarra's CSR policy and social engagement	GRI 103: Management focus	103-1 Explanation of the material topic and its boundary	**ABOUT THE REPORT**, Page. 6-9
		103-2 The management approach and its components	**CUSTOMERS**, Page. 45
		103-3 Evaluation of the management approach	**ABOUT THE REPORT**, Page. 6-9
Corporate culture	GRI 103: Management focus	103-1 Explanation of the material topic and its boundary	**ABOUT THE REPORT**, Page. 6-9
		103-2 The management approach and its components	**ABOUT THE REPORT**, Page. 10
		103-3 Evaluation of the management approach	**ABOUT THE REPORT**, Page. 6-9
Management focus	GRI 205: Management focus	205-1 Operations assessed for risks related to corruption	There were no transactions assessed in this area in 2020
		205-2 Communications and training on anti-corruption policies and procedures	The Bank has a Crime Prevention Policy, with which all employees are made familiar through its Code of Conduct, published in 2020, and through the employee website available to all employees.
		205-3 Confirmed incidents of corruption and actions taken	There were no cases of corruption in 2020

ANNEX II: NON-FINANCIAL STATEMENT OF COMPANIES COMPRISING THE CAJA RURAL DE NAVARRA CONSOLIDATED GROUP

1. GENERAL INFORMATION

This Annex refers to the companies that make up the Caja Rural de Navarra Consolidated Group with the exception of the activity of the parent financial institution (Caja Rural de Navarra). The information is presented in accordance with Law 11/2018 of 28 December on non-financial information and diversity and also takes into account European Commission Communication 2017/C 215/01, Guidelines on Non-financial Reporting.

The statement takes a concise approach by disclosing only the most relevant information. This information is presented in accordance with the standards of the Global Reporting Initiative (GRI), on which Caja Rural de Navarra bases its CSR Report.

We are well aware that 2020 was an exceptional year in many areas of our lives and the world economy. Spain was especially hard hit, in part because of its heavy reliance on tourism.

Caja Rural de Navarra's equity investments, along with their workers, suppliers and customers, were all affected by the pandemic. We will look in closer detail at their various situations as they come up in the sections of this document.

Caja Rural de Navarra maintains a stable portfolio of equity investments in the field of finance and in other business sectors. Below is a list of the subsidiaries (all of which are wholly owned) at 31 December 2020:

Company	Location	TAX ID	% ownership interest	External audit
HARIVASA 2000 S.A	Noain (Navarre)	A31013402	100%	Yes
Transnoain S.A	Noain (Navarre)	A31870058		No (*)
Cerelia I+D S.L	Noain (Navarre)	B71312888		No (*)
Cerelia Agro, S.L.	Almenara (Castellón)	B44539682		No
Cerelia S.L	Noain (Navarre)	B31949217		No
Harinera de Tardienta S.A	Tardienta (Huesca)	A22001499		Yes
Harinas Selectas S.A	Tardienta (Huesca)	A50107143		No (*)
Comercial Don Obrador, S.A.	Getafe (Madrid)	B79410742		No (*)
Le Moulin de Navarre	Bayona (Francia)	FR25813803103		No (*)
Harántico, S.L.	Marcon (Pontevedra)	B36562593		No
Reyes Hermanos S.L	Marcon (Pontevedra)	B36000818		Yes
Harinera del Mar S.L	Almenara (Castellón)	B97832232		Yes
Haribéricas SXXI S.L	Sevilla (Sevilla)	B64939341		Yes
Harivenasa S.L	Noain (Navarre)	B71075774		Yes
HRVS Eood	Sofia (Bulgaria)	BG203420883		No
Explotación Agrícola Las Limas	Tudela (Navarre)	J71085179		No
Industria Tonelera de Navarra S.L	Monteagudo (Navarre)	B31688336		No
Tonnellerie de L'Adour S.A.S	Plaisance du Gers (Francia)	FR96425029972		No
Merranderie de L'Adour (antes Oroz Fils STE Exploitation)	Plaisance du Gers (Francia)	FR94379700966		No
Tonnellerie de L'Adour USA Inc	Sunland, California (EE.UU.)	C3886342		No
Bouquet Brands S.A	Esquiroz (Navarre)	A31884000		No
Bahía de Cádiz S.L	Pamplona (Navarre)	B84996743		No
Solera Asistencial S.L	Pamplona (Navarre)	B71150866		Yes
Solera Navarra S.L	Pamplona (Navarre)	B71186654		Yes
Torre Monreal S.L	Tudela (Navarre)	B31872872		Yes
SERESGERNA S.A	Pamplona (Navarre)	A31697808		Yes

Company	Location	TAX ID	% ownership interest	External audit
Preventia Sport S.L	Pamplona (Navarre)	B71008783		No
Promoción Estable del Norte S.A	Pamplona (Navarre)	A31663651		Yes
Informes y Gestiones Generales, S.A.	Pamplona (Navarre)	A31437635		No
Informes Técnicos y Valoraciones Generales, S.L.	Pamplona (Navarre)	B31917305		No
Administración De Fincas Informes Y Gestiones S.L.	Pamplona (Navarre)	B71054944		No

No (*): The company does not undergo a formal audit but is analysed in the audit of its parent company.

We also show the sectors and regions where each company offers its products and services.

COMPANY	REGIONS
FLOUR SECTOR	
HARIVASA 2000 S.A.	Spain, south of France
TRANSNOAIN	Spain, south of France
CEREALIA I+D	Spain
HRVS EOOD	Bulgaria, Rumania
CERELIA	Spain
CERELIA Agro	Spain
HARINERA DE TARDIENTA	Spain, south of France, exports to Africa
HARINAS SELECTAS	Spain
LE MOULIN DE NAVARRE	France
REYES HERMANOS	Spain, Portugal
HARINERA DEL MAR	Spain
HARIBÉRICAS SXXI	Spain, Portugal
HARIVENASA	Spain, exports to twenty countries
DON OBRADOR	Madrid
WINERY SUPPLIES	
INDUSTRIA TONELERA DE NAVARRA	Spain
TONNELLERIE DE L'ADOUR	Global
OROZ FILS STE EXPLOITATION ETS OROZ	France
TONNELLERIE DE L'ADOUR USA, INC	USA
BOUQUET BRANDS	Navarre
BAHIA DE CADIZ	Cádiz
SENIOR CARE	
SOLERA ASISTENCIAL	Navarre
SOLERA NAVARRA	Navarre
TORRE MONREAL	Navarre
SERESGERNA	Navarre

COMPANY	REGIONS
SUPPORT FOR CAJA RURAL DE NAVARRA CUSTOMERS	
INFORMES Y GESTIONES GENERALES, S.A.	Navarre, La Rioja, Basque Country
INFORMES TECNICOS Y VALORACIONES GENERALES, S.L.	Navarre, La Rioja, Basque Country
ADMINISTRACION DE FINCAS INFORMES Y GESTIONES S.L.	Navarre
PROMOCION ESTABLE DEL NORTE	Navarre, La Rioja, Basque Country
PREVENTIA SPORT	Navarre

In addition to these subsidiaries controlled by CRN, the Bank also has a number of investments where it shares control or that it does not control, in a range of sectors. Financial reporting lists all investments but the purpose of this document is to highlight the Group's businesses and how and why they are run.

Caja Rural de Navarra's investments are stable. There have over the course of time been investments and divestments, but the aim of this activity is not speculative and many of the companies we mention have been consolidated in CRN since the last century.

Any new equity investment in a new or existing company – we are excluding here any short-term portfolio investments in the stock market – must be approved by the Governing Board. Factors considered will include whether:

- It has a reasonable expectation of generating adequate returns, either directly from the investee company or indirectly through business induced by the new equity investment.
- It adheres to corporate and managerial values consistent with those of the Bank.
- Caja Rural de Navarra's presence will not have a negative impact on other participants in the market, either by significantly diminishing competition or by creating an unbalanced competitive situation.

Below we lay out a formal list of the Group's investee companies and their business activities in accordance with the regulatory guidelines. First, though, we would like to list the companies comprising our equity investment area by type of activity. To do this, we focus on the parent or biggest companies, skipping over some of their, or the Bank's, functional subsidiaries that merely provide services to the Bank:

AREA	COMPANY	Status in Group
FOOD	Cereal transformation	
	HARINERA DEL MAR, S.L.	subsidiary
	HARIBERICAS XXI, S.L.	subsidiary
	HARANTICO, S.L.	subsidiary
	REYES HERMANOS, S.L.	subsidiary
	HARINERA DE TARDIENTA, S.A.	subsidiary
	HARIVASA 2000, S.L.	subsidiary
	HARIVENASA, S.L.	subsidiary
	HRVS Eood	subsidiary
	HARINAS SELECTAS	subsidiary
	CERELIA AGRO	subsidiary
	Vineyards and wineries	
	RIOJA VEGA, S.A.	associate
	PRINCIPE DE VIANA, S.L.	associate
	BOUQUET BRANDS, S.A.	subsidiary
	INDUSTRIA TONELERA DE NAVARRA	subsidiary
	TONNELLERIE DE L'ADOUR	subsidiary
	MERRANDERIE DE L'ADOUR	subsidiary
	Dairy	
	IPARLAT	associate
	Support for Cooperatives, Farmers and Stock-raisers	
	SERVICIOS EMPRESARIALES AGRO INDUSTRIALES, S.A. - SENAI	associate
ECOLOGICAL TRANSITION, RENEWABLE ENERGY	Renewable energy generation	
	COMPAÑÍA EOLICA DE TIERRAS ALTAS	associate
	RENOVABLES DE LA RIBERA	associate
	MINICENTRALES CANAL BARDENAS	equity investment
	RURAL ENERGIAS ARAGONESAS, S.A.	associate
	IBERJALON	associate

AREA	COMPANY	Status in Group
ECOLOGICAL TRANSITION, RENEWABLE ENERGY	RURAL DE ENERGIA DE TIERRAS ALTAS, S.A.	associate
	Poplars	
	BOSQALIA	associate
REAL ESTATE	Rental of state-subsidized housing	
	ERROTABIDEA	associate
PROMOCION ECONOMICA REGIONAL	Venture capital and seed finance	
	START UP	equity investment
	Mutual guarantee societies	
	SONAGAR	equity investment
	ELKARGUI	equity investment
	IBERAVAL	equity investment
CARE	Senior care	
	SOLERA ASISTENCIAL	subsidiary
ENGINEERING	Civil engineering and testing	
	LABORATORIOS ENTECSA	associate
	IGEO2	associate

A glance at this list makes clear that these are companies embedded in their markets, but with a focus on thee additional aims: the sustainability of the primary sector – farming, climate change and renewable energy are all converging towards the ecological transition, to use the vogue term, and we are including clean energy here as well – senior care and support for the economic and social environment.

Finally, note that investee companies must themselves be viable, even as many of them pursue aims that go beyond the merely financial, as this is the only way to sustain their activity consistently over the long-term.

The rest of this chapter and the two following focus in detail on the subsidiaries.

1.1. BUSINESS MODEL DESCRIPTION

Flour Group

The Flour group comprises companies that manufacture wheat flour, semolina, oat flakes and mixes of flours and cereals for human consumption. There are seven production centres (factories) located throughout Spain and fifteen companies, among which we include factory-owning companies and those that provide services or auxiliary activities. Also, two of these companies focus on farming of high-quality wheat and oats, in Spain and abroad.

The wheat flour and oat markets are different, with different uses for each product. Wheat flour is mainly used in bread and biscuit production, where cakes and pastries are less important. In Spain, consumption of bread and other flour derivatives per head has been declining for decades, as it has changed from being a staple food to an optional extra which is not always highly valued.

As a consequence, traditional bakers are disappearing, with industrial bakers taking over. Spanish industrial producers (whose production is concentrated on biscuits and pre-baked bread) have a strong presence in foreign markets and this has helped keep demand and manufacturing reasonably steady in recent years.

By way of a final comment on the market, there are three large flour groups with a nationwide presence that account for over three quarters of national flour production. Their advanced procedures and systems provide a high standard of food safety, highly valued by industrial customers. As a result, the trend towards market concentration visible in other sectors is also evident in flour production.

This is a global trend that can be found in all major markets worldwide.

Spain produces less wheat than it consumes, even in good years like 2020: 7,678 thousand tonnes of common wheat and 826 thousand tonnes of durum wheat were harvested in 2020 (compared to 5,430 thousand tonnes in total in 2019 and 8,100 thousand tonnes in 2018). It therefore imports between 4,500 and 6,000 thousand tonnes from abroad annually, mostly from other EU countries.

Oat flakes, pearls, flour and bran go into pastry products, biscuits, drinks and breakfasts, as well being consumed directly. These are traditional products in Anglo-Saxon countries that have now established a strong foothold in Spain.

As this is a mature market, with a significant overcapacity in milling, the key issues are efficient production and food safety.

In 2020, Spanish national production of flours, bread and pastry products fell sharply due to the lockdown of the hotels and catering sector, slump in tourism and change in household habits. The impact was felt unequally across the country due to the asymmetric impact of lower tourism.

The Group's mission has been defined as "transforming cereals through an integrated food chain, providing value solutions to our customers".

Our mission statement summarises the Group's business model:

- Careful selection of raw materials, along with in-house or outsourced production of specialist flours that are hard to find on the market. This is important in a net wheat importing country like Spain, with customers who are very demanding on product standards.

- Optimised factory performance to maintain a competitive position

- Absolute priority on food safety

- Proximity to industrial customers so we can reformulate our flours to meet their specific needs

- Focus on traditional customers as well, to help them make high-quality artisanal breads which are not in direct competition with pre-baked bread.

The group's structure is based on providing synergies and cross-knowledge throughout the organization and on implementing values and strategies across the board.

Basic TQM (Total Quality Management) methodologies are used as working tools, while the 5S Project (focused on organization, order and hygiene) has been running since 2016. The project instils the need to keep workstations in good condition as a basic discipline that will have a strong impact on safety and quality. All workers participate and are organised into stakeholder groups. The project has shown immediate results in improving productivity and resource efficiency and reducing costs, in addition to motivating people and improving the company's image.

The project was planned jointly between the group's seven factories to promote consistency and sharing of best practice between flour plants.

The "8D lean manufacturing" methodology was also initiated with a slightly different emphasis. It, too, involves wide participation by all workers in each area. It is basically a continuous improvement process and has been running throughout the two years covered by this Annex.

The mission, vision and values of the companies in this group can be summarised as follows:

Mission: to be a benchmark in flour production for the regions and products where it operates, controlling the whole of the cereal's value chain with the aim of offering a product tailored to each of our customers, with the greatest possible guarantees of food safety.

Vision: to be a national benchmark in developing comprehensive solutions, individually tailored to each customer, which meet our customers' needs in the bread, cakes and pastries sectors, and to lead both the craft and industrial segments in our regions.

Values: the customer comes first. Products and services must maintain impeccable quality. People are the at the core of the company and we must work in collaboration with colleagues and customers. Continuous improvement of products and processes.

Also, the global cereals market was exceptionally volatile all year and ended with a sharp rise in the fourth quarter. As well as the usual factors of supply/storage and demand, plus the worldwide complication of Covid, this year we also had hedge funds weighing into the commodities market and production imbalances in China.

For several years Caja Rural de Navarra has been producing specialist wheats for specialist flours in Spain and Bulgaria, and oats in Spain. It has also been striking agreements with farmers and cooperatives to grow and then buy certain varieties of wheat and oats. Since 2020, this business has been headed by Cerelia Agro (and its subsidiary HRVS Eood in the rest of the EU).

These actions meant that while the volatility of the cereals market still took its toll, we were able to keep supplying certain high-quality varieties to our factories and continue developing the area of sustainable farming and crop traceability.

The Group is involved alongside some of its customers in projects that take an end-to-end approach to sustainability – from planting to the customer – considering all factors, applying environmentally friendly practices and taking great care of food safety. This type of initiative remains in the minority. However, we are hopeful about the progress made alongside farmers, cooperatives and these partner customers, and convinced these practices will be increasingly taken up over time.

As for the pandemic's impact on the sector, as we said, it varied from region to region and tended to be greater in those areas most reliant on tourism. Total flour consumption fell, more so in the Mediterranean than in the North and more so for pastries or products targeted at hotels and catering than for basic products. Despite this, our factories maintained employment levels. We had to take some extra health and safety measures and the tasks involved in nearly every job got more complicated. But we believe we were able to cater adequately for our customers while maintaining a good level of service. Employees worked hard to achieve this, and the level of business meant we were able to avoid temporary lay-offs. In fact, the overall headcount increased (see 3.1)

Winery supplies group

The Grupo de Servicios Auxiliares a Bodegas comprises the oak barrel factories in Navarre (Spain) and Gers-Occitanie (France); and the wine and spirits distributor Bouquet Brands with a physical presence in Navarre and Cadiz.

The details of each activity are as follows.

The cooperage group

The Navarra barrel factory is located in Monteagudo and trades as Industrial Tonelera de Navarra (INTONA). It manufactures and markets oak barrels for ageing wine and spirits.

The French barrel factory is located in Plaisance du Gers and the company is called Tonnellerie de L'Adour.

The key for both companies is their control over the entire value chain; from procurement of raw materials, thanks to close collaboration with oak suppliers, to technical advice and after-sales service for customers.

The barrel adds characteristic notes to the products it contains, and since wood is a natural product its influence on the wine is so notable that for winemakers and their oenologists the origin – species – of the oak and the working methods used – combining traditional craft with modern methods of wood selection, quality and production control – are a vital part of business case they offer wineries.

Worldwide, French barrels are still considered to be the premium category in this industry, and this is why the decision was taken a few years ago to invest in Tonnellerie de L'Adour, which is an established factory. This also explains the differences in mission and business vision between the French and Spanish companies.

There are seven main manufacturers of oak wine casks in Spain, some of which are owned by French cooperage groups. INTONA competes on an equal footing and alternates yearly between being the second or third largest producer by units produced.

INTONA has to differentiate itself by the consistency and quality of its products and its service.
There are around one hundred French cooperages, but four groups account for 70% of global sales, so L'Adour is among the smaller firms. However, it does have a recognised product, which allows it to maintain a selling price above the average for the French market.

Adour's business model is therefore to manufacture and market French oak barrels, in the French style. Its strength lies in working from the origin, producing its own staves (via Merranderie de L'Adour), and with a wide range of products thanks to its vocation as a retail-scale company with a craft spirit.

Having explained these differences, we note the following:

INTONA's mission: to supply the wine and spirits sector with a versatile, comprehensive tool based on knowledge and tradition, that allows its customers to achieve the notes they seek in their products.

INTONA's vision: to be a benchmark in the world of wine ageing due to our commitment to research, respect for the environment and personalised local customer service. Standing out on quality.

Adour's mission: from the heart of Armagnac in rural France, to export around the world a near century-old coopering tradition, which is based on tight control of the raw materials and craftwork in small batches.

Adour's vision: to become a global cooperage, established in the premium barrel sector, with a worldwide presence and trading on its image as a rural artisan company.

Bouquet Brands

Bouquet Brands distributes wine and spirits under its own brand in Navarre, and through its subsidiary, Exclusivas Bahía de Cádiz, in Andalusia.

This gives it a strong commercial network and optimal logistics system.

The wines distributed include those from Caja Rural de Navarra's investee wineries Príncipe de Viana and Rioja Vega (non-Group scope).

Bouquet Brands' mission: to market the products from our suppliers, providing our customers with prestigious wines, beers and spirits that support their local positioning.

Bouquet Brands' vision: to develop a competitive product portfolio and enthuse the hospitality sector by persuading them that our portfolio of Navarre and La Rioja wines – and other beverages and premium beers – will be appreciated by their customers and deliver the leisure experience they are looking for. Plus streamlined logistics and a punctual and friendly service.

The key issues in wine and spirits distribution are: a wide portfolio of products to meet customer demand, close customer focus and service.

We will now take a look at how the business developed in 2020. Spain's hotel, catering and tourism slumped drastically in 2020. Wine drinking in the hotel, restaurant and catering sectors fell off a cliff and Spanish wineries' sales dropped by 20%. Against this backdrop, wine production was cut back and investment in new barrels contracted. This forced Intona to apply a number of temporary lay-off plans to some staff, eventually affecting nearly all staff during the months of lockdown.

The position of Bouquet Brands, which is a distributor to bars and restaurants, was still worse as its business was compulsorily shut down. It, too, had to temporarily lay off staff.

Senior care group

Solera Asistencial was set up to offer comprehensive services for the elderly. Its objective is to give families access to a service that meets their economic needs and the physical and cognitive needs of the elderly person, with services tailored to their own organizational constraints.

Spain has a generally adequate network of services for the elderly. The public support that older people receive means that over the last 20 years good facilities and infrastructure have been created to provide the care they need. The current network of services is sufficient for their needs, but perhaps the sector's greatest weakness is that the cost of the services is beyond the reach of many people.

The Dependency Act allowed economic agents from other areas, such as construction companies and investment funds with little knowledge of the elderly care sector, to enter the market in the hope they could run the service over the long-term as a conventional business. Many of them have not achieved the returns they anticipated and have opted for concentration in a sector that has traditionally been fragmented.

In parallel, municipalities and, to a lesser extent, regional governments, have also established services for the elderly. Their implementation has been partially frustrated by budgetary constraints, the increase in the supply of places and Spain's economic crisis.

Thus, at the national level, the insufficient budget allocated to these activities has resulted in public underfunding of places, a smaller number of people covered by the benefits system – only dependent persons have the right to the benefits, with delays between the need for assistance being recognized and the start of payment – and the elimination of non-guaranteed services, leaving other essential services outside the basic portfolio of publicly funded services.

The situation in Navarre can be considered as one of the best in the country, but with progressive adjustments in the funding and in the services financed. The local administrations are supporting part of the basic services provided for the elderly, including day centres, respite care and care services provided in the home.
As an operator providing comprehensive services for the elderly, Solera Asistencial has a good market position,

offering a full range of welfare services. It is dependent on government policies, but in recent years, it has identified and set up a number of services that do not depend on the public purse.

Our two old people's homes, La Vaguada and Torre Monreal, focus on providing a high level of service and we believe that the residents' families understand and appreciate this.

The services provided in the day centres, the only ones of their kind in Navarre, focus on responding flexibly to the needs of users and their families.

The "Solera en casa" (Solera at Home) home care services have grown thanks to the community's appreciation of their structured and professional organization.

The group has developed as follows:

- Solera Asistencial: central services in the areas of Planning, Marketing, Administration, Human Resources and Maintenance
- Seresgerna: residential service developed in the La Vaguada home.
- Torre Monreal:
  - Residential service in Torre Monreal Social-Medical Centre.
  - Solera Urban "Mendebaldea"
- Solera Navarra:
  - La Vaguada Day Centre
  - Solera Ensanche Day Centre
  - Torre Monreal Day Centre
  - Ribaforada Day Centre
  - Larraga Day Centre
  - Pio XII Day Centre
  - Home Care Service: "Solera en casa"
  - Physiotherapy Unit
  - Wounds Unit

Mission:

Committed to the elderly, our mission is to achieve the best comprehensive care for seniors through high-quality care services that ensure the well-being and satisfaction of our users, families and residents.

Vision

To be a benchmark and pioneer in implementing quality care models for the elderly, structuring ourselves as a comprehensive services operator that provides innovative and pioneering responses to society's present and future needs. Solera Asistencial seeks to be a benchmark in the sector for its quality, specialization in high value-added care services and capacity to respond to all the needs that seniors may have.

The core action principles to ensure quality of service are:

- Individual attention to users and residents
- Attention to families, advice, support and facilitating their participation in the daily life and activities of our residences and centres

- Professional and personal development of the team, maintaining a high level of motivation and professional qualifications
- Innovation in services and management models, seeking excellence in processes and activities. Versatility and adaptation to new needs and demands
- Clarity, transparency and trust in the institution, with regular communication
- Measurement, monitoring and control of our services to maximize their quality
- Investment in technical resources to support therapeutic programmes and a high level of comfort for our users and their relatives

The pandemic has had an enormous impact on this sector. The efforts made by residents, staff and families have been extraordinary. The rapid rise in infections during March and April 2020 when nobody knew how to contain or treat the disease and hospitals were overrun, forced old people's homes to invent their own procedures and palliative care measures and find their own sources for protective equipment. Staff shortages, as some went into prophylactic or medical lockdown, were resolved with the help of workers from the day centres which closed early on in the pandemic.

The health staff received occasional unpaid support from volunteers, doctors, nurses and other technical personnel, who selflessly gave their time and knowledge at times of crisis. On occasion we had to turn down their help due to a lack of resources, training or illness. We all join in giving our heartfelt thanks for their laudable spirit and solidarity.

As a Group, all possible steps were taken to supply personal and collective protective equipment, oxygen and other medical supplies and to strengthen staff numbers irrespective of the difficulty in finding people or the cost.
We are aware that the pandemic forced these centres to completely rethink their configuration. The next few years will undoubtedly bring changes in regulations. However, in Solera Group staff working units we have already begun a review into how we should plan and implement this reconfiguration.

Auxiliary financial services group to Caja Rural de Navarra

This group comprises three companies whose business model is to provide a service to Caja Rural de Navarra and/or its customers.

First, we look at Promociones Estable de Norte. This company used to build residential developments in the Bank's area of operation, either alone or with partners. When the property crisis hit, it was decided to suspend – for a few years – all development and participation in third-party developments and to transfer certain real estate assets from the Bank to this company, which as a specialist had a greater chance of selling them on successfully.

Informes y Gestiones Generales, S.A. provides processing services for all types of public and private documents associated with the property, trade and assets registers. Its other services include carrying out checks and providing responses to public and private queries, defining and processing powers of attorney, mortgage services, drafting wills and acceptance of inheritances, etc.

Other areas of activity include legal, labour, tax and accounting consultancy.

Every year, between four and five thousand customers rely on Informes y Gestiones, which manages around ten thousand documents and requests for more than 20,000 registry entries and certificates.

Informes y Gestiones has two subsidiary companies "Informes y Valoraciones", which carries out architectural studies, projects, valuations and appraisals; and "Administración de Fincas Informes y Gestiones", which manages property.

It has professional teams in Pamplona, San Sebastian, Bilbao, Vitoria and Logroño and can therefore serve all our customers.

Finally, “Preventia Sport” manages a sports medicine centre that provides some of the support given to the Caja Rural-RGA cycling team. It also has facilities that are open to the general public. Medical tests are carried out at the centre on an athlete’s capacity to adapt and improve in their sporting discipline. It has also made some small-scale sales of cycling equipment.

Covid impacted this group via reduced activity in its specialities, but ultimately had no significant effect on its employees.

1.2. DESCRIPTION OF THE GROUP’S POLICIES

The Group’s companies have the following processes for risk analysis, control and monitoring:

Flour Group

On the management side, each company has a matrix management structure, which combines management reporting lines in each area with the group level functional structures, providing coordination of purchasing, manufacturing, quality and R&D and sales and marketing to large industrial groups.

Each factory has a management committee in which all areas are represented. The committee meets at least monthly.

Monthly meetings are also held to monitor and coordinate the activities at each factory, attended by key executives from the Flour group’s functional areas and the Bank’s management.

The companies running the factories have either a Sole Director appointed by Caja Rural de Navarra, who sits on the Bank’s Management Committee, or a Board of Directors attended by managers from the Flour group’s functional areas and employees of Caja Rural de Navarra.

The strategies of the Caja Rural de Navarra managers in these companies are clear: top priority goes to food safety and health and safety at work, plus strengthening medium- and also long-term strategies that enable the companies to maintain sustainable commercial and economic competitiveness.

Winery supplies group

This group, which has a much smaller staff, has three Sole Directors, one for each of the three subsidiaries. Each company also has a managing director, reporting to these Sole Directors, who runs the operational dynamics for their company.

These, in turn, always have a manager for each operational area. The cooperages have an chief administration-finance officer and a production manager, who is in charge of managers for each production area, and a sales team. This team meets regularly with the managing director.

The distributor has a chief financial officer, a sales team manager and a logistics and warehouse manager, who meet with their manager at least weekly.

In the case of INTONA and Bouquet Brands, the Sole Director is an executive at Caja Rural de Navarra. For Tonnellerie de L’Adour, the Director is INTONA’s managing director.

Senior care group

The Solera Asistencial group has a Sole Director at its head, who is an executive at Caja Rural de Navarra.

At least once a month, the Quality Committee and Management Committee meet, attended by all the different area managers: Managing Director, Head of Quality, Care Manager, Chief Administration-Finance Officer, Head of Maintenance, General Services Manager, Day Centres Manager.

Teamwork is an essential factor in successfully implementing and coordinating the social and welfare objectives of each of the residents.

The team consists of doctors, nurses, nursing assistants, social workers, occupational therapists, psychologists, physiotherapists, podiatrists, pharmacy personnel, sociocultural therapists and dietitians who all interact with each other.

Auxiliary financial services group to Caja Rural de Navarra

Most companies in this group are again headed by a Sole Director, including Promoción Estable de Norte, Informes y Gestiones and Preventia Sport. Each company employing its own staff has a full-time manager as its chief operating officer.

In the case of Informes y Gestiones, the managing director is supported by area managers, and the management system is based on weekly meetings with area managers and monthly meetings with all the members of each department, to review key indicators and set general strategy and specific goals.

Promoción Estable del Norte actively collaborates with the Caja Rural de Navarra housing area through continuous contacts and regular meetings to analyse progress in different actions and toward achieving targets. These meetings are attended by the management from Promoción Estable del Norte managers and managers from Caja Rural de Navarra's housing area.

Preventia Sport is closely tied into the Bank's institutional life and involved in training the cycling team. It therefore holds regular meetings with the Bank's Head of Institutions.

1.3 ADMINISTRATIVE BODY REMUNERATION

As we said, the subsidiaries have directors linked to Caja Rural de Navarra or its subsidiaries. No director receives any financial or other consideration, attendance fees or similar. They are remunerated for work done for the Bank or subsidiary depending on their job category, in accordance with the salary tables in this document.

There is no bonus for belonging to subsidiaries' administrative bodies.

Grupo Cooperativo, and Caja Rural de Navarra within it, have civil liability insurance for managerial positions. This covers their activity as both employees and directors of the subsidiaries.

1.4 CAJA RURAL DE NAVARRA GROUP – CROSS-GROUP MANAGEMENT

As we have seen, the companies in which Caja Rural de Navarra has equity investments work mostly in the agri-food and welfare sectors as well as supporting the Bank's activities.

The agri-food sector has traditionally had significant strategic weight in Caja Rural de Navarra's financial operations. Its share in gross domestic product is falling, but the sector's professionalization and initiatives to produce frozen and pre-prepared convenience foods are pushing to maintain the economic importance of these activities, meaning it can offer sustained value added over time so helping halt the decline in rural population and reduce the population drift toward provincial and county capitals.

For an institution like Caja Rural de Navarra, which was born alongside agricultural cooperatives in small and medium-sized population centres, it is both consistent with its values and rewarding to back initiatives that help sustain our farming and stock-raising fabric and encourage cooperativism as a driver of economic sustainability in the sector. Part of the Social Welfare Fund is dedicated to this purpose.

In the case of the care services, we wanted to respond to a growing need in our community. First religious institutions and subsequently public authorities have for many years been the basic support for the sector, which now needs to adapt to the greater demands of an ageing population, who nonetheless still have the capacity to enjoy life and maintain family ties.

We would also like to highlight the activities carried out by other investee companies in protecting the environment, even though they do not form part of the Consolidated Group. As an example, we would draw attention to renewable energy companies (Compañía Eólica de Tierras Altas, Renovables de la Ribera, etc.) and the forestry company (Bosqalia).

1.5. KEY INDICATORS FOR NON-FINANCIAL RESULTS

Caja Rural de Navarra began by compiling its first Corporate Social Responsibility Report in 2017, following the guidelines established by the GRI (Global Reporting Initiative).

The report includes a *materiality analysis* to determine the issues most relevant to the stakeholders that Caja Rural de Navarra interacts with.

In last year's section on investee companies we declared our intention to produce a materiality analysis and definition of stakeholders for these sub-groups in 2020, giving them the intended voice in procedures for setting CSR policy and hence the Group's sector objectives. Unfortunately, we were unable to conduct such an analysis this year and it has now been put back to 2021 at Consolidated Group level.

1.6. MAIN SECTOR RISKS

Group companies face the following sector risks, which can be mitigated in the following ways. The analysis here is not based on economic risks, which are reflected in their respective annual reports, but on corporate social responsibility issues:

Flour Group

- Coronavirus infection

- Baker's asthma
  In Spain, asthma caused by handling flour was first recognised as a professional disease in 1978. Flour has been a staple food for millennia, albeit one that can trigger allergies in some people who work with it. The cause is breathing in flour dust suspended in the air. Even in ancient Rome the slaves who worked in grinding and handling flour wore masks. The same system, updated with modern filters and protection covering skin and eyes, is the right way to mitigate the effects. Periodic medical check-ups are also carried out.

- Explosion and/or fire (due to explosive atmospheres)
  Atmospheres saturated with wheat flour and powder are classified as an explosion hazard. The process and procedures have been adjusted to minimize this risk. This is one of the key points of focus to achieve year-on-year improvements.

- Usual risks of any industrial environment.
  Working at height, getting caught in machinery, electric shocks, etc. Like the abovementioned risks, these are analysed by the health and safety manager in each factor, and advice is sought from external consultants leading to action plans for each factory.

- Cereal contamination
  Cereals are susceptible to contamination, especially in the transportation, unloading and storage phases. This risk can be mitigated by taking appropriate measures when buying and transporting the raw material, through a maintenance and cleaning programme and by having a laboratory constantly checking the control parameters.

Senior care group

- Risks for personnel derive from the physical nature of the job
  Musculoskeletal disorders are the most frequent. These can be mitigated by measures to reduce the effort used, varying standing and sitting positions, having processes and equipment in place to avoid excessive physical loads, and training employees in best practice.

- Emotional risk for staff derived from working in shifts and due to the condition of certain residents
  Actions to alleviate them include allowing breaks, sufficient rest between working days, dynamics to allow the sharing of experiences and training in how to deal with these situations.

- Risks of transmitting illnesses between staff and patients or within these groups, more acute for infectious diseases

- Injuries to residents
  From the physical point of view, the use of handling equipment and procedures also reduces the risk of injury to residents.
  Emotional stress should be picked up by staff, which is why operational procedures and staff training are key.

Winery supplies group

This business is exposed to the risks of both a manufacturing environment and a distribution company

- Coronavirus infection

- Usual risks of any industrial environment
  Working at height, getting caught in machinery, electric shocks, etc. These are analysed by external consultants leading to action plans for each factory.

- Risks derived from the continuous movement of freight
  Organization of the warehouse and routes. Optimal packaging. Use of auxiliary methods.
  Time off between working days and each week

- Risks derived from urban mobility
  Proper vehicle maintenance. Sensible and balanced routes. Management of distribution schedules.
  Rest between work days
  Auxiliary financial services group to Caja Rural de Navarra
  These are essentially office-based companies, therefore, their main risks are:

- Coronavirus infection

· Risks deriving from the work environment

These risks are essentially related to posture and lighting. Rules relating to comfort are updated periodically and devices that improve postural comfort are provided

· Risks deriving from stress at work

These risks are alleviated by adjusting workload and a policy of recognizing work done

Key risks and significance

The key risks to the equity investments, both in absolute terms and as they affect Caja Rural de Navarra, are: (i) food safety, (ii) proper treatment of seniors, (iii) health of employees, suppliers and customers, (iv) poor management systems involving unethical practice and (v) economic downturn affecting the Parent Company.

As far as possible,some risks may be mitigated by taking out specific insurance policies, such as civil liability insurance. Nonetheless, these risks pose the dual threat of impacting the subsidiary's activities and reputational harm to the Parent Company, which is why we opt to prioritize some risks over others.

Risk	Mitigation actions
Food safety	- Integrated process control - Quality metrics - Staff training - Insurance
Transmission of disease	- Cleaning and work protocols - Use of collective and personal protective equipment
Treatment of residents	- Selection process - Staff training - Quality metrics
Employee ethics	- Selection process - Working environment and training plans - Internal and external audits of Caja Rural de Navarra
Economic downturn	- Regular business reporting - Internal audit

1.7. DISPUTES AND COMPLAINTS

The next section looks at customer complaints, by sector:

Flour Group

All customer suggestions and complaints are recorded. All incidents are answered by the Quality Department, regardless of the size of the customer.

Incidents are catalogued by category which can be grouped into functional issues (product fails to meet customer needs for moisture, kneadability, protein, etc.), logistical or administrative issues (incorrect shipments, shipping note mix-ups, torn sacks on pallets, etc.), and issues relating to food safety (broken threads in sacks, metal filings from piping, etc.). In addition, they are classified as Serious or Minor. All those that affect food safety are considered serious. Minor incidents only include administrative or logistics incidents that do not result in a product being returned.

That said, a product can still trigger an incident even if it has not been returned. To take a simple example, a customer who orders 20 sacks of one type and 8 of another, and receives 19 and 8, respectively, will generate a logistics incident but probably no returns. An industrial flour can have 4 to 12 parameters and if one of them falls even minimally short, for instance with moisture being 0.1% too high or low, it always generates a functional incident, whether or not the sack is returned.

Flour plants handle large volumes of products:

Units	2020	2019
Baker's sack	8,874.250	8,942,842
Tanker/Big Bag	24,245	21,043
1/5/10 kg packet	33,311,752	23,938,236

The figure for tanker/big bag units published in last year's report are different from the 2019 figures here as we detected a statistical error in the number of big bags counted last year.

Incidence was less than 23 (32 in 2019) per million units delivered. Percentage of total incidents classed as serious: 18.9% (20.9% in 2019).

Breakdown by type:

Household use (0.5kg/1kg/5kg packet): incidence of 1.38 per million packets (1.77 in 2019)

Industrial use (25bk sack/tanker/big bag): Incidence of 104.3 per million (115.5 in 2019). Of these, 18 were considered serious (22 in 2019) as they related directly or indirectly to food safety and 40 (53 in 2019) related to functional or quality issues.

Industrial customers will obviously check all deliveries individually.

Senior care group

Quality policies are a key element in the group's management. The approach taken is multi-faceted and includes:

a) Surveys of residents and relatives
b) Multi-year targets
c) Specific annual improvement targets
d) External audits, conducted by the Social Welfare Department

Despite the strange year, perceived quality measurements were maintained, with surveys of relatives when a resident's stay ends and of families and residents during their stay.

The section below looks at the focus and outcomes of these working methods.

a) The annual satisfaction survey asks residents to score from 0 (terrible) to 5 (excellent) various aspects of their day-to-day experience and is broken down by activity and even by floor in residences. They are also asked for comments or suggestions for improvements.

The target was 4.0/5. In 2020, the score was 4.04 compared to 3.97 and 3.95 in 2019 and 2018, respectively. Responses are subjective – i.e. reflecting the opinion of each resident or relative – and the percentage of residents completing their surveys is lower than in 2019, perhaps because the surveys were only issued late in the year.

There are always areas for improvement and our duty is to identify and work on them, but we are now at scores that will be very difficult to beat year on year.

b) End-of-stay surveys of relatives

Stays may end in other ways than death. Sometimes due to illness or an accident, and other times because the resident has recovered and can go back to their former life.

The target to beat is 4.45/5 and this year's score was 4.87 (4.91 in 2019 and 4.5 in 2018).

Also, Solera has set some multi-year targets. 13 general objectives were set, to measure one or other of the associated indicators. These are maintained over several years to allow progress tracking.

One target relates to complaints. The 2019 indicator showed complaints running at 71% of what was considered a tolerable level, half of the volume received in 2018. In other words, although the scoring for specific aspects of residents' daily life fell slightly, the number of complaints also reduced.

c) An annual improvement plan is developed based on the surveys, audits, incidents and training, which is broken down by activities and departments. Indicators are set for direct monitoring. Improvements scheduled for 2020 were generally not met. This was due to the radical changes imposed by the pandemic. Group activities were impossible, family visits were banned, it was not possible to increase the intensity of physiotherapy or occupational therapy, etc.

The internal assessment survey of employees, first carried out in December 2020, showcased the stress they were under and the efforts being made. The average rating was High Good across all questions. None of the questions resulted in a failing score, but there were comments on the heavy workload and the need for more staff this year.

Winery supplies group

This group attracts few complaints and they are addressed immediately and directly. The cooperages do not receive many complaints but they are more common for the distributor, particularly regarding late deliveries and logistical errors.

Complaints are not reported at the corporate level in this sector.

Auxiliary financial services group to Caja Rural de Navarra

These are companies providing services to final customers where complaints mainly relate to disagreements about the cost of services and delays.

In 2020, complaints were received about 0.04% of actions (0.02% in 2019).

Informes y Gestiones was the subject of a quality audit in 2020, to identify the best areas for improvement.
Cost of quality

In 2020, the following costs of maintaining the quality of products and services were identified:

	Total
Internal quality costs	EUR 1,058,490.45
External quality spending	EUR 415,999.34
Food defense spending	EUR 161,486.84
Quality audits (customers, FSC, etc.)	EUR 39,287.58

2. ENVIRONMENTAL ISSUES

The Flour group uses the most energy in the Caja Rural Group. Wheat milling is a power intensive process and in 2020 the Flour group consumed approximately 68 GWh (compared to 66 GWh in 2019), an absolute terms rise but a 2% fall relative to units produced.

Of this, in 2020 slightly more than 28.6 GWh was attributable to renewable sources with certificate of origin (i.e. irrespective of the grid mix) to cover the production of organically sourced flour and bran, wholemeal flours and production of certain specific products. This is double the certificates obtained in 2019.

Also, the heat treatment and softening process of oat flakes used 7.6 GWh of piped natural gas (7.3 GWh in 2019).

In addition, the group's raw materials and product transport fleet consumed approximately 9.7 GWh of fuel (12 GWh in 2019, unchanged from 2018).

All the factories work to ISO 14,001 procedures and have their respective certifications. Waste levels are very low in this sector and generally related to non-hazardous waste.

Electricity consumption depends not only on the annual volume of flour produced, but also on other factors such as the cereal varieties milled, temperature and humidity, level of micronized flour, etc. Therefore, a year-to-year comparison may not reflect the work undertaken by the flour production group to improve its energy performance.

Also, in compliance with Royal Decree 56/2016, all plants again underwent energy audits in 2020 and investments were planned to cut energy consumption by 1.8 GWh annually.

In order to reduce the environmental impact due to energy consumption, in December 2018 the Group entered into a long-term power purchase contract that, among other objectives, aims to support the construction of two wind farms. Since the second half of 2020, these wind farms provide approximately 80% of the group's estimated electricity consumption.

In parallel, in recent years, significant investment has been made to upgrade the lorry fleet to the current Euro6 standard, the highest possible environmental rating.

In the Winery Supplies group, we would highlight the actions of INTONA, which works with PEFC -certified oak and is certified annually as having a zero-carbon footprint. In order to compensate for its manufacturing carbon footprint, it is planting sessile oak in the Navarre Pyrenees. The cooperages are also compensating for their emissions by collaborating in building up sessile oak populations that will, in the future, be a source of the high-quality raw materials they need for their barrels.

In the Senior Care Group, energy consumption in 2020 was 0.8 GWh of electricity and 1.6 GWh of mains natural gas (1 GWh and 2.1GWh, respectively, in 2019). Transport of people and goods required 8,600 litres of diesel (12,300 in 2019). These figures are substantially down on 2019 due to the closure of day centres.

Power consumption by the Bank's Auxiliary Financial Services Group are counted as part of Caja Rural de Navarra's own consumption, whose branch offices it shares.

Finally, we would point out that a large part of the environmental impact of the activities by Caja Rural and its equity investments are offset by the results of other investee companies that are not consolidated (equity investments of 25-50%).

- Compañía Eólica de Tierras Altas, SA produces between 240 GWh and 280 GWh of renewable electricity per year.
- Renovables de la Ribera launched four wind farms in August 2020, with total capacity of 111 MW in the south of Navarre.
- Bosqalia maintains plantations of the Populus genus (poplar trees) that, at end-December 2020, 284 hectares.

In each of the Group's companies is integrated into production considerations by the Steering Committee. No special committee has been appointed to date.
The costs of reducing environmental risks break down as follows:

Flour Group:

	2020	2019
Removing urban waste and waste water	31,907	55,384
Removing hazardous waste	8,954	
Removing non-hazardous waste	34,221	
Environmental management audits	18,805	22,836
Spending on energy efficiency	1,406	
Environmental consultancy	3,270	
Total	**98,563**	**78,210**

Senior care group

Direct expenses charged to the EMS (EUR)	2020	2019
Maintaining the Environmental Management System	0	0
Waste management	5,048	7,994
Total (EUR)	**5,048**	**7,994**

Winery supplies

Direct expenses charged to the EMS (EUR)	2020	2019
Maintaining the Environmental Management System	3,532	3,669
Waste management	3,059	3,740
Total (€)	**6,541**	**7,409**

As noted above, the Auxiliary Financial Services Sector does not report separate figures. These figures are included in those for Caja Rural de Navarra.

2.1. ENERGY AND POLLUTION METRICS

Below are the values for energy and water consumption and the implied pollution levels.

1) Flour Group.

This activity accounts for 90% of the Caja Rural Group's total consumption and nearly all its consumption of gas and diesel.

	2020		2019	
	Units	CO_2 Eq. T	Units	CO_2 Eq. T
Water. Consumption in m³	72,007	-	79,970	-
Natural Gas. MWh	7,638	1,390	7,337	1,481
Electricity				
Non-renewable consumption, MWh	40,173	10,847	54,909	13,233
Renewable consumption, MWh	28,669	0	10,993	0
Fuel consumption				
Diesel - process (litres)	128,811	349	-	-
Diesel - own fleet (litres)	1,044,339	2,604	1,064,632	2,768
Total CO_2 equivalent emissions (T)		**15,190**		**17,482**

As the table shows, CO_2 equivalent emissions by the flour sector fell, even after bringing sub-product pelletization in-house at one of the Group's plants. Taking a broader view, this pelletization used to be done at our customer's plants and transporting the sub-product will now require fewer trucks, so the net result would be positive, but the direct effect is that our Group is emitting more CO_2 than last year.

2) Other sectors (Senior Care, Auxiliary Financial Services and Winery Supplies)

	2020		2019	
	Units	CO_2 Eq. T	Units	CO_2 Eq. T
Water. Consumption in m³	36,824	-	25,901	-
Gas MWh	1,765	321	2,296	463
Electricity				
Non-renewable consumption, MWh	974	263	1,517	366
Fuel consumption, own fleet				
Diesel, litres	33,118	83	29,415	77
Total CO_2 equivalent emissions (T)		**667**		**905**

We want to indicate 2020 was deeply atypical for the care sector and wineries, due to the restrictions imposed because of the pandemic.

This year we began counting paper and toner consumption for the first time. Although the odd figure may be wrong or incomplete we nonetheless include the results here:

PAPER	88,252.50 kg
TONER	258.00 units

2.2. CLIMATE CHANGE AND ENERGY MODEL TRANSITION

The activities carried out by the Group's companies produce very low levels of direct pollution. In general, they do not produce waste, as the by-products generated are reused as feed, livestock bedding, raw material for pellets and some oak wood chippings are even burned directly to toast the barrels, following the traditional method.

Therefore, the main direct wastes produced are those derived from the staff changing rooms and toilets, those produced by the users and residents in the residential and day centres and certain packaging materials, which are segregated and removed by waste collection and sanitation companies.

Natural gas is consumed in the residences and in the oat factory, as discussed in section 2.1. Natural gas emits CO_2 and it is considered that every kWh emits 0.182 kg (Emission factors issued by the Ministry for the Ecological Transition and Demographic Challenge, version 15, June 2020).

Therefore, direct CO_2 emissions to the atmosphere amounted to approximately 3,747 tonnes in 2020 (4,789 tonnes in 2019).

Following the guidance of the same document, we calculated emissions from each fuel and non-renewably sourced electricity, based on the ratio for our main supplier (0.27 grCO_2/kWh).

On this basis, total direct and indirect CO_2 emissions by Group companies was around 15,857 tonnes (compared to 18,387 tonnes in 2019 and 23,085 tonnes in 2018.).

These figures do not include the attributable generation of renewable energy in Group investee companies and CO_2 absorbed by the forestry plantations.

3. SOCIAL AND PERSONAL ISSUES

At the time of writing, our country has been declared in a "state of alarm" and the healthcare system is close to being overrun. Those who can are working from home and hundreds of thousands of workers from many sectors have been provisionally laid off until people recover their freedom of action and we can return to the normal interplay of demand and supply.

Most employees in the Bank's equity investments work in essential basic sectors (health/care, food, energy) which have to continue. They are working in solidarity with the community and their colleagues, under heavy workloads and great pressure. We offer them our thanks, proud to know that everyone is striving their utmost and doing everything asked of them and more. The community most affected and subject to unrelenting pressure are workers in the care sector. They deserve special recognition in this CSR report for what they have achieved and for their determination and sense of responsibility.

We continue below with the regulatory information.

3.1. EMPLOYMENT

Employment per work centre, summarised by country and region:

Country	2020			2019		
	Total	Men	Women	Total	Men	Women
Spain	813	393	420	813	398	415
France	17	12	5	16	12	4
Total active employees at Dec. 31	**830**	**405**	**425**	**829**	**410**	**419**

Spain	2020			2019		
	Total	Men	Women	Total	Men	Women
Navarre	551	189	362	549	194	355
Valencia	88	70	18	95	74	21
Andalusia	64	50	14	65	52	13
Aragon	67	54	13	62	48	14
Galicia	36	28	8	36	28	8
Euskadi	7	2	5	5	2	3
La Rioja	1	0	1	1	0	1

The following is a breakdown of selected statistics relating to the staff in subsidiaries, grouped by activities:

a) Flour group

Contractual relationship (situation to 31/12)	2020			2019		
	Total	Men	Women	Total	Men	Women
"Active"	395	316	79	389	317	72
On leave	3	2	1	4	3	1
Seconded (working for other companies but we pay the salary)	0	0	0	0	0	0

Contractual relationship (situation to 31/12)	2020			2019		
	Total	Men	Women	Total	Men	Women
Early retirees	0	0	0	6	6	0
Company contracts	398	318	80	399	326	73
Temporary Contracts				27	20	7
Temporary full-time	16	13	3	26	19	7
Temporary part-time	0	0	0	1	1	0
Permanent Contracts	379	303	77	372	306	66
Total active employees at Dec. 31	**395**	**316**	**79**	**389**	**317**	**72**

Below we give details of employees who worked for sector subsidiaries during the year but not all year. Figures are not given as an annual average but show the contracts of everyone who worked this year for however short a time. Accordingly, the figures for 2020 and 2019 were as follows:

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area management	39	33	6	37	31	6
Engineers and graduates, reporting to a function area manager	18	13	5	16	14	2
Administrative, workshop and shift managers	20	18	2	49	45	4
Sales	152	125	27	82	45	37
First-grade managers, administrators and production or quality	105	92	13	141	115	26
Second-grade managers, administrators and production or quality	113	73	40	81	73	8
Administrative assistants, third-grade workers, assistants, labourers.	2	2	0	2	1	1
Trainees and probationers	410	323	87	408	324	84

There was one person with a recognized disability in 2019 and 2020.

By age range

	2020				2019			
	Men	%	Women	%	Men	%	Women	%
Less than 30 years	38	8.5%	23	5.1%	34	8.4%	18	4.4%
31 to 40 years	91	20.3%	35	7.8%	92	22.6%	35	8.6%
41 to 50 years	122	27.2%	28	6.2%	111	27.3%	22	5.4%
51 to 60 years	91	20.3%	4	0.9%	74	18.2%	6	1.5%
Over 60	14	3.1%	3	0.7%	13	3.2%	2	0.5%
Total	**356**	**79.3%**	**93**	**20.7%**	**324**	**79.6%**	**83**	**20.4%**

Figures by education are as follows:

	2020			2019		
	Total	Men	Women	Total	Men	Women
PhD	1	1	0	1	1	0
Graduate	88	54	34	62	38	24
Higher professional qualification or long working experience	92	83	9	82	59	23
Professional training 2	128	95	33	66	60	6
High school or Professional training 1	113	97	16	128	111	17
No qualifications	27	26	1	14	12	2
Undefined	0	0	0	55	43	12
Total	**449**	**356**	**93**	**408**	**281**	**84**

Figures by type of contract for 2020 (none available for 2019) were as follows:

	2020			
	Men	%	Women	%
Permanent full-time	331	73.7%	73	16.3%
Permanent part-time or discontinuous	0	0.0%	7	1.6%
Probationers, trainees and apprentices	3	0.7%	2	0.4%
Temporary contract (replacing those on parental or sick leave, departure or political activity)	1	0.2%	1	0.2%
Temporary full-time contracts for time-limited work or services	21	4.7%	10	2.2%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%
Total	**356**	**79.3%**	**93**	**20.7%**

The movements corresponding to the hiring and departure of personnel during the year were:

	2020			2019		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	393	316	77	363	293	70
Average headcount in the year	380	308	72	-	-	-
New contracts in the year	68	35	33	87	65	22
Contracts terminated in the year	66	35	31	57	42	15
Voluntary resignation	11	7	4	12	-	-
Voluntary leave	3	2	1	3	-	-
Retirement (and early retirement)	3	3	0	4	-	-
End of contract	36	16	20	21	-	
Dismissal	13	7	6	17	11	6
Total headcount at 31 December	395	316	79	393	316	77
Departure rate	**17%**	**11%**	**43%**	**15%**	**13%**	**84**

b) Senior care group

Contractual relationship (situation to 31/12)	2020			2019		
	Total	Men	Women	Total	Men	Women
"Active"	343	31	312	339	35	304
On leave	10	0	10	1	0	1
Temporary Contracts, annual average	83	10	73	76	9	67
Permanent Contracts, annual average	202	16	186	185	13	172
Total active employees at Dec. 31	**343**	**31**	**312**	**339**	**35**	**304**

Below we give details of employees who worked in the sector during the year but not all year. Figures are not given as an annual average but show the contracts of everyone who worked this year for however short a time. Accordingly, the figures for 2020 and 2019 were as follows:

By age range:

	2020			2019		
	Total	Men	Women	Total	Men	Women
Less than 30 years	148	23	125	137	22	115
31 to 40 years	142	14	128	131	11	120
41 to 50 years	152	12	140	137	8	129
51 to 60 years	101	7	94	92	7	85
Over 60	27	0	27	19	0	19
Total staff	**570**	**56**	**514**	**516**	**48**	**468**

By professional category

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area managers	5	3	2	5	2	3
Doctors, psychologists	10	2	8	7	1	6
Nurses, nutritionists and physiotherapists	92	6	86	79	7	72
Nursing and geriatric assistants	319	30	289	327	30	297
Administrators and technical staff in socio-cultural activities	21	4	17	4	2	2
Administrative assistants, cleaners, wardens	123	11	112	94	6	88
Total	**570**	**56**	**514**	**516**	**48**	**468**

By academic qualifications

	2020			2019		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	1	1	0
Graduate	114	11	103	92	10	82
Higher professional qualification (PT 1, 2 or higher) or long working experience	334	35	299	329	31	298
No qualifications	122	10	112	94	6	88
Total	**570**	**56**	**514**	**516**	**48**	**468**

By contract type

	2020				2019			
	Men	%	Women	%	Men	%	Women	%
Permanent full-time	1	0.2%	178	32.0%	13	2.50%	171	33.10%
Permanent part-time or discontinuous	3	0.5%	44	7.9%	3	0.60%	32	6.20%
Probationers, trainees and apprentices	0	0.0%	0	0.0%	0	0.00%	0	0.00%

	2020				2019			
	Men	%	Women	%	Men	%	Women	%
Temporary contract (replacing those on parental, sickness or holiday leave)	18	3.2%	174	31.3%	15	2.90%	157	30.40%
Temporary full-time contracts for time-limited work or services	7	1.3%	34	6.1%	6	1.20%	15	2.90%
Temporary part-time contracts for time-limited work or services	13	2.3%	84	15.1%	11	2.10%	93	18.00%
Total	**42**	**7.6%**	**514**	**92.4%**	**48**	**9.30%**	**468**	**90.70%**

Figures included one person with a recognized disability in 2019 and 2020.

The movements corresponding to the departure of personnel (total movements) during the year have been:

Losses and annual turnover of workers	2020	2019
Total headcount at 1 January	332	307
Average headcount in the year	285	271
New contracts in the year	940	797
Departures in the year:	933	782
Voluntary leave	10	1
Retirement	2	0
Death and disability	0	0
Voluntary resignation	58	40
End of contract	851	819
Dismissals of Women in the year	12	4
Dismissals of Men in the year	0	2

Bajas y rotación anual de trabajadores	2020	2019
Departures of Women in the year	851	779
Departures of Men in the year	82	87
Total departure rate	292%	255%
Women's departure rate	315%	256%
Men's departure rate	329%	249%

c) Winery supplies group

Contractual relationship (situation to 31/12)	2020			2019		
	Total	Men	Women	Total	Men	Women
"Active"	62	49	13	339	35	304
Leave	0	0	0	0	0	0
Service commission (working for other companies but we pay the salary)	0	0	0	0	0	0
Early retirees	0	0	0	1	1	0
Company Contracts	62	49	13	64	51	12
Temporary Contracts	3	2	1	7	6	1
Temporary full-time	3	2	1	6	6	1
Temporary part-time	0	0	0	0	0	0
Permanent Contracts	59	47	12	57	45	11
Total active employees at Dec. 31	**62**	**49**	**13**	**63**	**50**	**12**

Below we give details of employees who worked in the sector during the year but not all year. Figures are not given as an annual average but show the contracts of everyone who worked this year for however short a time. Accordingly, the figures for 2020 and 2019 were as follows:

By age range

	2020			2019		
	Total	Men	Women	Total	Men	Women
Less than 30 years	11	9	2	10	10	0
31 to 40 years	19	10	9	15	12	3
41 to 50 years	46	38	8	31	27	4
51 to 60 years	21	18	3	14	12	2
Over 60	5	5	0	3	3	0
Total staff	**102**	**80**	**22**	**73**	**64**	**9**

By professional category

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area management	8	8	0	6	6	0
Administrative, workshop and shift managers Sales	19	14	5	11	10	1
First-grade managers, administrators and production or quality	2	2	0	2	2	0
Second-grade managers, administrators and production or quality	43	40	3	13	11	2
Administrative assistants, third-grade workers, assistants, labourers.	29	15	14	41	35	6
Trainees and probationers	1	1	0	0	0	0
Total staff	**102**	**80**	**22**	**73**	**64**	**9**

By academic qualifications

	2020			2019		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	0	0	0
Graduate	19	7	12	8	5	3
Higher professional qualification or long working experience	46	44	2	31	30	1
Professional training 2	7	1	6	9	5	4
High school or Professional training 1	30	28	2	24	23	1
No qualifications	0	0	0	1	1	0
Total	**102**	**80**	**22**	**73**	**64**	**9**

By contract type

	2020				2019			
	Men	%	Women	%	Men	%	Women	%
Permanent full-time	61	59.8%	15	14.7%	40	54.79%	7	9.59%
Permanent part-time or discontinuous	6	5.9%	4	3.9%	1	1.37%	2	2.74%
Probationers, trainees and apprentices	1	1.0%	0	0.0%	0	0.00%	0	0.00%
Temporary contract (replacing those on parental, sickness or holiday leave)	0	0.0%	0	0.0%	0	0.00%	0	0.00%
Temporary full-time contracts for time-limited work or services	12	11.8%	3	2.9%	22	30.14%	0	0.00%
Temporary part-time contracts for time-limited work or services	0	0.0%	0	0.0%	1	1.37%	0	0.00%
Total	**80**	**78.4%**	**22**	**21.6%**	**64**	**87.67%**	**9**	**12.33%**

The movements corresponding to the hiring and departure of personnel during the year were:

	2020			2019		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	62	50	12	73	63	10
Average headcount in the year	38.98	28.89	10.09	N/D	N/D	N/D

	2020			2019		
	Total	Men	Women	Total	Men	Women
New contracts in the year	13	10	3	5	3	2
Contracts terminated in the year	13	11	2	16	16	0
Voluntary resignation	5	4	1	3	3	0
Voluntary leave	0	0	0	0	0	0
Retirement (and early retirement)	0	0	0	0	0	0
End of contract	6	5	1	11	11	0
Dismissal	2	2	0	2	2	0
Total headcount at 31 December	62	49	13	62	50	12
Departure rate	**33%**	**38%**	**20%**	**24%**	**33%**	**0**

Figures included one person with a recognized disability in 2019 and 2020.

d) Auxiliary financial services group

Contractual relationship (situation to 31/12)	2020			2019		
	Total	Men	Women	Total	Men	Women
Active	35	9	26	38	10	28
Leave	0	0	0	1	0	1
Services committee	0	0	0	0	0	0
Early retirees	0	0	0	0	0	0
Company Contracts	35	9	26	38	10	29
Temporary Contracts	7	2	5	12	2	10
Temporary full-time	6	2	4	10	2	8
Temporary part-time	1		1	2	0	2
Permanent Contracts	28	7	21	26	8	19
Total active employees at Dec. 31	**35**	**9**	**26**	**38**	**10**	**28**

Below we give details of employees who worked in this business during the year but not all year. Figures are not given as an annual average that shows the contracts of everyone who worked this year for however short a time. Accordingly, the figures for 2020 and 2019 were as follows:

By age

	2020			2019		
	Total	Men	Women	Total	Men	Women
Less than 30 years	7	1	6	8	0	8
31 to 40 years	15	3	12	18	4	14
41 to 50 years	16	5	11	18	6	12
51 to 60 years	4	1	3	4	1	3
Over 60	0	0	0	0	0	0
Total staff	**42**	**10**	**32**	**48**	**11**	**37**

By category

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area management	2	2	0	3	3	0
Administrative, workshop and shift managers Sales	2	0	2	1	0	1
First-grade managers, administrators and production or quality	14	5	9	14	6	8
Second-grade managers, administrators and production or quality	20	3	17	21	2	19
Administrative assistants, third-grade workers, assistants, labourers.	1	0	1	5	0	5
Trainees and probationers	3	0	3	4	0	4
Total staff	**42**	**10**	**32**	**48**	**11**	**37**

By academic qualifications

	2020			2019		
	Total	Men	Women	Total	Men	Women
PhD	0	0	0	0	0	0
Graduate	28	10	18	30	11	19
Higher professional qualification or long working experience	1	0	1	0	0	0
Professional training 2	11	0	11	17	0	17
High school or Professional training 1	2	0	2	1	0	1
Total staff	**42**	**10**	**32**	**48**	**11**	**37**

By contract type

	2020				2019			
	Men	%	Women	%	Men	%	Women	%
Permanent full-time	7	16.7%	21	50.0%	9	18.8%	19	39.6%
Permanent part-time or discontinuous	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Probationers, trainees and apprentices	0	0.0%	3	7.1%	0	0.0%	6	12.5%
Temporary contract (replacing those on parental or sick leave, departure or political activity)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Temporary full-time contracts for time-limited work or services	3	7.1%	7	16.7%	2	4.2%	7	14.6%
Temporary part-time contracts for time-limited work or services	0	0.0%	1	2.4%	0	0.0%	5	10.4%
Total	**10**	**23.8%**	**32**	**76.2%**	**11**	**22.9%**	**37**	**77.1%**

In this sub-sector there was no-one with a recognized disability.

The movements corresponding to the hiring and departure of personnel during the year were:

	2020			2019		
	Total	Men	Women	Total	Men	Women
Total headcount at 1 January	36	9	27	38	10	28
Average headcount in the year	34.83	9.16	25.67	0	0	0
New contracts in the year	5	1	4	5	0	5
Contracts terminated in the year	7	1	6	7	1	6
Voluntary resignation	1	0	1	1	1	0
Voluntary leave	0	0	0	1		1
Retirement (and early retirement)	0	0	0	0	0	0
End of contract	5	1	4	4	0	4
Dismissal	1	0	1	1	0	1
Total headcount at 31 December	35	9	26	36	9	27
Departure rate	**20.1%**	**10.9%**	**23.4%**	**23.7%**	**11.1%**	**27.6%**

REMUNERATION

Remuneration is based on sector collective agreements, supplemented in some jobs by professional performance bonuses. There are no differences based on age or sex, beyond supplements for years of service with the company that may exist in certain agreements

Selected remuneration parameters are provided below. The data are recorded as a value that represents the annual gross salary multiplier for the sector analysed, so that the metrics can be compared without breaching the confidentiality of the data and also to cast light on the remuneration in each sector.

To arrive at these comparative figures, we took the total remuneration received by each worker on the payroll in 2019 or 2020, irrespective of type or duration of their contract, divided by the number of hours worked. For the sector figures, we took the value assigned to a worker in a specific category of each collective agreement, shown for each sub-sector, divided by the number of annual working hours stated in the agreement.

So, if the value was greater than one, the group being analyzed earned more per hour on average than the benchmark worker in the collective agreement, and vice versa.
Group averages are calculated weighted by the total number of hours worked by all workers in this group in the comparison year.

a) Flour group

The sector benchmark is taken to be a person classed as lab assistant in the sector collective agreement (Collective Agreement for Companies in the Bread Flour and Semolina Sector). In June 2020, a new collective agreement was signed resetting the amounts of 2019 salaries. Figures for 2019 have therefore been adjusted to take account of the new average hourly rates:

Average figures by gender of worker, compared to the sector benchmark and the average for companies in this sub-sector of the Caja Rural Group are as follows:

	vs. collective agreement base		In Group companies	
	2020	2019	2020	2019
Men	1.81	2.07	1.04	1.05
Women	1.38	1.55	0.80	0.79
Average	1.73	1.96	1.00	1.00
Difference M/W	0.43	0.52	0.25	0.26

We repeat that this comparison is based on everyone on the payroll during the year, even if they were only temporary workers, and for the comparative figures we analyse the resulting hourly salary per person.

The following breakdowns are compared to the benchmark salary in the collective agreement for the sector:

	2020			2019		
	Total	Men	Women	Total	Men	Women
Less than 30 years	1.36	1.43	1.24	1.49	1.33	1.80
31 to 40 years	1.56	1.60	1.44	2.55	2.94	1.52
41 to 50 years	1.78	1.86	1.38	1.67	1.73	1.33
51 to 60 years	1.99	2.01	1.61	1.88	1.88	1.89
Over 60	2.09	2.24	1.20	1.64	1.70	1.25
Total	**1.73**	**1.81**	**1.38**	**1.96**	**2.07**	**1.55**

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area management	3.35	3.47	2.42	3.32	3.42	2.79
Engineers and graduates, reporting to a function area manager	1.74	1.86	1.35	1.75	1.82	1.24
Administrative, workshop and shift managers Sales	1.42	1.44	1.28	1.69	1.73	1.31
First-grade managers, administrators and production or quality	1.55	1.57	1.42	3.14	4.25	1.79
Second-grade managers, administrators and production or quality	1.82	1.86	1.29	1.53	1.59	1.25
Administrative assistants, third-grade workers, assistants, labourers.	1.42	1.50	1.25	1.13	1.18	0.72
Trainees and probationers	0.84	0.84		1.01	1.19	0.82
Total	**1.73**	**1.81**	**1.38**	**1.96**	**2.07**	**1.55**

	2020			2019		
	Total	Men	Women	Total	Men	Women
PhD	N/I	N/I		2,10	2,10	
Graduate	2.46	2.99	1.60	2.32	2.69	1.74
Higher professional qualification or long working experience	1.81	1.86	1.34	1.82	1.89	1.62
Professional training 2	1.54	1.63	1.21	1.50	1.52	1.27
High school or Professional training 1	1.41	1.44	1.23	1.31	1.37	0.95
No qualifications	1.43	1.43	0.74	1.23	1.25	1.08
Total	**1.73**	**1.81**	**1.38**	**1.96**	**2.07**	**1.55**

And by contract type, in 2020

	2020		
	Total	Men	Women
Permanent full-time	1.76	1.84	1.39
Permanent part-time or discontinuous	1.51	-	1.51
Probationers, trainees and apprentices	0.95	1.18	0.68
Temporary contract (replacing those on parental or sick leave, departure or political activity)	1.13	1.05	1.30
Temporary full-time contracts for time-limited work or services	1.16	1.15	1.20
Temporary part-time contracts for time-limited work or services	-	-	-
Total	**1.73**	**1.81**	**1.38**

b) Senior care group

The same comparison is also made here. Figures are compared to the collective agreement – official state collective agreement on personal care of dependent people and development of the promotion of personal autonomy (private residences for the elderly and home care services), working in geriatric care. In 2020, the comparison was based on hourly pay while the 2019 metrics were based on equivalent daily pay (annualized based on a 365 day year).

	vs. collective agreement base		In Group companies	
	2020	2019	2020	2019
Men	1.95	1.71	1.26	1.14
Women	1.50	1.48	0.97	0.99
Sub-sector average	1.54	1.50	1.00	1.00
Difference M/W	0.45	0.23	0.29	0.15

By age

	2020			2019		
	Total	Men	Women	Total	Men	Women
Less than 30 years	1.56	1.79	1.53	1.80	1.81	1.40
31 to 40 years	1.49	1.53	1.48	1.31	1.31	1.68
41 to 50 years	1.66	2.58	1.57	2.20	2.21	1.45
51 to 60 years	1.44	2.12	1.41	1.45	1.45	1.37
Over 60	1.55	-	1.55	0.00	-	1.44
Total	**1.54**	**1.95**	**1.50**	**1.50**	**1.71**	**1.48**

By professional category

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area managers	3.90	4.30	2.83	3.43	5.15	2.28
Doctors, psychologists	3.12	2.90	3.13	2.83	1.74	3.01
Nurses, nutritionists and physiotherapists	2.02	2.27	2.00	2.26	2.81	2.21
Nursing and geriatric assistants	1.69	1.91	1.66	1.56	1.24	1.59
Administrators and technical staff in socio-cultural activities	1.35	1.48	1.34	1.35	1.35	1.35
Administrative assistants, cleaners, wardens	1.25	1.29	1.25	1.22	1.21	1.22
Trainees and probationers	3	0	3	4	0	4
Total	**1.54**	**1.95**	**1.50**	**1.50**	**1.71**	**1.48**

By qualification

	2020			2019		
	Total	Men	Women	Total	Men	Women
PhD	-	-	-	1.21	1.21	-
Graduate	2.20	3.11	2.09	2.34	3.01	2.26
Higher professional qualification (PT 1, 2 or higher) or long working experience	1.35	1.79	1.30	1.35	1.40	1.35
No qualifications	1.36	1.46	1.36	1.24	1.31	1.22
Total	**1.54**	**1.95**	**1.50**	**1.50**	**1.71**	**1.48**

By contract mode

	2020		
	Total	Men	Women
Permanent full-time	1.58	7.81	1.54
Permanent part-time or discontinuous	1.54	-	1.54
Probationers, trainees and apprentices	-	-	-
Temporary contract (replacing those on parental or sick leave, departure or political activity)	1.44	2.05	1.40
Temporary full-time contracts for time-limited work or services	1.40	1.52	1.37
Temporary part-time contracts for time-limited work or services	-	-	-
Total	**1.54**	**1.95**	**1.50**

No breakdown by contract mode is available for the prior year.

No breakdown by contract mode is available for the prior year.

c) Winery supplies group

Comparisons are with the post of lab assistant in the Collective agreement for the wine, alcohol, spirits and cider sector of Navarre. As explained above, the comparison is based on the hourly salary of all workers who appeared on the payroll at any time.

	vs. collective agreement base		In Group companies	
	2020	2019	2020	2019
Men	2.00	1.62	1.02	1.01
Women	1.84	1.49	0.94	0.93
Sub-sector average	1.96	1.62	1.00	1.00
Difference M/W	0.15	0.13	0.08	0.08

By age

	2020			2019		
	Total	Men	Women	Total	Men	Women
Less than 30 years	1.57	1.64	1.25	1.22	1.22	-
31 to 40 years	1.68	1.37	2.12	1.34	1.22	1.80
41 to 50 years	2.12	2.19	1.84	1.91	1.99	1.40
51 to 60 years	1.94	2.04	1.42	1.62	1.69	1.20
Over 60	1.93	1.93	-	1.00	1.00	-
Total	**1.96**	**2.00**	**1.84**	**1.61**	**1.62**	**1.49**

By professional category

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area management	4.03	4.03	-	4.00	4.00	-
Administrative, workshop and shift managers Sales	2.30	2.18	2.62	N/I	1.94	N/I
First-grade managers, administrators and production or quality	1.70	1.70	-	1.58	1.74	-
Second-grade managers, administrators and production or quality	1.43	1.44	1.22	1.30	1.30	0.96
Administrative assistants, third-grade workers, assistants, labourers.	1.60	1.58	1.63	1.36	1.31	1.65
Trainees and probationers	0.63	0.63	-	0.00	-	-
Total staff	**1.96**	**2.00**	**1.84**	**1.61**	**1.62**	**1.49**

By qualification

	2020			2019		
	Total	Men	Women	Total	Men	Women
Graduate	2.68	3.35	2.16	2.59	3.40	1.78
Higher professional qualification or long working experience	2.06	2.07	1.51	1.80	1.83	0.96
Professional training 2	1.65	1.94	N/I	1.40	1.17	1.57
High school or Professional training 1	1.35	1.37	1.22	1.29	1.31	0.96
No qualifications	-	-	-	1.25	1.25	-
Total	**1.96**	**2.00**	**1.84**	**1.61**	**1.62**	**1.49**

By contract mode

	2020		
	Total	Men	Women
Permanent full-time	2.02	2.04	1.97
Permanent part-time or discontinuous	1.79	2.15	1.36
Probationers, trainees and apprentices	0.63	0.63	-
Temporary contract (replacing those on parental, sickness or holiday leave)	-	-	-
Temporary full-time contracts for time-limited work or services	1.16	1.04	1.43
Temporary part-time contracts for time-limited work or services	1.96	2.00	1.84
Total	**1.96**	**2.00**	**1.84**

No data by contract mode are available for 2019.

No data by contract mode are available for 2019.

d) Financial services group

For this group comparisons are with the Group V post (tasks carried out under supervision but under own initiative, with professional knowledge or trial period) under the Collective agreement of office of Navarre.

	vs. collective agreement base		In Group companies	
	2020	2019	2020	2019
Men	1.67	1.56	1.33	1.39
Women	1.11	0.99	0.88	0.88
Sub-sector average	1.25	1.12	1.00	1.00
Difference M/W	0.57	0.57	0.45	0.51

By worker's age

	2020			2019		
	Total	Men	Women	Total	Men	Women
Less than 30 years	0.80	N/I	0.80	0.72	-	0.72
31 to 40 years	1.18	1.17	1.18	1.07	1.13	1.05
41 to 50 years	1.29	1.53	1.17	1.20	1.51	1.05
51 to 60 years	N/I	N/I	1.17	N/I	N/I	1.18
Over 60	-	-	-	-	-	-
Total	**1.25**	**1.67**	**1.11**	**1.12**	**1.56**	**0.99**

By professional category

	2020			2019		
	Total	Men	Women	Total	Men	Women
General and area management	N/I	N/I	-	2.45	2.45	-
Administrative, workshop and shift managers Sales	1.48	-	1.48	1.60	-	1.60
First-grade managers, administrators and production or quality	1.24	1.28	1.22	1.26	1.34	1.21
Second-grade managers, administrators and production or quality	1.06	1.00	1.07	1.04	0.98	1.04
Administrative assistants, third-grade workers, assistants, labourers.	1.89	-	1.89	0.92	-	0.92
Training or work experience contract	0.66	-	0.66	0.61	-	0.61
Total staff	**1.25**	**1.67**	**1.11**	**1.12**	**1.56**	**0.99**

By qualification

	2020			2019		
	Total	Men	Women	Total	Men	Women
Graduate	1.36	1.67	1.19	1.25	1.56	1.07
Higher professional qualification or long working experience	1.89	-	1.89	-	-	-
Professional training 2	0.97	-	0.97	0.91	-	0.91
High school or Professional training 1	0.99	-	0.99	0.87	-	0.87
Total	**1.25**	**1.67**	**1.11**	**1.12**	**1.56**	**0.99**

By contract mode

	2020			2019		
	Total	Men	Women	Total	Men	Women
Permanent full-time	1.38	1.87	1.20	1.36	1.72	1.20
Permanent part-time or discontinuous	-	-	-	-	-	-
Probationers, trainees and apprentices	0.66	-	0.66	0.71	-	0.71
Temporary contract (replacing those on parental, sickness or holiday leave)	-	-	-	-	-	-
Temporary full-time contracts for time-limited work or services	1.00	1.04	0.97	0.90	0.93	0.90
Temporary part-time contracts for time-limited work or services	1.01	-	1.01	0.96	-	0.96
Total	**1.25**	**1.67**	**1.11**	**1.12**	**1.56**	**0.99**

In all tables "N/I" is used to mean no information, where those concerned would be easily identifiable

ORGANIZATION OF WORK. HEALTH AND SAFETY

All group companies table working time in compliance with the working hours laid down by the collective agreement. Shifts have to be worked in some areas to cover (nearly) the whole year.

Health and safety is relevant in all areas, but, although the Covid pandemic has transformed the situation for all sectors, we focus on the industries where non-Covid risks are higher.

Accident statistics are collected in all manufacturing centres, even for accidents that do not require medical attention or time off since improvements can be made if these figures are analysed.

For the care group, the impact of Covid and measures taken to mitigate its effects in 2020 are explained above.

The data on accidents and resulting time off work are presented below.

a) Flour group

Workplace accidents	2020	2019
Accidents without time off work	27	32
Accidents resulting in time off work	25	23
Total accidents	52	55
Accident incidence	0.042	0.037
Accident severity	8.68	5.66

b) Care group

Workplace accidents	2020	2019
Accidents without time off work	15	11
Accidents resulting in time off work	38	27
Total accidents	53	38
Accident incidence	0.091	0.0748
Accident severity	9.66	15.66

HOURS OFF WORK AND ABSENTEEISM RATE (FLOUR GROUP)

	2020			2019		
	Total	Men	Women	Total	Men	Women
Accidents	5,423	5,311	112	3,684	3,684	0
Common illness	20,524	17,736	2,788	19,644	17,805	1,839
Covid(1)	1,808	1,720	88	0	0	0
Maternity	4,536	0	4,536	4,080	0	4,080
Paternity	2,672	2,672	0	3,307	3,307	0
Childcare	384	384	0	0	0	0
Care of the sick	0	0	0	776	552	224
Other personal motives	406	278	128	512	384	128
Jury service, union work, etc.	404	368	36	208	208	0
Total hours lost	36,157	28,469	7,688	32,211	25,940	6,271
Total working hours	624,968	521,250	103,718	651,307	517,465	133,842
Total hours off work	30,734	23,158	7,576	28,527	22,256	6,271
Absenteeism rate	5.79	5.46	7.41	4.95	5.01	4.69

(1) *In cases where Covid has been separately recorded.*
Time off includes all hours lost except for those due to accident

HOURS OFF WORK AND ABSENTEEISM RATE (SENIOR CARE GROUP)

	2020			2019		
	Total	Men	Women	Total	Men	Women
Accidents	4,770	0.00	4,770.00	6,332	0	6,332
Common illness	36,427	802.27	35,624.73	23,130	878	22,252
Covid	24,202	776.72	23,425.28	0	0	0
Maternity	9,807	00	9,807.00	10,577	0	10,577
Paternity	0	0,00	0	0	0	0
Childcare	0	0	0	0	0	0
Care of the sick	0	0	0	0	0	0
Other personal motives	0	0	0	0	0	0
Jury service, union work, etc.	00	0			3,696	3,696
Total hours lost	75,206	1,578.99	73,627.01	43,735	878	42,857
Total working hours	493,611	45,151.58	448,459.42	404,579,093	-	-
Total hours off work	70,436.00	1,578.99	68,857.01	43,735	878	42,857
Absenteeism rate	15.24	-	-	10.81	-	-

The table below includes a comparison between 2019 and 2020, although it is important to note that 2020 figures do not include data for the French subsidiary Tonnellerie de L'Adour

c) Winery supplies group

Workplace accidents	2020	2019
Accidents without time off work	1	0
Accidents resulting in time off work	3	0
Total accidents	4	10
Accident incidence	0.039	0.114
Accident severity	8.0	15.8

d) Auxiliary Financial services group

Workplace accidents	2020	2019
Accidents without time off work	0	0
Accidents resulting in time off work	2	0
Total accidents	2	0
Accident incidence	0.0377	0
Accident severity	0.0020	0

HOURS OFF WORK AND ABSENTEEISM RATE (WINERY SUPPLIES GROUP)

	2020			2019		
	Total	Men	Women	Total	Men	Women
Accidents	660	660	0	1,347	1,347	0
Common illness	1642	986	656	2,424	1,684	740
Covid	1201	1201	0	0	0	0
Maternity	720	0	720	0	0	0
Paternity	528	528	0	2,300	2,300	0
Childcare	0	0	0	0	0	0
Care of the sick	76	76	0	125	93	32
Other personal motives	3	3	0	9	9	0
Jury service, union work, etc.	0	0	0	0	0	0
Temporary lay-off (1)	17109	13739	3370	0	0	0
Total hours lost	4830	3454	1376	6,196	5,433	772
Absenteeism rate	6.24	5.58	8.84	7.28	7.5	6.06

(1) *See section 6.5 Covid-19*

HOURS OFF WORK AND ABSENTEEISM RATE (FINANCIAL SERVICES GROUP)

	2020			2019		
	Total	Men	Women	Total	Men	Women
Accidents	110	37	73	0	0	0
Common illness	644	176	469	550	14	536
Covid	801	113	688		-	
Maternity	359	0	359	441	0	441
Paternity	0	0	0	0	0	0
Childcare	0	0	0	216	0	216
Care of the sick	0	0	0	0	0	0
Other personal motives	0	0	0	0	0	0
Jury service, union work, etc.	0	0	0	0	0	0
Temporary lay-off	0	0	0	0	0	0
Total hours lost	1,914	325	1,588	1,207	14	1,193
Total working hours	54,995	14,116	40,879	63,373	16,043	47,330
Total hours off work	1,914	325	1,588	1,207	14	1,193
Absenteeism rate	3.48	2.31	3.89	1.9	0.08	2.5

EMPLOYEE RELATIONS

Each group of companies identified in each sector has its own collective agreement, as follows:

- Flour Group: National collective agreement for the bread flour and semolina sector
- The Senior Care group is subject to the state collective framework agreement for care services for dependent persons
- In the Winery Supplies group, each of the three companies is subject to its own agreement. For INTONA this is the agreement relating to the wood industries, the French equivalent in the case of Tonnellerie de L'Adour and, for Bouquet Brands, the agreement relating to the Navarre food storage sector.
- The auxiliary financial services group is governed by the regional agreement for branches and offices.

3.3. TRAINING

In 2020, face-to-face training became extremely difficult and this is the usual format in all Group companies. Training for customers and other stakeholders was also heavily restricted, particularly in the flour sub-group. That said, the following tables summarise training delivered during the year

Flour Group

Flour Group	2020						2019					
Training	Hours			No. of attendees			Hours			No. of attendees		
Courses taken by employees	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Administration	50,5	34,5	85	7	12	19	233	161	394	10	15	25
Sales	345	42	387	31	3	34	354	42	396	36	6	42
Quality	576.5	92	668.5	78	15	93	176	107	283	18	19	37
R&D	186	44	230	20	8	28	90	201	291	11	17	28
Management	379	144	523	29	4	33	81	29	110	13	5	18
Production	97	57	154	20	5	25	893	79	972	164	2	166
Total	1634	0	1634	185	47	232	1827	619	2446	252	64	316
External training costs	30,056						52,624					

Senior care group

In 2020, training was given in all aspects of the pandemic and caring for residents in this environment. However, these costs have not been separated out from other essential operating costs of care and were not separately recorded.

	2019			
Training	Hours		No. of attendees	
Courses taken by employees	Men	Women	Men	Women
Administration	12	18	2	3
Sales	-	6	-	1
Face-to-face	48	968	7	155
Total external training costs	19,398			

Winery supplies group

In 2020, there were no structured training activities

	2019			
Training	Hours		No. of attendees	
Courses taken by employees	Men	Women	Men	Women
Administration	-	97	0	3
Sales	6	6	1	1
Management	86	0	3	0
Production	360	56	24	4
external costs	4,561	0	0	0
Costs attributed to personal attendance	9,150			

Auxiliary financial services group to Caja Rural de Navarra

In 2020, there were no structured training activities

	2019			
Training	Hours		No. of attendees	
Courses taken by employees	Men	Women	Men	Women
Administration	314	1,538	10	55
Management	79	-	2	-

3.4. EQUALITY

Recruitment processes are based on the merits of the candidates, without considering other external factors or gender.

Internal promotion policies are applied, as well as cross-promotion between companies in the same sector.

4. RESPECT FOR HUMAN RIGHTS

Caja Rural de Navarra's corporate securities policies extend to the companies controlled via equity stakes. Human and labour rights are respected not only because this is required by law, but because this is the way we understand our work in Cooperative Credit Institutions.

Respect for a decent wage, adequate working conditions, job security, freedom of association, adequate hours and respect for labour regulations are core to our investee companies and the policy is also extended to include our suppliers.

4.1. EXTENSION OF HUMAN RIGHTS POLICIES TO SUPPLIERS AND CUSTOMERS

These values are not only respected within Spain but are also considered in certain transactions with an international scope, even beyond the borders of the EU, such as importing cereals, when we work with other international cooperatives or companies with recognised CSR values.

Procedural checks have not been established for transactions involving clients and suppliers within the European Union.

Outside the EU, where we carry out operations in Africa and Asia, care is taken to get to know our customers' and/or suppliers' key characteristics. For sales, given the small volume of each transaction in these countries (from one to four containers, essentially flour, semolina or oats), it is not possible to establish an exhaustive customer monitoring system and we rely on information obtained directly from the customer, the financial insurer for the deal or the internet. In cereal purchasing operations, which are high volume, we work exclusively with companies with defined and known ethical values.

There are no reports of human rights violations among the group's suppliers or customers.

5. CORRUPTION AND BRIBERY

The Group's values start at the top and are projected down through the company. When selecting key managers their ethical values and management qualities are as important as their technical knowledge and capabilities in the business world.

For Caja Rural, more important than achieving our set targets is the manner in which they are achieved. We strive to do this in a way that creates a motivated, autonomous and capable work team along with optimal conditions for future growth, where behaviour that is unethical or dubious is unacceptable, even though it may not fall within the criminal definition of corruption.

6. SOCIAL CONTEXT

6.1. THE COMPANY'S COMMITMENTS TO WIDER SOCIETY

We take the view that our commitment to our community should be considered for the Caja Rural Group as a whole and not on a company by company basis. This is why, as explained above, the Group's values are projected into all its companies and employees as well as the Bank's Social Welfare Fund.

Secondly, each company must adapt to its type of business and location. Let's explain that a little. In certain cases, our investee company is an important part of the industrial development of a region and a major employer in the region, such as Harinera de Tardienta or Harinera del Mar. Sustaining high levels of activity and employment is far more important to its community than the collaboration of NGOs in the local area.

In sections 6.2 and 6.3 we will more precisely define two key aspects of our investee companies, and we wish to emphasise the following key aspects in our commitment to wider society:

a) Management of our activities

- products and services produced must meet the customer's needs and be of the highest quality.
- R&D makes the business sustainable and adapts our products and services to changing needs.
- Productive investments tied to quality

b) The team

- Training
- Shift planning and work-life balance
- Internal promotion
- Ownership interest in the organization and procedures through lean manufacturing and associated programmes
- Rigorous recruitment policy based on the merits of each candidate

c) Wider society

- Involvement in specific charitable initiatives or those with a high local social impact
- Solera Asistencial is involved in numerous activities focused on improving the health of the elderly, whether residents or not, and inclusion in their families

6.2. IMPACT ON THE LOCAL ECONOMY

Detailed information on the impact of our subsidiaries' business activities on the local and regional economy is not available.

6.3. FOOD SAFETY

In recent years, the Caja Rural de Navarra Group's food companies have focused on achieving excellence in food safety, both in investments and procedures.

In addition to obtaining the appropriate approvals from certification bodies (OCA) and industrial customers, we are aware that our product is a food or a food ingredient, and that if we do not take extreme care of this aspect, efficiency and productivity are meaningless.

Our Group is an active member of the Spanish Flour and Semolina Manufacturers' Association (AFHSE), one of its areas of focus is food hygiene, generally in collaboration with the Ministry.

Our factories carry out periodic training workshops with craft bakers, mainly to improve their product range and competitiveness in the face of big industry. The best methods for product preparation and care are also defined at these workshops.

The main incidents relating to quality or safety each month are reviewed by the Management Committees and at regular meetings with Caja Rural de Navarra executives. The implementation of "lean manufacturing" methodologies and the involvement of personnel in them has been an important way to improve this aspect. Incidents are grouped by type and their severity is assessed, so that measuring these variables can feed into future improvements. Similarly, non-conformities in raw materials are also analysed.

For each incident, a responsible party is identified along with an alert date and a resolution date, as well as, if applicable, a conclusion from the customer regarding the event and its resolution.

We must be grateful for the demands of certain industrial customers as they push us to improve sustainably and maintain our commitment to food safety.

Harinera de Tardienta and Harinas Selectas were both granted the RSA "Social Responsibility of Aragon" award in 2020.

6.4. SENIOR CARE

Service quality metrics have been defined for Solera Asistencial's residential Days and home care services to determine compliance with our objectives and the level of satisfaction of residents and families.
These metrics cover a number of aspects:

- Global satisfaction survey
- Response time in resolving complaints
- Aspects related to cleaning, laundry, food, diets, time taken to formalise an admission, etc.
- Health care, medication Administration, punctuality of treatments, etc.
- Entertainment activities

- Physiotherapy and cognitive stimulation activities.
- Staff training, absenteeism.
- Metrics related to facility maintenance.

Goals are set for these indicators each year and performance is reviewed monthly and annually.

6.5. COVID-19

Most employees in Caja Rural de Navarra Group subsidiaries work in the food and care sectors and are therefore considered essential workers.

We want to thank all our employees for their magnificent effort. At every level of the organization they organised, internalised security procedures and worked tirelessly in their respective roles, despite the difficulties they faced every day.

They showed exceptional professionalism and dedication and we want to focus particularly on those working in the care sector due to its nature.

These workers showed generosity and their human qualities. We offer you our most sincere thanks.

At the same time, in the winery supplies sector, the slump in business led to temporary lay-offs of staff and a corresponding fall in income. These companies tried to mitigate the effects of the delays in lay-off pay with advances on future wages, to avoid financial hardship among our employees.

6.6. TAX INFORMATION

The Group complies with its local, regional and state tax obligations. 2020 and 2019 figures for all the subsidiaries are the following:

	2020			2019		
	ES	FR	TOTAL	ES	FR	TOTAL
Accrued company income tax	1,311,866.58	0	1,311,866.58	1,364,924.64	5707	1,370,631.64
Economic activities tax	307,385.69	0	307,385.69	310,553.40	0	310,553.40
Property tax	172,133.75	0	172,133.75	226,826.94	0	226,826.94
VAT (Reclaimed-due=VAT paid)	- 2,055,235.62	N/D	- 2,055,235.62	-345,121.23	-444365	-789,486.23
Other taxes and levies (except waste)	177,898.28	31795	209,693.28	160,463.62	31869	192,332.62

The figures for Value Added Tax are negative because flour production pays a reduced rate of 4% (both cereals and flour) which its consumption of inputs, investment and outsourced services are taxed at the standard rate. Also, some activities are for export.
Subsidies: investee companies request, when appropriate, subsidies for investment or operations. Any amounts approved are linked to the restriction that the Group remains a large company.
There are no data on subsidies received in 2020 and 2019.
The subsidiaries located in the Common Tax Territory are consolidated into a single tax group for the purposes of Company Income Tax.

ANNEX III: AENOR VERIFICATION

AENOR
Confía

VERIFICACIÓN DE LA
MEMORIA DE SOSTENIBILIDAD

VMS-2021/0012

AENOR ha verificado que el Informe de Sostenibilidad de la organización

CAJA RURAL DE NAVARRA, S. COOP. DE CREDITO

Título del informe:	MEMORIA DE RESPONSABILIDAD SOCIAL CORPORATIVA DE CAJA RURAL DE NAVARRA Y ESTADO DE INFORMACIÓN NO FINANCIERA DEL GRUPO CAJA RURAL DE NAVARRA CONSOLIDADO 2020
Periodo objeto del Informe:	2020

es conforme con los estándares GRI en su opción **Exhaustiva**

Fecha de emisión del certificado: **2021-05-21**

Rafael GARCÍA MEIRO
Director General

AENOR INTERNACIONAL S.A.U.
Génova, 6. 28004 Madrid. España
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Annual Report 2020 Other Information

CAJA RURAL DE NAVARRA

EDUCATION AND DEVELOPMENT FUND

As required by its articles of association, Caja Rural de Navarra develops an extensive programme of social action that seeks to address some of the biggest challenges facing its community, by supporting the maximum possible number of social, professional and environmental initiatives.

In 2020 in accordance with criteria approved at the General Meeting, EUR 4.17m was appropriated from the net surplus to cover the cost of maintaining the Education and Development Fund (EDF) as follows:

1.-Consultancy, training and promotion of the cooperative model	1,788	42.86%
2.-Teaching and research	769	18.44%
3.-Sports aid	84	2.00%
4.-Welfare projects	380	9.10%
5.-Cultural, recreational and other activities	412	9.88%
6.-Economic and social development	739	17.12%
TOTAL	4,172	100%

(Thousands of euros)

In each of the above areas, Caja Rural de Navarra promotes awareness-raising, training and research activities benefiting persons of all ages.

As part of its work in the field of **Consultancy, Training and Promotion of the Cooperative Model**, the Bank undertakes a broad range of activities designed to enhance the advice and personalised services it provides to customers in relation to both tax issues and the management of EU aid.

It is also firmly committed to various professional organizations through a variety of initiatives that help promote the **economic and social development** of our region.

The promotion and development of cooperative structures - a key part of our corporate purpose - generates a constant stream of activities that help strengthen the competitiveness of cooperative entities, particularly those active in the primary sector, that represent the Bank's founding community.

In the area of **Teaching**, the Bank accords particular importance to partnerships with universities and has entered into agreements with various academic centres located in its area of operation. These partnerships foster training, awareness-raising, research, international mobility and work experience schemes that supplement the academic training students receive in the universities.

The Bank's ongoing commitments in this area also include work to promote environmental education in schools as a means to raise awareness and foster the understanding that will encourage increased respect for the natural environment among young people.

The Bank's broad and diverse portfolio of **Sports** projects includes assistance in the organisation of numerous sporting events and support for various clubs, organisations and associations that work specifically to develop grass roots sport in different disciplines.

The Bank's portfolio of **Welfare** projects includes support for various not-for-profit and/or humanitarian organizations running projects and initiatives benefiting the most disadvantaged members of society. A key field of action in this area is the provision of support and assistance for the elderly that helps improve their quality of life.
As part of its **Cultu**
ral and Recreational Programme, the Bank supports numerous community-based initiatives, aiming to reflect a huge diversity of projects, paying particular attention to the various representations of popular culture and community empowerment that are organized in our surrounding region.

Employees, Branch and Regional Offices

At the end of 2020 Caja Rural de Navarra had 965 employees and 253 branches, which are located in Navarre (139), Gipuzkoa (37), Bizkaia (35), La Rioja (24) and Álava (18).

Denomination	Address	Location	Telephone		Fax	
Offices in Navarre and surrounding area						
Abarzuza	Pz. De los fueros, 2	Abarzuza	948	520108	948	520108
Ablitas	Avda de tudela, 22	Ablitas	948	813178	948	813178
Aibar	Travesía de sangüesa, 3	Aibar	948	877531	948	877532
Allo	Plaza fueros, 1	Allo	948	523068	948	523068
Alsasua	Alzania, 2	Alsasua	948	563858	948	563858
Andosilla	Ramón y cajal, 49	Andosilla	948	674093	948	674093
Añorbe	Valdizarbe, 4	Añorbe	948	350163	948	350163
Aóiz	Domingo elizondo, 4	Aóiz	948	336888	948	336889
Arantza	Karrika nagusia, 2	Arantza - aranaz	948	634051	948	634051
Arguedas	Plaza general clemente 1	Arguedas	948	830132	948	830132
Aribe	Cl.Santa maria, 18	Arive	948	764191	948	764191
Arroniz	Primicia 2	Arroniz	948	537352	948	537352
Artajona	Hospital s/n	Artajona	948	364012	948	364838
Azagra	Avenida de la paz, s/n	Azagra	948	692039	948	692910
Barasoain	Doctor navarro, 6	Barasoain	948	720102	948	720102
Bargota	Barrililla, 13	Bargota	948	648371		
Bera	Calle bidasoa 10	Vera de bidasoa	948	631112	948	631112
Berbinzana	Cl. Mayor, 23	Berbinzana	948	722077	948	722077
Betelu	Cr. San sebastian	Betelu	948	513065	948	513065
Buñuel	Plaza de los fueros, 2	Buñuel	948	833126	948	833126
Cabanillas	La vicera, 6-8	Cabanillas	948	810342	948	810342
Cadreita	Avda. De navarra, 16	Cadreita	948	836233	948	836233
Caparroso	Avda. De pamplona, 17	Caparroso	948	730025	948	730025
Carcar	Plaza ana maria mogas, 4	Carcar	948	674456	948	674456
Carcastillo	Avda. De aragón,5	Carcastillo	948	725557	948	725557
Cascante	P obispo soldevilla, 7	Cascante	948	851772	948	850188
Caseda	Cr. Aibar-caparroso 29	Caseda	948	879208	948	879208
Castejon	Merindades 25	Castejon	948	814313	948	814313
Cintruenigo	Milagrosa 1	Cintruenigo	948	811740	948	811740
Cirauqui	Norte	Cirauqui	948	342088	948	342088
Corella	San jose, 20	Corella	948	780366	948	401309
Cortes	Pza duquesa de miranda, 5	Cortes	948	800034	948	800525
Dantxarinea	Barrio dantxarinea, 29	Dancharinea	948	599253	948	599253
Dicastillo	Plaza de los fueros, sn	Dicastillo	948	527092	948	527092
Elizondo	Jaime urrutia, 9	Elizondo	948	580729	948	580729
Erro	Cr. Francia	Erro	948	768068	948	768068
Estella	San andres, 4	Estella	948	550130	948	551912
Estella	Avda. Yerri, 3	Estella	948	555427	948	555428
Etxalar	Andutzeta 4	Echalar	948	635201	948	635201

Denomination	Address	Location	Telephone		Fax	
Offices in Navarre and surrounding area						
Eulate	Mayor, s/n	Eulate	948	543841	948	543841
Falces	Caballeros 3	Falces	948	734182	948	734182
Fitero	Mayor, 28	Fitero	948	776246	948	776246
Fontellas	Avda de tudela, 9	Fontellas	948	827329	948	827329
Funes	Avenida de navarra 3	Funes	948	754244	948	754244
Fustiñana	Luis beaumont 2	Fustiñana	948	840535	948	840535
Huarte araquil	Plaza san juan, sn	Huarte-araquil	948	464127	948	464127
Irurzun	Calle san martin, 7	Irurzun	948	500281	948	600429
Jaurrieta	Cl. Llana s/n	Jaurrieta	948	890326	948	890326
Larraga	Carretera estella, 6	Larraga	948	711233	948	711233
Larráinzar	San pedro, 28 bis	Larrainzar	948	305002	948	305002
Lecumberri	Aralar, 41	Lecumberri	948	504076	948	504076
Leiza	Elbarren, 35	Leiza	948	610735	948	610735
Lerin	Mayor, 33	Lerin	948	530267	948	530267
Lesaka	Plaza zaharra, 2	Lesaka	948	637318	948	637318
Lodosa	Avenida de la ribera, 3	Lodosa	948	693809	948	693809
Los arcos	Ramon y cajal 8	Los arcos	948	640224	948	640224
Lumbier	Mayor, 70	Lumbier	948	880177	948	880177
Marcilla	Paseo de aranjuez 3	Marcilla	948	757327	948	757327
Melida	Zumalacárregui, 18	Melida	948	746377	948	746377
Mendavia	Augusto echevarria, 51	Mendavia	948	685045	948	685045
Mendigorria	Bernardino ayala, 6	Mendigorria	948	340018	948	340018
Milagro	Navas de tolosa, 3	Milagro	948	409061	948	861663
Miranda de arga	Baja, 3	Miranda de arga	948	737005	948	737005
Monteagudo	Avda. San agustin, 3	Monteagudo	948	816621	948	816621
Murchante	Mayor, 70	Murchante	948	838151	948	838218
Murieta	Carretera abaigar, 1	Murieta	948	534232	948	534232
Murillo el fruto	Mayor, 31	Murillo el fruto	948	725450	948	725450
Obanos	San lorenzo, 2	Obanos	948	344477	948	344777
Ochagavia	Iribarren,32	Ochagavia	948	890301	948	890301
Olite	Rua mayor 4	Olite	948	740258	948	740258
Oteiza de la solana	Carretera estella, sn	Oteiza de la solana	948	543139	948	543139
Peralta	Irurzun, 11	Peralta	948	750553	948	750781
Pitillas	San jose s/n	Pitillas	948	745101	948	745101
Puente la reina	Paseo fueros, 23	Puente la reina	948	340210	948	341123
Rada	Avda. Navarra, 15	Rada	948	731189	948	731189
Ribaforada	Caballeros templarios, 1	Ribaforada	948	864117	948	819402
San adrian	Delicias, 2	San adrian	948	670239	948	670239
San martin de unx	Plaza miguel sanz, 5	San martin de unx	948	738015	948	738015
Sanguesa	Plaza fueros, 7	Sanguesa	948	870653	948	870653
Santacara	Ntra sra de ujue	Santacara	948	746107	948	746107
Santesteban	Parroquia, 5	Santesteban	948	450404	948	451664
Sartaguda	Carretera lodosa, 1	Sartaguda	948	667102	948	667102
Sesma	Padre tomas esteban, 28	Sesma	948	698025	948	698025
Sunbilla	Cl. Leku eder s/n	Sunbilla	948	450358	948	450358

Denomination	Address	Location	Telephone		Fax	
Offices in Navarre and surrounding area						
Tafalla	Plaza fueros, 2	Tafalla	948	701511	948	701550
Tafalla	Avda. Baja navarra, 1	Tafalla	948	704622	948	704623
Tudela	Mauleon 1 esquina j a fernandez	Tudela	948	412103	948	410852
Tudela	Avda de zaragoza 1	Tudela	948	822249	948	825704
Tudela	Avda. Añón baigorri, 13	Tudela	948	403273	948	403273
Tudela	Díaz bravo, 19	Tudela	948	413581	948	413582
Valtierra	Paseo de la ribera 105	Valtierra	948	867176	948	867300
Viana	Abajo de san pedro, 1	Viana	948	645882	948	645882
Villafranca	Crucero ancho 11	Villafranca	948	845106	948	845551
Villatuerta	C/ san gines, 1	Villatuerta	948	541416	948	541416
Zudaire	Cl. San antón 27	Zudaire	948	539011	948	539011
Offices in Pamplona and surrounding area						
Ansoain	Lapurbide 2	Ansoain	948	143367	948	143367
Barañain	Plza. De los castaños, 4	Barañain	948	180368	948	185819
Barañain	Avda de pamplona, 4-6	Barañain	948	272705	948	272705
Barañain	Avda. Central, 12	Barañain	948	198457	948	198458
Beriáin	Plaza sierra de izaga, 3	Beriáin	948	368443	948	368480
Berriozar	Avda. Guipúzcoa, 30	Berriozar	948	300361	948	300361
Burlada	Calle mayor, 42	Burlada	948	142662	948	142662
Burlada	C/ de las lavanderas, 12	Burlada	948	292273	948	292274
Huarte	Plaza de san juan 14	Huarte - pamplona	948	332390	948	332390
Mutilva baja	Avda. Pamplona, 9	Mutilva baja	948	857028	948	292551
Noain	Calle real 41	Noain	948	312717	948	312717
Orcoyen	Plaza iturgáin, 5 bis	Orcoyen	948	343634	948	343635
Pamplona-oficina principal	Plaza de los fueros, 1	Pamplona	948	168100	948	244557
Pamplona	Artica, 11	Pamplona	948	127223	948	144287
Pamplona	Avenida de barañain 17	Pamplona	948	177856	948	177238
Pamplona	Avda. Carlos iii, 12	Pamplona	948	203778	948	203779
Pamplona	Avda. Marcelo celayeta, 49	Pamplona	948	383992	948	383993
Pamplona	Avda. Navarra, 2	Pamplona	948	174864	948	170953
Pamplona	Concejo de egües,10	Pamplona	948	162639	948	162639
Pamplona	Doctor fleming, 13	Pamplona	948	136492	948	136493
Pamplona	Gayarre, 30	Pamplona	948	153734	948	153734
Pamplona	Calle irunlarrea 17	Pamplona	948	173071	948	173071
Pamplona	Iturrama, 12 - 14	Pamplona	948	264612	948	277189
Pamplona	Luis morondo, 2	Pamplona	948	292441	948	292666
Pamplona	Martín azpilicueta, 2-4	Pamplona	948	198953	948	198954
Pamplona	Mercaderes, 6	Pamplona	948	204080	948	204081
Pamplona	Miravalles, 17-19	Pamplona	948	144753	948	124238
Pamplona	Monasterio de urdax, 34	Pamplona	948	173462	948	173462
Pamplona	Olite, 37	Pamplona	948	236683	948	236683
Pamplona	Padre barace, 1	Pamplona	948	198188	948	198194
Pamplona	Paulino caballero, 27	Pamplona	948	153492	948	153492
Pamplona	Paseo anelier, 20 (esquina b. Tirapu)	Pamplona	948	382499	948	382500
Pamplona	Pintor crispin, 2-4	Pamplona	948	262762	948	262762

Denomination	Address	Location	Telephone		Fax	
Offices in Pamplona and surrounding area						
Pamplona	Pío xii, 8	Pamplona	948	366755	948	198957
Pamplona	Rio irati, 10	Pamplona	948	240862	948	237074
Pamplona	Santesteban, 1	Pamplona	948	382579	948	382580
Pamplona	Tajonar 8	Pamplona	948	152852	948	152852
Pamplona	Tudela, 1	Pamplona	948	206798	948	207291
Pamplona	Ventura rodríguez, 75	Pamplona	948	354163	948	354164
Pamplona	Villafranca, 10	Pamplona	948	140982	948	140982
Sarriguren	Bardenas reales, 7	Sarriguren	948	164128	948	168055
Villava	Agustín garcía, 2	Villava	948	123978	948	128063
Zizur mayor	Lurbeltzeta 4	Zizur mayor	948	185095	948	185095
Zizur mayor	Santa cruz, 25	Zizur mayor	948	182700	948	181887
Offices in Guipúzcoa and surrounding area						
Andoain	Juan bautista erro, 7	Andoain	943	300883	943	300686
Arrasate	Plaza biteri, 2	Arrasate	943	795343	943	795426
Azkoitia	Nagusia, 69	Azkoitia	943	853032	943	857237
Azpeitia	Foruen ibilbidea, 10	Azpeitia	943	811195	943	811195
Beasain	Nafarroa etorbidea, 1	Beasain	943	805481	943	805747
Bergara	Po. Irizar, 5	Bergara	943	769393	943	769293
Eibar	Julian etxeberria, 9	Eibar	943	820755	943	820756
Elgoibar	San frantzisko kalea 2	Elgoibar	943	747382	943	747383
Hernani	Cl. Txirrita, 10	Hernani	943	335920	943	335994
Hondarribia	Javier ugarte, 6	Hondarribia	943	640938	943	640484
Irun	Fuenterrabia, 15	Irun	943	610480	943	610480
Irun	Paseo colón, 15	Irun	943	638723	943	638724
Lasarte	Nagusia, 36	Lasarte	943	371844	943	371844
Legazpi	Kale nagusia (esquina santikutz)	Legazpi	943	737098	943	737099
Oiartzun	San juan, 3	Oiartzun	943	494264	943	494289
Oñate	Foruen enparantza, 9	Oñate	943	718867	943	718868
Ordizia	Goen, 5	Ordizia	943	805756	943	805767
Pasajes antxo	Gure zumardia, 28	Pasajes antxo	943	340584	943	340838
Renteria	Plaza xenpelar, 4	Renteria	943	519711	943	519711
Renteria-beraun	San marcos, 1	Renteria	943	344361	943	344362
San sebastián	Av. Isabel ii, 3	San sebastián	943	458327	943	452666
San sebastián	Cl. Iparraguirre 11	San sebastián	943	297817	943	297818
San sebastián	Av. Larratxo, 24	San sebastián	943	404901	943	404902
San sebastián	Matía, 17	San sebastián	943	224115	943	224126
San sebastián	J.M. Salaberria, 33-35	San sebastián	943	445105	943	445106
San sebastián	San francisco, 34	San sebastián	943	297716	943	297717
San sebastián	Urbieta, 8	San sebastián	943	428500	943	433498
San sebastián	Virgen del carmen, 6	San sebastián	943	297870	943	297871
San sebastián-intxaurrondo	Paseo sagastieder, 10	San sebastián	943	596003	943	273316
Tolosa	Av. De navarra, 9	Tolosa	943	698318	943	698236
Trintxerpe	Avda. Euskadi, 33-35	Pasai san pedro	943	404525	943	404526
Urnieta	Idiazábal, 30	Urnieta	943	596004	943	332939
Usúrbil	Zubiaurrenea, 4	Usúrbil	943	368842	943	368843

Denomination	Address	Location	Telephone		Fax	
Offices in Guipúzcoa and surrounding area						
Villabona	Nueva, 43	Villabona	943	690780	943	690916
Zarautz	Azara, 17	Zarauz	943	895514	943	895515
Zumaia	Erribera, 7	Zumaia	943	865628	943	865629
Zumarraga	Legazpi, 1	Zumárraga	943	729337	943	729338
Offices in La Rioja and surrounding area						
Aldeanueva de ebro	Lombilla, 1	Aldeanueva de ebro (la rioja)	941	163613	941	163613
Alfaro	Alfolies, 8	Alfaro (la rioja)	941	180512	941	180512
Arnedo	Huertas, 1	Arnedo	941	385074	941	385075
Autol	Nª sra. De yerga, 14	Autol	941	390925	941	390926
Calahorra	Cavas, 1	Calahorra (la rioja)	941	146240	941	146720
Calahorra	Ramón subirán, 29	Calahorra (la rioja)	941	136088	941	136089
Haro	Avda. La rioja, 25	Haro	941	304997	941	304998
Lardero	Bretón de los herreros, 1	Lardero	941	447844	941	447844
Logroño	Av. De la paz, 28	Logroño	941	270984	941	270985
Logroño	Av. De la paz, 71	Logroño	941	270369	941	270369
Logroño	Chile, 18	Logroño	941	286792	941	286793
Logroño	Estambrera, 14	Logroño	941	501299	941	501299
Logroño	General vara de rey, 44	Logroño	941	234670	941	234671
Logroño	Gonzalo de berceo, 14	Logroño	941	287332	941	287333
Logroño	Gran via, 16	Logroño	941	287444	941	287445
Logroño	Jorge vigón, 40	Logroño	941	270987	941	270988
Logroño	Siete infantes de lara 11	Logroño	941	519050	941	519051
Nájera	San fernando, 56	Nájera	941	361775	941	361775
Navarrete	Avda. Logroño, 4	Navarrete	941	440783	941	440663
Pradejón	Del prado, 20 bis	Pradejón	941	141446	941	141447
Quel	Avda. La rioja, 57	Quel	941	403331	941	403341
Rincon de soto	Principe felipe, 18	Rincon de soto (rioja)	941	142063	941	142063
Santo domingo de la calzada	Juan carlos i, 5	Santo domingo de la calzada	941	343073	941	343412
Villamediana de iregua	Avda. Cameros, 6	Villamediana de iregua	941	435900	941	435900
Offices in Alava and surrounding area						
Amurrio	Elexondo, 10	Amurrio	945	891768	945	891820
Laguardia	Santa engracia, 35	Laguardia	945	385627		
Llodio	Avda. Zumalacárregui, 38	Llodio	94	6727881	94	6727882
Vitoria	Avda. Gasteiz, 19	Vitoria	945	154045	945	154680
Vitoria	Avda. Gasteiz, 80	Vitoria	945	215101	945	215102
Vitoria	Cl. Los herran 38	Vitoria	945	203477	945	203477
Vitoria	Cl. Paraguay, 12	Vitoria	945	214987	945	214988
Vitoria	Avda. Santiago, 46	Vitoria	945	203220	945	203221
Vitoria	Portal de villarreal, 34	Vitoria	945	123457	943	123458
Vitoria	Coronación de la virgen blanca, 11	Vitoria	945	215158	945	215159
Vitoria	Heraclio fournier, 4	Vitoria	945	151113	945	151114
Vitoria	Juntas generales, 27	Vitoria	945	179456	945	179457
Vitoria	Beato tomás de zumárraga, 40	Vitoria	945	217194	945	217196
Vitoria	Duque de wellington, 12	Vitoria	945	197596	945	197597

Denomination	Address	Location	Telephone		Fax	
Offices in Alava and surrounding area						
Vitoria	Diputación foral, 8	Vitoria	945	283933	945	262092
Vitoria	C/ francia, 31	Vitoria	945	201645	945	201646
Vitoria	Avda. De los derechos humanos, 4	Vitoria	945	237448		
Santa cruz de campezo	La villa, 11	Santa cruz de campezo	945	415044	945	415044
Offices in Biscay and surrounding area						
Algorta	Torrene, 8	Algorta	94	4912052	94	4913873
Amorebieta	Gudari, 1	Amorebieta	94	4985073		
Arrigorriaga	Paseo de urgoiti, 43	Arrigorriaga	94	6224239		
Barakaldo	Gipuzkoa, 6	Barakaldo	94	4180560	94	4180561
Barakaldo	Avda. Libertad, 40	Barakaldo	94	4180636	94	4180646
Basauri	Avda. Lehendakari agirre, 78	Basauri	94	4266495	94	4266496
Bermeo	Plaza prantzisko deuna atea, 14	Bermeo	94	4736069		
Bilbao	Juan antonio zunzunegui, 1	Bilbao	94	4277480	94	4277214
Bilbao	Iturriaga, 82	Bilbao	94	4597627	94	4597628
Bilbao	Salou, 2	Bilbao	94	4222868	94	4223182
Bilbao	Fray juan, 1	Bilbao	94	4396679	94	4396686
Bilbao	Alameda de san mamés, 6	Bilbao	94	4221323	94	4222236
Bilbao	Juan de garay, 57	Bilbao	94	4104905	94	4210075
Bilbao	Sombrerería, 6	Bilbao	94	4164765	94	4794324
Bilbao	Avda. Lehendakari aguirre, 13	Bilbao	94	4474282	94	4474283
Bilbao	Ercilla, 14 (plaza jado)	Bilbao	94	4240338	94	4355715
Bilbao	Autonomía, 35-esq. Gordóniz	Bilbao	94	4985020	94	4703772
Bilbao	San valentín de berriotxoa, 7-esq. Pza. Trauko	Bilbao	94	4985300	94	4134267
Bilbao	Alameda de urquijo, 58	Bilbao	94	4983999		
Bilbao	Puente de deusto, 6	Bilbao	94	4983746		
Derio	Avda. Mungia, 1	Derio	94	4544374	94	4540357
Durango	Andra maría kalea, 4	Durango	94	6232871	94	6232872
Erandio	Obieta, 7	Erandio	94	4676546	94	4676547
Erandio (astrabudua)	Consulado de bilbao, 17	Erandio (astrabudua)	94	6224181		
Ermua	Erdikokale zeharbide, 1	Ermua	94	3597300	94	3175444
Galdakao	Juan bautista uriarte, 43-esquina zamakoa	Galdakao	94	4561720	94	4561722
Gernika	Barrenkalea, 1	Gernika	94	4984253		
Getxo	Amistad, 10-esq. Paulino mendibil	Getxo	94	4985004		
Leioa	Avenida iparragirre, 56	Leioa	94	6224606		
Mungia	Concordia alkartasuna, 4	Munguía	94	6748173	94	6748174
Portugalete	Carlos vii, 2	Portugalete	94	4830885	94	4937759
Portugalete	Avda. Repélega, 15	Portugalete	94	4957911	94	4956794
Santurtzi	Avda. De murrieta, 5	Santurtzi	94	4934187	94	4934189
Sestao	Alameda de las llanas, 7	Sestao	94	4960524	94	4960625
Trapagarán	Primero de mayo, 26 bis	Trapagarán	94	4862302	94	4920674

Non binding english translation from the original in spanish.
In the event of discrepancy, the spanish-language version prevails.

CAJA RURAL
DE NAVARRA