**THIS REGISTRATION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Registration Document, or as to what action you should take, you should immediately consult an appropriately authorized professional advisor.**

This document constitutes a registration document (the "**Registration Document**") prepared in accordance with Annex 7 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 ("Delegated Regulation 2019/980") relating to Ibercaja Banco, S.A. ("**Ibercaja Banco**", the "**Bank**" or the "**Company**").

On 23 May 2023, this Registration Document was approved by and registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the "**CNMV**"), as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"), Law 6/2023, of 17 March, on the Securities Markets and Investment Services (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*, the "**Securities Market Act**") and the relevant implementing measures in Spain, and shall be valid for a period of 12 months after its approval, that is, until 23 May 2024. The CNMV has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Bank that is the subject of this Registration Document. This Registration Document is available on both the CNMV's website (www.cnmv.es) and the Company's website (www.ibercaja.com), subsection "Shareholders and Investors".

**This Registration Document has been prepared to provide information on the Company and no ordinary shares or other securities are being offered for subscription or sale pursuant to this Registration Document.**

**THIS REGISTRATION DOCUMENT SHOULD BE READ IN ITS ENTIRETY, INCLUDING THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 6 THEREOF WHICH INCLUDES A DISCUSSION OF CERTAIN RISKS RELATING TO THE COMPANY.**

# IBERCAJA BANCO, S.A.

*(a sociedad anónima incorporated in the Kingdom of Spain)*

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company, as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Registration Document is, or may be relied upon as, a promise or representation in this respect, as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company. Without limitation, the contents of the website of the Company do not form part of this Registration Document and information contained therein should not be relied upon by any person. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Registration Document or that the information contained herein is correct as of any time subsequent to its date.

This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Regulation. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute neither a prospectus nor an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

The distribution of this Registration Document in certain jurisdictions may be restricted by law. Thus, this Registration Document may not be used in any such jurisdictions, and no action has been taken or will be taken by the Company to permit the possession or distribution of this Registration Document in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, this Registration Document may not be distributed or published except under circumstances that will result in compliance with any applicable laws and regulations in any such jurisdiction.

The contents of this Registration Document are not to be construed as legal, financial or tax advice. Each recipient of this Registration Document should consult his, her or its own legal, financial or tax adviser for advice.

You are deemed to agree to each of the notices set forth below by accepting delivery of this Registration Document.

In this Registration Document, “we”, “us”, “our” and “ours” refers to the Company, unless otherwise indicated or the context otherwise requires.

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## DEFINITIONS

Unless otherwise specified or the context requires otherwise in this Registration Document:

- references to the "**2021 Annual Accounts**" refer to the Company's audited consolidated annual accounts, prepared under IFRS-EU, as of and for the year ended December 31, 2021;
- references to the "**2022 Annual Accounts**" refer to the Company's audited consolidated annual accounts, prepared under IFRS-EU, as of and for the year ended December 31, 2022;
- references to "**Act 10/2014**" refer to Act 10/2014, of June 26, on organization, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*);
- references to the "**ALCO portfolio**" refer to the fixed income portfolio of Ibercaja Banco, including low-risk bonds, mainly Spanish government debt and SAREB bonds, with an average duration, including coverage, of 4.3 years and excluding the portfolio of the Group's insurance business;
- references to the "**Annual Accounts**" refer to the 2022 Annual Accounts and the 2021 Annual Accounts;
- references to "**APMs**" refer to alternative performance measures. Items identified in this Registration Document as APMs are defined together with their related reconciliation, under "Alternative Performance Measures";
- references to "**asset management and bancassurance**" refer to the management of mutual funds (including third party funds, but excluding, for the avoidance of double-counting, the assets of funds that invest in Ibercaja Gestión funds), the management of pension funds and the Group's insurance business activity (which includes life-savings insurance and risk insurance products);
- references to "**asset management and life savings insurance**" refer to the management of mutual funds, the management of pension funds and the part of the Group's insurance business activity related only to life savings insurance products;
- references to "**AT1**" refer to additional tier 1;
- references to the "**Audit and Compliance Committee**" refer to the audit and compliance committee of the Board of Directors;
- references to "**AuM**" refer to assets under management;
- references to "**Banco Caja3**" refer to Banco Grupo Cajatrés, S.A.U.;
- references to "**Bank of Spain Circular 2/2016**" refer to Bank of Spain Circular 2/2016, of February 2 (*Circular 2/2016, de 2 de febrero, del Banco de España, a las entidades de crédito, sobre supervisión y solvencia, que completa la adaptación del ordenamiento jurídico español a la Directiva 2013/36/UE y al Reglamento (UE) n.º 575/2013*);
- references to the "**Banking Foundations Act**" refer to Act 26/2013, of December 27, on savings banks and banking foundations;
- references to "**BCBS**" refer to the Basel Committee on Banking Supervision;
- references to the "**Board of Directors**" refer to the board of directors of the Company;
- references to the "**BRRD**" refer to Directive 2014/59/EU, of May 15, establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, replaced or supplemented from time to time;
- references to "**CASER**" refer to Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A.;
- references to "**CET1**" refer to common equity tier 1;
- references to "**CET1 ratio**" refer to CET1 capital expressed as a percentage of RWAs;

- references to "**CIT**" refer to corporate income tax;
- references to "**CIT Act**" refer to the Spanish Corporate Income Tax Act 27/2014, of November 27 (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*);
- references to the "**CNMV**" refer to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*);
- references to "**combined buffer requirement**" refer to the combination of up to five capital buffers, as applicable to each institution or group, to be satisfied with CET1 capital: the capital conservation buffer, the institution-specific counter-cyclical capital buffer, the systemic risk buffer, the G-SII buffer and the O-SII buffer;
- references to "**Common Reporting (COREP) Statements**" refer to the formats for the declaration of solvency statements, both for individuals and companies which were defined by the EBA (European Bank Authority) to cover the information to be reported by financial institutions regarding credit risk, market risk and operational risk;
- references to the "**Company**" refer to Ibercaja Banco, S.A., a company incorporated under the laws of Spain on September 22, 2011 as a public limited liability company (*sociedad anónima*) pursuant to a notarized public deed of incorporation granted before the public notary of Zaragoza Mr. Francisco de Asís Pizarro Moreno under number 3,169 of his records and registered with the Commercial Registry of Zaragoza under volume 3,865, page Z-52186, book 0 and sheet 1, and as a credit institution with the Special Registry at the Bank of Spain (*Registro Administrativo de Bancos y Banqueros del Banco de España*) under number 2,085, and holder of Spanish tax identification number A-99319030, with registered office at Plaza de Basilio Paraíso, 2, 50008 Zaragoza, Spain, and phone number +34 976 76 79 83;
- references to "**CRD IV Directive**" refer to Directive 2013/36/EU of the European Parliament and of the Council of June 26, 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, as amended, replaced or supplemented from time to time;
- references to the "**CRD IV Implementing Measures**" refer to any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the ECB, the Bank of Spain, the Relevant Resolution Authority, the European Banking Authority or any other relevant authority;
- references to "**CRR**" refer to Regulation (EU) 575/2013, of June 26, on prudential requirements for credit institutions and investment firms, as amended, replaced or supplemented from time to time;
- references to "**customer**" refer to a holder of the first rank of the Group's product or service (for commercial purposes a couple is considered as one customer);
- references to "**Directive 93/13**" refer to Council Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts;
- references to the "**EBA"** refer to the European Banking Authority;
- references to the "**ECB**" refer to the European Central Bank;
- references to the "**EEA**" refer to the European Economic Area;
- references to "**ESMA**" refer to the European Securities and Markets Authority;
- references to the "**ESMA Guidelines**" refer to the guidelines issued by the European Securities and Markets Authority on October 5, 2015 on alternative performance measures;
- references to the "**EU**" refer to the European Union;

- references to "**euro**", or "**€**" or "**EUR**" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- references to the "**FGD**" refer to the current Spanish deposit guarantee scheme (*Fondo de Garantía de Depósitos de Entidades de Crédito*)
- references to the "**Financial Group**" refer to Ibercaja Gestión, Ibercaja Pensión, Ibercaja Vida, Ibercaja Mediación and Ibercaja Leasing, a group of subsidiaries responsible for the management of mutual funds, the management of pension funds, the Group's insurance business and its leasing and renting business;
- references to "**FSB**" refer to Financial Stability Board;
- references to "**Fundación Caja Badajoz**" refer to Fundación Ordinaria Caja Badajoz, formerly, Monte de Piedad y Caja General de Ahorros de Badajoz;
- references to "**Fundación Círculo de Burgos**" refer to Fundación Círculo Católico de Burgos, formerly, Caja de Ahorros y Monte de Piedad del Círculo Católico de Obreros de Burgos;
- references to "**Fundación Inmaculada de Aragón**" refer to Fundación Caja de Ahorros de la Inmaculada de Aragón, formerly, Caja de Ahorros de la Inmaculada de Aragón;
- references to the "**GDP**" refer to gross domestic product;
- references to the "**Group**" refer to the Company together with its subsidiaries;
- references to "**Growth Markets**" refer, together, to the autonomous regions or provinces where the Group expanded its business starting in 1989, namely, Madrid and the Mediterranean basin (Catalonia and Valencian Community);
- references to "**G-SII**" refer to the global systemically important institutions. As of the date of this this Registration Document Ibercaja Banco is not a G-SII;
- references to "**Home Markets**" refer, together, to the autonomous regions or provinces that were originally serviced by the Ibercaja Savings Bank, namely, Aragón, La Rioja and the province of Guadalajara, together with, as result of the integration of Banco Caja3, the provinces of Burgos and Badajoz;
- references to "**Ibercaja Banco**" refer to Ibercaja Banco, S.A. or the Company;
- references to "**Ibercaja Directo**" refer to the Company's online banking platform;
- references to the "**Ibercaja Foundation**" refer to the Ibercaja banking foundation (*Fundación Bancaria Ibercaja*);
- references to the "**Ibercaja Foundation Protocol**" refer to the protocol governing the management of the financial stake held by the Ibercaja Foundation in Ibercaja Banco (*Protocolo de gestión de la participación financiera de la Fundación Bancaria Ibercaja en Ibercaja Banco*);
- references to "**Ibercaja Gestión**" refer to Ibercaja Gestión S.G.I.I.C., S.A., a wholly owned subsidiary that manages the Group's investments funds;
- references to "**Ibercaja Leasing**" refer to Ibercaja Leasing y Financiación, S.A., Establecimiento Financiero de Crédito, a wholly owned subsidiary that manages the Group's leasing and renting arrangements;
- references to "**Ibercaja Mediación**" refer to Ibercaja Mediación de Seguros, S.A.U., a wholly-owned subsidiary that manages the Group's general insurance brokerage business;
- references to "**Ibercaja Pensión**" refer to Ibercaja Pensión, E.G.F.P., S.A.U., a wholly-owned subsidiary that manages the Group's pension funds;
- references to the "**Ibercaja Savings Bank**" refer to the former savings bank Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, now transformed into the Ibercaja Foundation;

- references to "**Ibercaja Vida**" refer to Ibercaja Vida Compañía de Seguros y Reaseguros, S.A.U., a wholly-owned subsidiary that manages the Group's life savings insurance and life risk insurance products;
- references to "**IFRS-EU**" refer to International Financial Reporting Standards as adopted by the EU;
- references to "**INE**" refer to National Statistical Institute (*Instituto Nacional de Estadística*);
- references to "**Market Abuse Regulation**" refer to Regulation (EU) 596/2014, of April 16, 2014, on market abuse, as amended;
- references to "**Maximum Distributable Amount**" refer to maximum distributable amount calculated in accordance with Article 73 of the Royal Decree 84/2015, of February 13, 2015, which develops Act 10/2014;
- references to "**MREL**" refer to minimum requirements for own funds and eligible liabilities;
- references to "**NPEs**" refer to non-performing exposures;
- references to "**NPLs**" refer to non-performing loans related to gross loans and advances to customers[APM];
- references to "**O-SII**" refer to other systemically important institutions;
- references to the "**Prospectus Regulation**" refer to European Parliament and Council Regulation (EU) No 2017/1129, of June 14, 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended;
- references to the "**Relevant Resolution Authority**" refer to FROB, the SRB or, as the case may be and according to Act 11/2015, the Bank of Spain or the CNMV or any other entity with the authority to exercise any such tools and powers from time to time;
- references to "**Residencial Murillo**" refer to Residencial Murillo, S.A.;
- references to the "**Royal Decree 84/2015**" refer to Royal Decree 84/2015, of February 13, implementing Act 10/2014 (*Real Decreto 84/2015, de 13 de febrero, por el que se desarrolla la Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*);
- references to "**Royal Decree-law 14/2013**" refer to Royal Decree-law 14/2013, of November 29, on urgent measures to adapt Spanish law to EU regulations on the subject of supervision and solvency of financial entities (*Real Decreto-ley 14/2013, de 29 de noviembre, de medidas urgentes para la adaptación del derecho español a la normativa de la Unión Europea en materia de supervisión y solvencia de entidades financieras*);
- references to "**RWAs**" refer to risk-weighted assets;
- references to "**SAREB**" refer to the Spanish company for the management of assets arising from the restructuring of the banking system (*Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A.*);
- references to the "**Securities Market Act**" refer to Law 2/2023, of 17 March (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*, as amended;
- references to the "**Single Resolution Fund**" refer to the single resolution fund provided by the SRM Regulation;
- references to "**SMEs**" refer to small and medium enterprises;
- references to the "**SRB**" refer to the Single Resolution Board;
- references to the "**SREP**" refer to the ECB's supervisory review and evaluation process, which is an assessment of the overall viability of a credit institution and includes the imposition of capital requirements determined in accordance with such assessment;

- references to the "**SRM**" refer to the Single Resolution Mechanism providing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms;
- references to the "**SRM Regulation**" refer to Regulation (EU) No 806/2014 of July 15, 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended, replaced or supplemented from time to time;
- references to the "**SSM**" refer to Single Supervisory Mechanism;
- references to the "**SSM Regulation**" refers to Council Regulation (EU) No 1024/2013 of October 15, 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, as amended, replaced or supplemented from time to time; and
- references to the **"U.S. Securities Act**" refer to the United States Securities Act of 1933, as amended.

# RISK FACTORS

*Any of the following risks and uncertainties could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.*

*The risks described below are not the only risks that the Group faces. There may be additional risks and uncertainties that are currently unknown or that the Group's management believe to be immaterial but which, if materialized, could harm the Group's business, financial condition, results of operations and prospects. Only risks which are specific and material to the Group are included herein as required by the Prospectus Regulation. Additional risks that it currently deems immaterial or that apply generally to the banking industry for which reason have not been included herein (such as reputational risk), may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Group.*

*Ibercaja Banco declares that in the preparation of this Registration Document it has taken into account the instructions and recommendations received from the Group's prudential supervisors (ECB and Bank of Spain) that may have a material impact on its financial statements and the risks described herein.*

## Risks relating to the Group's operations

### *The Group's businesses are concentrated in Spain and primarily depend on the condition of the Spanish economy*

The Group conducts all of its business in Spain, particularly in the autonomous regions of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz (together, the "**Home Markets**") which represented 61.19% of its retail business volume[APM] for the year ended 31 December 2022 (61.74% for the year ended 31 December 2021) and in Madrid and the Mediterranean basin, which includes the autonomous regions of Catalonia and the Valencian Community (together, the "**Growth Markets**") which represented 29.75% of its retail business volume[APM] for the year ended 31 December 2022 (29.23 % for the year ended 31 December 2021). Most of the Group's consolidated assets are located in Spain and most of its revenue is derived from Spain. Consequently, the income generated by most of the products the Group sells and by the services it provides depends on the performance of the Spanish economy. Economic conditions affect demand for the Group's products and services, funding costs and asset quality.

The performance of the Spanish economy is highly correlated to the performance of other economies so it could be negatively affected by weak economic conditions in other economies, whether developed or emerging, particularly within the EEA, which may be caused by the consequences of the increasing inflation, the withdrawal of the UK from the European Union, global trade tensions and several political and geopolitical risks.

### *Unfavourable global economic conditions, and, in particular, in Spain, such as the current high inflation environment or any deterioration in the Spanish or general European financial systems, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*

The Spanish economy performed well in the years following the global economic recession which begun in 2008.

However, the spread and effects of a novel strain of coronavirus (COVID-19), which began in China at the end of 2019 and subsequently spread globally led to a deterioration of the Spanish, European and global economies. The COVID-19 pandemic generated a widespread health crisis that initially resulted in the restriction or suspension of production, operational and business activities, disruptions to travel and transportation, and adverse impacts on labour supply, which consequently caused a shock to supply chains and aggregate demand. As a consequence, in Spain gross domestic product ("**GDP**") contracted by 11.3% in 2020 before growing by

5.5% in 2021 and by 5.5% in 2022 (*Source: National Statistics Institute of Spain*). Likewise, in the Eurozone GDP contracted by 6.1% in 2020 to then grow by 5.4% in 2021 and by 3.5% in 2022 (*Source: Eurostat*). Beyond the direct economic impact, the COVID-19 crisis also represented a financial shock given the initial tightening in financial conditions, the worsening of liquidity conditions in financial markets, heightened volatility and sharp repricing of several financial assets. All of this in a context where the robustness of the capital markets had deteriorated notably in recent years. The actions of the central banks during 2020 and 2021, however, allowed an overall context of favourable financing conditions and the macro-financial outlook for both the global and Spanish economies improved mainly as a result of vaccines having been rolled out. Despite all of this, some vulnerabilities remained such as the weak financial situation of some segments of households and companies, the growing public indebtedness and the low profitability of entities. Moreover, the appearance of new COVID-19 variants may result in the reintroduction of containment measures.

In addition, on 24 February 2022, Russia launched a full-scale military invasion of Ukraine. As a result of the invasion, the EU, the UK and the U.S., among others, have developed and continue to develop coordinated sanctions and export-control measure packages. The uncertain nature, magnitude and duration of Russia's war in Ukraine and actions taken by the EU, the UK, the U.S. and other states as well as multinational organisations in response thereto, including, among other things, the potential effects of sanctions, export-control measures, travel bans and asset seizures, and any Russian retaliatory actions, such as restrictions on oil and gas exports and cyber-attacks, have contributed to increased market volatility and uncertainty; and have led to significant disruption, as well as higher inflation (including by contributing to further increases in the prices of energy, oil and other commodities and further disrupting supply chains) and lower or negative growth. Such geopolitical risks may adversely impact macroeconomic factors, which could in turn have a negative effect on the Group's business, financial condition, results of operations and prospects could be significantly and adversely affected.

During 2022, inflationary pressure intensified as a result of various factors, such as rising energy prices and interruptions in the global supply chain, with the annual inflation rate in the Eurozone reaching an all-time high of 10.6% in October 2022 and remaining at 9.2% in December 2022. In Spain, the annual inflation rate (harmonized index of consumer prices) reached 10.7% in July 2022, driven primarily by increases in the prices of processed foods, dropping to 5.5% in December 2022 (*source: Eurostat*). The European Central Bank (the "**ECB**") estimates that the annual inflation rate will not reach its 2.0% target until 2025. Continued inflation may affect the purchasing power and creditworthiness of the Group's borrowers and other counterparties, which may, in turn, affect their ability to honor their commitments to the Bank. In this situation, central banks have abandoned the low interest rate environment, increasing interest rates during the end of 2022 and the first months of 2023 in order to address and reduce inflation. As a result and after several increases, the interest rates on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stand as of the date of this Registration Document at 3.75 per cent., 4.00 per cent. and 3.25 per cent., respectively.

In addition, in the first quarter of 2023, several financial institutions in major markets have experienced significant financial difficulties. While the reasons for these difficulties have varied from one institution to another, collectively they have increased volatility in financial markets and, in some cases, caused significant withdrawals of deposits from banks perceived to be vulnerable. One of the most significant banks that has experienced financial difficulties, Credit Suisse, was acquired by its rival UBS in a transaction supported by Swiss and international regulators, with a view to avoiding the systemic impacts that might have occurred in connection with a resolution of the bank or similar proceeding. It is impossible to predict the duration or severity of the difficulties currently being experienced in the banking and financial sector. If the unstable situation in the banking sector continues for a significant period of time or deteriorates, the the Group could experience losses as a result of its exposure to other major financial institutions.

Furthermore, a number of additional factors may continue to affect the economic outlook such as a new escalation of tensions between the U.S. and China despite prior agreements, social tensions arising from an uneven recovery across sectors and groups and other geopolitical tensions or similar events outside of the Group's control. These may further contribute to economic growth recovering at a slower pace than expected, the occurrence of an abrupt correction in the valuation of some assets in the financial markets or the reduction of credit supply.

Any of the foregoing could adversely affect the cost and availability of funding for Spanish and European banks, including the Bank and its Group, and the quality of its loan portfolio, and require the Group to take impairments on its exposures to the sovereign debt of one or more countries in the Eurozone or otherwise. Likewise, to the extent that uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Group's business, financial condition, results of operations and prospects could be significantly and adversely affected.

***The Group's business is significantly affected by the credit risk of its customers and counterparties, in particular, individuals, families and small and medium enterprises ("SMEs")***

The Group is exposed to the creditworthiness of its customers and counterparties. Credit risk can be defined as potential losses resulting from the full or partial breach of the debt repayment obligations by a counterparty or customer (including, but not limited to, the insolvency of a counterparty or customer), and also includes the value loss as a consequence of the deterioration of the credit quality of a counterparty or a customer. Credit risk is one of the most significant risk in respect of the Group's business activities.

The following table sets forth below the Group's credit exposure as of 31 December 2022:

| | **Gross loans and advances to customers[APM]** | **NPLs by sector[APM]** | **Coverage of non-performing exposures by sector[APM]** | **Net NPLs by sector[APM]** | **Ratio of non-performin g loans and advances to customers by sector[APM]** | **Coverage of non-performin g exposures ratio by sector[APM]** | **Refinanced and restructured loans[(1)]** |
|---|---|---|---|---|---|---|---|
| | | | *(€ thousands, except %)* | | | | |
| **Loans to businesses ......................** | **8,599,401** | **241,702** | **222,474** | **19,228** | **2.81%** | **92.04%** | **178,337** |
| Real estate construction and development.................................. | 999,617 | 41,267 | 33,746 | 7,520 | 4.13% | 81.78% | 27,955 |
| Non-real estate activities ............... | 7,599,784 | 200,436 | 188,728 | 11,708 | 2.64% | 94.15% | 150,382 |
| **Loans to individuals ....................** | **19,788,780** | **253,705** | **223,270** | **30,436** | **1.28%** | **88.00%** | **224,087** |
| Housing......................................... | 18,058,692 | 183,955 | 161,677 | 22,278 | 1.02% | 87.89% | 173,938 |
| Consumer loans and other ............. | 1,730,088 | 69,750 | 61,593 | 8,158 | 4.03% | 88.30% | 50,148 |
| **Public sector and other ...............** | **2,958,229** | **216** | **215** | **1** | **0.01%** | **99.75%** | **88** |
| **Gross loans and advances to customers[APM]................................** | **31,346,410** | **495,623** | **445,959** | **49,664** | **1.58%** | **89.98%** | **402,512** |
| Reverse repurchase agreements...... | 1,613,345 | | | | | | |
| **Gross loans and advances to customers excluding reverse repurchase agreements[APM]..........** | **29,733,066** | | | | | | |

*Note:—*

(1) Source: Note 3.5.5.2 of the Annual Accounts. This information refers to the sum of the gross carrying amount of both unsecured and secured loans.

The following table sets forth below the Group's credit exposure as of 31 December 2021:

| | Gross loans and advances to customers^APM | NPLs by sector^APM | Coverage of non-performing exposures by sector^APM | Net NPLs by sector^APM | Ratio of non-performing loans and advances to customers by sector^APM | Coverage of non-performing exposures ratio by sector^APM | Refinanced and restructured loans(1) |
|---|---|---|---|---|---|---|---|
| | (*€ thousands, except %*) | | | | | | |
| **Loans to businesses** | **8,360,507** | **344,814** | **324,018** | **20,796** | **4.12%** | **93.96%** | **217,453** |
| Real estate construction and development | 1,044,664 | 71,262 | 51,115 | 20,147 | 6.82% | 71.73% | 57,103 |
| Non-real estate activities | 7,315,843 | 273,552 | 272,903 | 649 | 3.74% | 99.75% | 160,350 |
| **Loans to individuals** | **20,191,233** | **372,475** | **216,149** | **156,326** | **1.84%** | **58.03%** | **321,089** |
| Housing | 18,385,389 | 285,361 | 149,211 | 136,149 | 1.55% | 52.29% | |
| Consumer loans and other | 1,805,844 | 87,114 | 66,938 | 20,176 | 4.82% | 76.84% | |
| **Public sector and other** | **2,643,711** | **332** | **300** | **32** | **0.01%** | **90.27%** | **44** |
| **Gross loans and advances to customers^APM** | **31,195,451** | **717,621** | **540,467** | **177,154** | **2.30%** | **75.31%** | **538,586** |
| Reverse repurchase agreements | 1,615,394 | — | — | — | — | — | — |
| **Gross loans and advances to customers excluding reverse repurchase agreements^APM** | **29,580,057** | — | — | — | — | — | — |

*Note:—*

Source: Note 3.5.5.2 of the Annual Accounts. This information refers to the sum of the gross carrying amount of both unsecured and secured loans.

The following table shows the Group's loan portfolio by stages^APM as of the 31 December 2022 and 2021:

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | (*€ thousands*) | |
| *Stage 1* | *29,374,569* | *28,917,988* |
| *Stage 2* | *1,476,221* | *1,559,842* |
| *Stage 3* | *495,623* | *717,621* |
| **Gross loans and advances to customers^APM** | **31,346,410** | **31,195,451** |
| *Stage 1* | *91,956* | *46,049* |
| *Stage 2* | *99,790* | *111,280* |
| *Stage 3* | *254,147* | *383,138* |
| **Coverage of non-performing exposures^APM** | **445,959** | **540,467** |
| *Stage 1* | *29,282,613* | *28,871,981* |
| *Stage 2* | *1,376,431* | *1,448,562* |
| *Stage 3* | *241,476* | *334,483* |
| **Net loans and advances to customers^APM** | **30,900,520** | **30,655,026** |

Adverse changes in the credit quality of the Group's customers and counterparties could affect the recoverability and value of its assets and require the Group to increase its provisions for bad and doubtful debts and other related provisions.

Net loans and advances to customers$^{APM}$ represented 56.84% of the Group's total assets[1] as of 31 December 2022 (52.28% as of 31 December 2021). The Group's gross loans and advances to customers excluding reverse repurchase agreements$^{APM}$ primarily consist of mortgage loans to individuals and families to purchase housing (60.74% and 62.15% of the Group's gross loans and advances to customers excluding reverse repurchase agreements$^{APM}$ as of 31 December 2022 and 2021, respectively[2]) and loans to businesses non-related to the real estate sector (mainly to SMEs) (25.56% and 24.73% of the Group's gross loans and advances to customers excluding reverse repurchase agreements$^{APM}$ as of 31 December 2022 and 2021, respectively[3]). In addition, performing loans to individuals accounted for the largest portion of performing loans excluding reverse repurchase agreements$^{APM}$, accounting for 66.82% as of 31 December 2022 (68.67% as of 31 December 2021).[4]

As a Spanish bank primarily focused on serving individuals, households and SMEs, the Group's business performance is dependent on the economic health and employment status of its customers. According to the National Statistical Institute (*Instituto Nacional de Estadística* ("**INE**")), as of 31 December 2022, the Spanish unemployment rate was 12.9%. As of 31 December 2022, the unemployment rates in Aragón and Madrid, the Group's main markets by retail business volume$^{APM}$, accounting for 43.85% and 18.31% of its total retail business volume$^{APM}$, respectively (44.16% and 17.69%, respectively, as of 31 December 2021), were 9.4% and 11.5%, respectively, which is below the Spanish average (*source: INE*). However, in some of the Home Markets, such as Badajoz (which represented 3.75% of the Group's retail business volume$^{APM}$ as of 31 December 2022 (3.80% as of 31 December 2021)), the unemployment rate was 18.82% as of that date, which is above the Spanish average (*source: INE*). High levels of unemployment have historically resulted in lower demand for new mortgage loans, lower deposit levels, reduced or deferred levels of consumer spending and an increase in customer loan arrears, forbearance, impairment provisions and defaults.

Indebted and over-indebted families and SMEs are more sensitive to a downturn in the economy and are more likely to have difficulties in meeting their debt obligations as they fall due, which could have a negative effect on the Group's income and also limit its ability to increase its customer base due to the significant portion of individuals and SMEs failing to comply with its credit rating levels. In particular, the increase in interest rates as a consequence of the rise in inflation (as explained in "*The Group's business is subject to fluctuations in interest rates*") will be passed on to the financial burden borne by some households, self-employed workers, SMEs and large companies, and could lead, together with the increase in inflation (as described in "*Unfavourable global economic conditions, and, in particular, in Spain, such as the current high inflation environment or any deterioration in the Spanish or general European financial systems, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*") to difficulties in the repayment of debt, especially by borrowers indebted at floating rates or with lower income. In particular, as a result of the deterioration in the macroeconomic scenario since COVID-19 pandemic, stage 2 loans

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1 See definition, explanation, use, calculation and breakdown of Net loans and advances to customers over total assets$^{APM}$ which are set out in "Alternative Performance Measures".

2 See definition, explanation, use, calculation and breakdown of Gross loans and advances to customers$^{APM}$ which are set out in "Alternative Performance Measures".

3 See definition, explanation, use, calculation and breakdown of Gross loans and advances to customers$^{APM}$ which are set out in "Alternative Performance Measures".

4 See definition, explanation, use, calculation and breakdown of Performing loans excluding reverse repurchase agreements$^{APM}$ which are set out in "Alternative Performance Measures".

increased, representing 4.71% of the total loan portfolio of the Bank as of 31 December 2022. In 2019 stage 2 loans represented 4.3% of total loans in the portfolio[5].

In this context, in relation to mortgages, in December 2022, the Company acceded to the new code of good practice established by Royal Decree-Law 19/2022, of 22 of November 2022, (the "**Code of Good Practice**"), a voluntary set of measures to support mortgagors in difficulty in the macroeconomic context of rising interest rates, which will have a two-year transitional period. The Company is committed to applying this package of measures, which aims to anticipate and alleviate the possible difficulties that some households may have in the future in paying the mortgage on their primary residence as a result of the rise in interest rates. See "*Regulation—Code of Good Practice*". The application by the Group of the measures contemplated in the Code of Good Practice such as the conversion of the loan from floating rate to fixed rate could cause a material negative impact in the Group's ability to generate revenue as the resulting interest rate to be applied to the renegotiated loans could be significantly lower than market interest rates. In addition, the Group's Ratio of non-performing loans and advances to customers[APM] could eventually be materially affected in the coming years as a result of rising inflation and interest rates, together with the application of the Codes of Good Practice.

On 15 March 2018, the ECB published an Addendum (as defined below) to the ECB guidance to banks on non-performing loans ("**NPLs**") published on 20 March 2017, which specifies the ECB supervisory expectations for prudent levels of provisions for new NPLs. In this respect, the ECB assesses any differences between banks' practices and the prudential provisioning expectations at least annually and links the supervisory expectations in the Addendum to new NPLs classified as such from 1 April 2018 onwards. The ECB supervisory measures are adapted to each entity based on the evolution of its NPL coverage levels. Such supervisory expectations for NPL provisioning have added more pressure on financial results. As part of the European Commission's package of measures aimed at addressing the risks related to high levels of NPLs in Europe, Regulation (EU) 2019/630 of 17 April 2019 amending CRR (as defined below) as regards minimum loss coverage for non-performing exposures ("**NPEs**") ("**Regulation 2019/630**") introduced a clear set of conditions for the classification of NPEs. The ECB further revised its supervisory expectations for prudential provisioning of new NPEs taking into account Regulation 2019/630. See "*Regulation – Capital, liquidity and funding requirements and loss absorbing powers—Prudential treatment of NPLs*".

As explained under "*Unfavourable global economic conditions, and, in particular, in Spain, such as the current high inflation environment or any deterioration in the Spanish or general European financial systems, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*" above, during the period of economic crisis caused by the COVID-19 pandemic, actions of the central banks to mitigate the impact of the restrictions on activity adopted to curb spread of the pandemic allowed for an increase in the volume of credit for the first time since the global financial crisis, and credit institutions have continued to provide financing to the non-financial private sector. The criteria applied for the granting of new loans has generally been determined by risk considerations, with both public guarantees and loan moratoriums being key in this respect in order for the flow of credit to reach vulnerable companies and households most affected by the COVID-19 pandemic.

Among the package of measures adopted by the ECB in response to the COVID-19 pandemic, there were certain measures introducing supervisory flexibility regarding the treatment of NPLs, in particular to allow banks to support credit flows to companies and households and at the same time benefit from the guarantees and moratoriums put in place by public authorities to tackle the COVID-19 distress. See "*Regulation – Capital, liquidity and funding requirements and loss absorbing powers—Prudential treatment of NPLs*".

5 See definition, explanation, use, calculation and breakdown of Loan portfolio by stages[APM] which are set out in "Alternative Performance Measures".

Evidence shows that the measures implemented by the relevant authorities to mitigate the impact of the pandemic are delaying (and also reducing) the appearance of delinquencies on the banks' balance sheets. Consequently, it is essential that banks consider the signs that may exist of latent credit deterioration, in particular the monitoring of loans under special surveillance, which have increased significantly, or the study of the credit situation in the entire banking system of the companies that have accessed the guarantee programs, which may show signs of weakness. The monitoring of expired moratoriums and public guarantes also shows a higher rate of doubtful assets. In this context, it should not be ruled out that a credit deterioration could materialise to a greater degree in the coming quarters.

With regards to the measures to mitigate the impact of the pandemic that are still in force and which correspond, in their entirety, to the credit facility lines partially guaranteed by the Spanish government through the "*Instituto de Crédito Oficial*" (the "**Guaranteed Credit Lines**"), it should be noted that up to the date of this Registration Document, the maturity dates, initial grace periods and application deadlines of the Guaranteed Credit Lines have been extended several times by the Spanish Council of Ministers, to the point of approving a Code of Good Practices, to which the Bank has accedeed (see "*Regulation—Code of Good Practice*"). The Agreement of the Council of Ministers of 21 June 2022 enabled the possibility of extending the maturity of the Guaranteed Credit Lines, at the request of the debtor, if the financial institution decides to extend the maturity, complying at all times with the European Temporary Framework for State Aid. Applications for this extension can be made since 30 June 2022.

The following tables show details of the Group's Guaranteed Credit Lines in force as of 31 December 2022 and 2021:

| | **As of 31 December 2022** (*€ thousands*) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Total data** | | | | **Breakdown of balance outstanding by risk stage[(1)]** | | |
| | **Number of transactions** | **Principal amount granted** | **Balance outstanding[(2)]** | **Guaranteed Balance outstanding** | **Stage 1** | **Stage 2** | **Stage 3** |
| **Guaranteed Credit Lines** | **19,450** | **2,188,302** | **1,448,817** | **1,112,000** | **1,122,839** | **277,881** | **48,097** |
| Self-employed................. | 3,754 | 82,819 | 54,430 | 43,535 | 41,218 | 9,161 | 4,051 |
| SMEs............................... | 14,584 | 1,644,661 | 1,083,913 | 853,232 | 847,010 | 200,001 | 36,902 |
| Large companies............. | 1,292 | 460,822 | 310,474 | 215,233 | 234,611 | 68,719 | 7,144 |

| | **As of 31 December 2021** (*€ thousands*) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Total data** | | | | **Breakdown of balance outstanding by risk stage[(1)]** | | |
| | **Number of transactions** | **Principal amount granted** | **Balance outstanding[(2)]** | **Guaranteed Balance outstanding** | **Stage 1** | **Stage 2** | **Stage 3** |
| **Guaranteed Credit Lines** | **19,643** | **2,137,350** | **1,667,880** | **1,286,160** | **1,365,390** | **270,266** | **32,224** |
| Self-employed................. | 3,754 | 85,507 | 71,371 | 57,087 | 59,720 | 10,263 | 1,388 |
| SMEs............................... | 14,694 | 1,628,893 | 1,267,287 | 999,735 | 1,043,435 | 197,946 | 25,906 |
| Large companies............. | 1,195 | 422,950 | 329,222 | 229,338 | 262,235 | 62,057 | 4,930 |

*Notes:—*

(1) A transaction is considered to be at Stage 1 (performing) when no significant increase in risk has occurred since its initial recognition. A transaction is considered to be at Stage 2 (performing on special watch) when the risk has significantly increased from the date on which

the transaction was initially recognised, but without yet leading to impairment. A transaction is considered to be at Stage 3 (non-performing) when it shows effective signs of impairment as a result of one or more events that have already occurred is expected to result in a loss.

(2) The balance outstanding under the Guaranteed Credit Lines represents the amount that has been drawn and has not been repaid out of the principal amount granted under the Guaranteed Credit Lines. Those amounts that have been repaid can be withdrawn again up to the limit of the principal amount granted under the Guaranteed Credit Line.

The availability of complete and accurate financial information, as well as general credit information, on the basis of which the Group can make decisions concerning loans, is more limited with regard to SMEs than with regard to large-scale corporate customers, and even more limited in the case of individual customers. As a result, it is possible to make mistakes when assessing the creditworthiness of these borrowers. As a result of these factors, it might be difficult for the Group to identify suitable customers to whom it can lend, which could in turn decrease the Group's base of loans or increase its credit risk exposure. If the Group is unable to adequately evaluate prospective customers through the application or use of its credit risk evaluation models, the Group could suffer losses, which could have a material adverse effect on its business, financial situation, results of operations and prospects.

In addition, the Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients. The Group's total credit exposure to counterparty risk amounted to €506,103 thousand as of 31 December 2022 (€360,525 thousand as of 31 December 2021) of which €331,763 thousand corresponded to counterparty risk from financial entities as of 31 December 2022 (€110,697 thousand as of 31 December 2021)[6].

Defaults by, and even rumors or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. These liquidity concerns have had, and may continue to have, an unsettling effect on inter-institutional financial transactions in general. Many of the routine transactions the Group enters into expose it to significant credit risk in the event of default by one of its significant counterparties.

A weakening in the Group's customers' and counterparties' creditworthiness would also impact its capital adequacy. The regulatory capital levels the Group is required to maintain are calculated as a percentage of its risk-weighted assets ("**RWAs**"). If the creditworthiness of a customer or a counterparty declines, the Group would lower their rating, which would presumably result in an increase in its RWAs, which potentially could deteriorate its capital adequacy ratios and limit its lending or investments in other operations.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's business is subject to fluctuations in interest rates***

The Group's results of operations depend upon the level of its net interest income, which is the difference between gross interest income from loans and other interest-earning assets and interest expense paid to its depositors and other interest-bearing liabilities. The Group's net interest income has increased by 13.3% since 31 December 2021 and amounted to €558,244 thousand in the year ended 31 December 2022, representing 57.16% of its consolidated gross income in such period (€976,589 thousand). The Group's net interest income amounted to €492,826 thousand in the year ended 31 December 2021 representing 51.75% of its consolidated gross income in that year[7].

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6 This information is calculated pursuant to Common Reporting (COREP) Statements.

7 See definition, explanation, use, calculation and breakdown of Net interest income over gross income[APM] which are set out in "Alternative Performance Measures".

Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks and regulation of the financial sector in the European Union, as well as domestic and international economic and political conditions and other factors. In particular, interest rates were negatively impacted by the debt securities purchase programme established by the ECB in March 2020 to mitigate the impact of the COVID-19 pandemic which was discontinued at the end of March 2022. Moreover, the military conflict between Russia and Ukraine and the associated sanctions are contributing to further increases in the prices of energy, oil and other commodities, and further disrupting supply chains. Such an increase in commodity prices adds to a context of already extraordinarily high inflation rates in Spain and in most developed countries. In this situation, central banks have abandoned the low interest rate environment, increasing interest rates agressively in order to address and reduce inflation. In this regard, the ECB announced on 4 May 2023 that the interest rates on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility would be increased to 3.75 per cent., 4.00 per cent. and 3.25 per cent., respectively, with effect from 10 May 2023. The increases in interest rates have had a positive effect on the Group's net interest income in 2022. However, sustained high interest rates could discourage customers from borrowing and potentially could lead to increased delinquencies in outstanding loans and deterioration in the quality of the Group's assets. Increases in interest rates may reduce the value of certain financial assets of the Group, such as fixed-income assets, and may reduce gains or require the Group to record losses on sales of its loans or securities. Sustained increases in interest rates could cause the Group's interest expense on deposits to increase more significantly and quickly than its interest income from loans, resulting in a reduction in its net interest income as often its liabilities will re-price more quickly than its assets.

In addition, if interest rates were to decrease, this could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities and subsequently affect the Group's results. For instance, a 200 basis points increase in the interest rate would have increased the Group's economic value for the year ended 31 December 2022 by €82.93 million, whereas a 200 basis points decrease would have decreased the Group's economic value for the year ended 31 December 2022 by €54.16 million, assuming the maintenance of the size and structure of its balance sheet and assuming that the movements in interest rates occur instantly and equally on all points of the yield curve, with a progressive annual interest rate floor from -100 basis points, increasing 5 basis points each year until zero.

The Group's insurance business is also exposed to a significant extent to fluctuations in interest rates due to the special characteristics of certain life savings insurance products providing for a guaranteed return.

***The Group is vulnerable to adverse developments in the Spanish real estate market***

A significant portion of the Group's business is connected to the Spanish real estate market. On the one hand, the Group's business is exposed to direct risk in connection with net value of foreclosed assets which amounted to €166,120 thousand as of 31 December 2022 (€216,044 thousand as of 31 December 2021). As of 31 December 2022, the net value of foreclosed assets represented 0.3% of the Group's total assets.

On the other hand, the Group is exposed to indirect risk related to retail mortgage loans which are one of its main asset classes and amounted to €17,645,570 as of 31 December 2022 (€17,993,549 as of 31 December 2021). As of 31 December 2022, the Group's mortgage loans for real estate construction and development amounted to €926,861 (€968,088 as of 31 December 2021) and its other real estate secured loans to businesses amounted to €1,101,032 (€1,241,492 as of 31 December 2021). As of 31 December 2022, the Group's loan to value ratio (LTV ratio$^{APM}$) of its mortgage loans was 53.06% (50.16% as of 31 December 2021).

As a result, Spanish real estate assets secure many of the Group's outstanding loans. Additionally, the Group holds Spanish real estate assets on its balance sheet, including real estate received in lieu of payment for certain underlying loans. In addition, the Group has restructured and extended the maturity of certain of the loans it has made relating to the acquisition or development of real estate assets, and the capacity of such borrowers to repay such restructured loans may be materially adversely affected by declining real estate prices. Although during 2022 the demand for housing and related real estate loans increased compared with 2020, any decrease in prices of real estate assets in Spain would reduce the value of the collateral securing the Group's mortgage loans and the credit quality of real estate related financings. The value of the related collateral may fall below the original appraised value and, as a result, in default scenarios, the Group could incur higher losses than it would not have otherwise expected. As a result, a deterioration of Spanish real estate prices could have a material adverse effect on its business, financial condition, results of operations and prospects. Additionally, the Group may not be able to enforce collateral assets due to factors such as inadequate documentation, legal uncertainty, unfavourable regulatory or case law developments or customer fraud.

A decline in real estate prices or business would also reduce the Group's capacity to grow its real estate development and construction loan portfolio and, consequently, its business opportunities in retail mortgage financing arising from the subrogation by retail customers on the loans to real estate developers and constructors.

***The Group is exposed to market risk associated with fluctuations in debt securities and equity instruments prices and other market factors***

All of the Group's businesses are exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its overall financial position, including its trading portfolio and other equity investments. Therefore, the Group is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, and commodity and equity prices.

As of 31 December 2022, the total exposure of the Group's fixed income and equity instruments portfolio$^{APM}$ was €18,168,890 thousand (€18,214,267 thousand as of 31 December 2021), which represented 33.42% of its total assets (31.07% as of 31 December 2021)[8]. The exposure of the Group's ALCO portfolio amounted to €11,384,236 thousand as of 31 December 2022 (€10,462,235 thousand as of 31 December 2021) and its exposure to the insurance business fixed income portfolio amounted to €4,818,842 thousand as of 31 December 2022 (€5,603,155 thousand as of 31 December 2021)[9].

The performance of financial markets generally may cause changes in the value of the Group's investments, assets held for sale and trading portfolios. The volatility of global capital markets due to recent economic and political uncertainty may affect the value of the Group's investments and, depending on their fair value and future recovery expectations, could result in a permanent impairment, which would be subject to write-offs against the Group's results and cause volatility in capital ratios.

In particular, the increase in global inflation rates has resulted in a rise in interest rates in financial markets during 2022 and the commencement of 2023. In turn, this rise has led to a fall in the valuation of the sovereign and corporate fixed portfolio which has not been swapped to variable interest rates. As a consequence, as of 31 December 2022 the Bank has recorded negative valuation adjustments in its portfolio of financial assets at fair value with changes in other comprehensive income amounting to €139,131 thousand compared to a positive valuation adjustment of €16,388 as of 31 December 2021.

Adverse market movements, particularly asset price declines, can reduce the volume of activity in the market or reduce market liquidity. As a result, the Group can be exposed to material losses if it is unable to close out

8 See definition, explanation, use, calculation and breakdown of Total exposure of the fixed income and equity instruments portfolio over total assets$^{APM}$ which are set out in "Alternative Performance Measures".

9 See definition, explanation, use, calculation and breakdown of Total exposure of the Group's fixed income and equity instruments portfolio$^{APM}$ which are set out in "Alternative Performance Measures".

deteriorating positions on satisfactory terms or in a timely manner, particularly in less liquid markets. The volatile nature of the financial markets could result in unforeseen losses for the Group.

Furthermore, fluctuations in financial markets affect consumer behaviour, thereby specifically and negatively affecting the Group's commission- and fee-based businesses (asset management and life savings insurance businesses). Net fees and commissions and exchange differences[APM] represented 43.97% of the Group's recurrent revenues[APM] for the year ended 31 December 2022 (47.09% for the year ended 31 December 2021). The demand for products benchmarked to fixed income securities, such as pension funds that typically invest in this type of assets, may decrease if equity capital markets perform favourably and may increase when equity capital markets are weaker. Demand for products benchmarked to equity securities, such as mutual funds that typically invest in this type of assets, may increase when equity markets perform favourably, and usually decrease when markets show a downward trend.

A market downturn or an increase in competition in the future could also cause a decrease in the number of transactions carried out on behalf of the Group's customers and, as a consequence, a decrease in its income from commissions. In addition, because the fees that the Group charges for managing its clients' portfolios are, in many cases, based on the value and performance of those portfolios, a reduction in such value and an increased amount of withdrawals, could reduce its revenues from its asset management business.

### *The Group is subject to sovereign risk*

As of 31 December 2022, the gross carrying value of the Group's total exposure to sovereign debt amounted to €15,727,212 thousand (€15,219,821 thousand as of 31 December 2021), which represented 28.9% of its total assets as of 31 December 2022 (26.0% as of 31 December 2021). Of the Group's total sovereign exposure as of 31 December 2022, 75.9% was held by Ibercaja Banco (72.2% as of 31 December 2021) and 23.9% was held by Ibercaja Vida (27.6% as of 31 December 2021).

As of 31 December 2022, the Group's total exposure to sovereign debt included €11,809,582 thousand of "Financial assets at amortized cost" (€10,571,892 thousand as of 31 December 2021), €3,912,749 thousand of "Financial assets at fair value through other comprehensive income" (€4,641,651 thousand as of 31 December 2021) and €4,881 thousand of "Financial assets at fair value through profit and loss" (€6,278 thousand as of 31 December 2021).

Based on geographic markets, Spain accounted for 89.2% of the Group's total sovereign exposure as of 31 December 2022 (88.2% as of 31 December 2021) and Italy accounted for 8.9% of its total sovereign exposure as of 31 December 2022 (9.1% as of 31 December 2021). The remaining geographic markets accounted for less than 2% as of all relevant dates.

Therefore, any decline in Spain's credit ratings could adversely affect the value of these and other securities the Group holds in its various portfolios. It could also adversely impact the extent to which the Group can use Spanish government bonds it holds as collateral for the ECB refinancing and, indirectly, the extent to which other securities held could be used for such same purpose, which would adversely affect its cost of funding and its ability to access funds, raise capital and meet minimum regulatory capital requirements and adversely affect its interest margins. Furthermore, any downgrades of Spain's credit ratings may increase the risk of a downgrade of the Group's own credit ratings by the rating agencies, which could have similar effects. As such, a downgrade or series of downgrades in the sovereign rating of Spain or the Group's own credit rating or a perceived increase in risk and any resulting reduction in the value of Spanish government bonds may have a material adverse effect on its business, results of operations, financial condition and prospects.

### *Funding and liquidity risk are inherent in the Group's operations*

Liquidity risk comprises uncertainties in relation to the Group's ability, under adverse conditions, to timely access funding necessary to cover its obligations to customers, to meet the maturity of its liabilities as they become due and to satisfy its liquidity requirements. It includes both the risk of unexpected increases in the Group's cost of funding and the risk of not being able to structure the maturity dates of its liabilities reasonably in line with its assets.

The Group's main source of liquidity and funding is its customer deposit base, as well as funds derived from the access to wholesale lending markets, including interbank deposits and covered bonds. The Group's ability to obtain funds or to access them could be harmed by factors that are intrinsic to its operations, such as a decline in its performance, credit rating or creditworthiness, or extrinsic to the Group, such as general macroeconomic and market conditions, including, any major turbulence or closure in the financial markets, a negative view of the perspectives of the sectors that predominate in its lending business (particularly, real estate, consumer and public sectors) or uncertainty as to the availability of funds to market participants in general or their ability or perceived ability to discharge their liabilities as they fall due. These factors could generate a negative perception of the Group's liquidity among creditors and result in a decrease in credit ratings, higher funding costs and a reduction in its ability to access funds or result in its inability to continue to operate without additional funding support, which may be unavailable to the Group. The Group's financial position could be adversely affected if access to liquidity and funding is limited or becomes more expensive for a prolonged period of time.

Retail deposits[APM], the Group's main source of liquidity and funding, accounted for 87.08% of its external funding[APM] as of 31 December 2022 (79.76% as of 31 December 2021). As a result of the short-term nature of part of this source of financing, the Group could suffer from liquidity problems if deposits do not reach the expected volumes or are not renewed because a significant number of depositors withdraw their deposits or do not reinvest their deposits at the end of their term. Large denomination term deposits may, under some circumstances, such as during periods of significant interest rate-based competition for these types of deposits, be a less stable source of deposits than savings and demand deposits. In addition, the Group's deposits not guaranteed by the FGD accounted for 24.14% of its deposits as of 31 December 2022[10]. The Group's level of retail deposits[APM] may fluctuate due to factors outside its control, such as loss of public confidence (including as a result of political initiatives, such as bail-in and/or the confiscation and/or taxation of creditors' funds) or competition from investment funds and other new players in the banking business or other products (see "—*Increased competition in the markets where the Group operates may adversely affect the Group's growth prospects and operations*"), which could result in a significant outflow of deposits within a short period of time. In the event of a sudden or unexpected withdrawal of deposits or shortage of funds in the banking systems or money markets in which the Group operates, the Group might not be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. If any of these factors were to occur, the Group's net interest income would be reduced, and its interest margins adversely affected.

Financing from wholesale lending markets amounted to €5,545,632 thousand, representing 12.92% of the Group's external funding[APM] as of 31 December 2022 (€9,419,733 thousand representing 20.24% of its external funding[APM] as of 31 December 2021). In the event such funding were to no longer be available or become too expensive, the Group could be forced to raise interest rates paid on deposits to attract more customers and/or sell its assets at or below their expected price. The persistence or worsening of adverse market conditions or rising interest rates could have a material adverse effect on its ability to access liquidity and negatively impact its financing costs (either directly or indirectly).

The Group's financing capacity also depends on its credit rating. As of the date of this Registration Document, the Group's ratings and outlooks are as follows:

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[10] The source of the data is the statement FGD.1.A (485001) - Deposit Guarantee Compartment of the Bank of Spain, which is an accounting statement of mandatory quarterly reporting to the Bank of Spain. The regulations governing FGD reporting are Bank of Spain Circular 2/2021, of 28 January, which establishes the information that credit institutions and branches assigned to the FGD must submit and have available to the Bank of Spain on their guaranteed deposits, for the purpose of calculating their contributions to the FGD.

| Agency[(1)] | Long-term | Short-term | Outlook | Date of latest rating |
|---|---|---|---|---|
| Moody's | Baa3 | NP | Positive | 22 December 2022 |
| S&P | BBB- | A-3 | Stable | 25 November 2022 |
| Fitch | BBB- | F3 | Stable | 13 July 2022 |

*Notes:—*

(1) Each of Moody's Investors Service España, S.A. ("**Moody's**"), S&P Global Ratings Europe Limited ("**S&P**") and Fitch Ratings Ireland Limited ("**Fitch**") is registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies ("**CRA Regulation**"). As such, each of Moody's, S&P and Fitch is included in the latest update of the list of registered credit rating agencies (as of 31 January 2023) on the ESMA website in accordance with the CRA Regulation.

Any downgrade in the Group's ratings could limit its access to capital markets, reduce its prospective investor base, increase its borrowing costs and adversely affect its interest margins, require the Group to post additional collateral or take other actions under some of its derivative contracts, any of which would materially adversely affect its business, financial condition, results of operations and prospects.

Additionally, corporate and institutional counterparties may seek to reduce aggregate credit exposures to the Group (or to all banks), which would increase its cost of funding and restrict its access to liquidity.

As of 31 December 2022, the Group had available liquidity[APM] amounting to €13,344,992 thousand (€15,250,171 thousand as of 31 December 2021), substantially all of which was eligible to be used as collateral to obtain ECB funding. In addition, as of such date, the Group had an additional legal issuance capacity of €6,880,460 thousand (€8,776,402 thousand as of 31 December 2021), so its total available liquidity[APM] was €20,225,452 thousand (€24,026,573 thousand as of 31 December 2021). Any changes to the policies and requirements for accessing funding from the ECB, including any changes to the criteria for identifying the asset types admitted as collateral or their relative valuations, could have a material adverse effect on the Group's liquidity and cost of funding.

The factors described above may also have a material adverse effect on the Group's regulatory position, including its ability to meet its regulatory minimum liquidity requirements. As of 31 December 2022, the Group's liquidity coverage ratio ("**LCR**") was 306.5% (excluding Ibercaja Vida) (452.0% as of 31 December 2021) and its net stable funding ratio ("**NSFR**") (excluding Ibercaja Vida) was 152.7% (152.2% as of 31 December 2021), both above their respective minimum requirement of 100%. However, there can be no assurance that the Group will be able to maintain its ratios in excess of regulatory requirements in the future. See "*Regulation – Capital, liquidity and funding requirements and loss absorbing powers—Liquidity requirements*" for a further description of these liquidity and funding ratios.

***The Group's insurance business is exposed to actuarial risk***

The Group's insurance business, which is carried out through its subsidiaries, Ibercaja Vida and Ibercaja Mediación de Seguros, S.A.U. ("**Ibercaja Mediación**"), is significant to its overall business. Life savings insurance products represented 6.55% of the Group's recurrent revenues[APM] in the year ended 31 December 2022 (5.56% in the year ended 31 December 2021) and risk insurance products (which include life risk and non-life risk insurance products) represented 10.58% of its recurrent revenues[APM] in the year ended 31 December 2022 (10.82% in the year ended 31 December 2021).

Actuarial risk reflects the risk arising from the execution of life and other insurance contracts, considering events covered and the processes used in the conduct of business, and any risks related to it, including longevity risk (risk related to an increase in the survival of insured parties compared to forecasts), policy lapse risk (risk related to variations in surrender rates compared to forecasts) and mortality risk (risk related to an increase in the mortality rates compared to forecasts). The management of these risks depends on actuarial management policies relating to subscription and pricing rates.

The Group's business requires using models, assumptions and estimates, which present the risk of reality not matching the assumptions initially used to assess or predict future events. Reserves are calculated based on the assumption that the factors applied will be sufficient to cover the claims and expense rates in all current contracts until their expiry date.

Similarly, claims reserves are calculated by estimating the final cost of any claims, and life insurance technical provisions are calculated on the basis of estimates related to, among others, mortality, longevity, expenses and lapses. These estimates and assumptions are based on actuarial and statistical studies based on the facts and circumstances known at a specific time, but performance may depend on many different factors and may be affected by changes in applicable laws or in the general economic scenario. Actual future events may differ from the Group's estimates, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The following table shows the breakdown of technical provisions for life insurance as of and as of 31 December 2022 and 2021:

| | **As of 31 December** | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands)* | |
| **Technical provisions for:** | | |
| Life insurance: | 4,747,269 | 5,326,263 |
| *Unearned premium reserve and current risks* | *24,219* | *23,260* |
| *Mathematical provisions* | *4,723,050* | *5,303,003* |
| Benefits pending payment | 91,859 | 96,055 |
| Profit sharing and returned premiums | 6,630 | 5,470 |
| Life insurance in which the investment risk is borne by the policyholders (Unit linked) | 1,557,689 | 1,693,706 |
| **Liabilities under insurance or reinsurance contracts[11]** | **6,403,447** | **7,121,494** |

*Notes*:—
Source: Note 20 of the Annual Accounts.

In addition, the Group's insurance subsidiaries regularly enter into contracts with reinsurance companies not belonging to the Group in order to control their risk exposure. Market conditions beyond the Group's control determine the availability and cost of the reinsurance protection the Group purchased. Accordingly, the Group's insurance subsidiaries may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

### *The Group's businesses are heavily exposed to operational risks*

The Group's businesses depend on its ability to process a large number of transactions efficiently and accurately on a daily basis and to manage personal financial information on behalf of its customers. The operational risks to which the Group is exposed include, among others, those deriving from processing errors, system failures,

[11] See Note 20 to the Annual Accounts.

internal and external fraud, compliance risks, low productivity and the inadequate training or qualifications of staff, deficient customer service, external system failures (such as administrative or accounting mistakes, errors in the computer or communication systems or IT security breaches) as well as external events that could undermine its operations or its image. Given the large number of transactions that the Group carries out on a daily basis, such mistakes could be made repeatedly before they are discovered and remedied. As of 31 December 2022, the losses associated to the Group's operational risk amounted to €27,678 thousand (€13,121 thousand as of 31 December 2021).

As of 31 December 2022, the own funds requirements associated to the Group's operational risks[12] amounted to €111,302 thousand (€108,929 thousand as of 31 December 2021).

Any failure causing an interruption of the Group's service or that slows down its response capacity could adversely affect the Group's customers' ability to use its systems, as well as damage its reputation, business and brand. The Group could be subject to claims filed by its customers aimed at recovering losses they might have suffered as a result of any of the aforementioned events or be subject to penalties and disciplinary sanctions, in the event of any delay or omission by it in the processing and registration of transactions, or any breach in internal control. As a result, the Group could suffer financial damage or harm to its reputation, which could in turn have a negative effect on its business, financial condition, results of operations and prospects.

In particular, the Group's technological infrastructure is critical to the operation of its business and the delivery of products and services to clients. The Group's information technology ("**IT**") systems are vulnerable to a series of problems, such as the malfunctioning of hardware and software, computer virus, hacking, phishing or similar attacks and cyber-attacks. In particular, the risks associated with cyber-attacks are a material risk to the Group and the Spanish financial system as a whole, which has a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems. Cyber-attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). These threats are increasingly sophisticated and any absence of or failure of existing controls could result in significant financial losses and a material adverse effect on the Group's operational performance and reputation. As attempted attacks continue to evolve in scope and sophistication, the Group may incur significant costs in order to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to its customers or other affected individuals. Any external attack aiming to circumvent the Group's security measures could result in the unlawful use of its and its customers' confidential information, which could expose the Group to the risk of losses, disciplinary measures from regulatory authorities, lawsuits and harm to its reputation.

Furthermore, the Group's technology and operations depend on a number of specialised technology and service providers. If any of the Group's key technological and service providers fails to perform its services effectively or not in accordance with the terms of the relevant service agreements with the Group, this could lead to interruptions in its business operations, services offered or information provided to its customers or may have a material adverse effect on the availability of its banking services, including the Group's online services and on the productivity of its employees.

Finally, the Group manages and uses confidential information from customers when processing banking transactions. Any unlawful or unauthorised disclosure may trigger legal actions and administrative fines together with damages and could result in reputational damage, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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[12] It refers to the impact of operational risk on own funds calculated following the standard method pursuant to Regulation (EU) 575/2013.

### *Increased competition in the markets where the Group operates may adversely affect its growth prospects and operations*

The markets in which the Group operates are highly competitive. Financial sector reforms in these markets (mainly in Spain) have increased competition among both local and foreign financial institutions, and the Group believes that this trend will continue in the future. In addition, the banking sector has experienced in the last few years a trend towards consolidation which has been accelerated by the impact of the COVID-19 pandemic (especially in Spain, where four of the 12 most significant financial institutions in terms of asset volume in the sector have merged recently. In particular, Bankia, S.A. and Liberbank, S.A. have merged with and into CaixaBank, S.A. and Unicaja Banco, S.A., respectively, creating larger and stronger banks with which the Group must now compete. It cannot be ruled out that more consolidation transactions are executed in the financial sector in the coming months or years.

The Group also faces competition from non-bank competitors, such as department stores (for some credit products), automotive finance corporations, leasing companies, factoring companies, mutual funds, pension funds and insurance companies. In addition, the Group faces increasing competition from shadow banking entities that operate outside the regulated banking system. Furthermore, "crowdfunding" and other social media developments in finance are expected to become more popular as technology becomes a key driver of the banking sector. In particular, non-traditional providers of banking services, such as internet-based e-commerce providers, mobile telephone companies, social media companies, FinTech's, digital banks and internet search engines may start to offer or increase their existing offerings of financial products and services directly to customers. In July 2018, the EBA published a report on the impact of FinTech's on the banking sector identifying the main factors related to FinTech's companies that could significantly affect the sustainability of the credit institutions' business model which included, among others, a more digital and innovative strategy, their operational capacity to implement changes and their capacity to attract and retain staff. These providers may be able to innovate more quickly than the Group can, as they are not constrained by any legacy IT systems and face fewer regulatory requirements and lower fixed costs than the Group. The ongoing FinTech's development has resulted in increasing competition within the financial services sector, not only direct competition with the FinTech's firms but also among the traditional providers of banking services, who are competing in terms of technological development to achieve the first-mover advantage.

In its asset management business, the Group faces competition from exchange-traded funds (ETFs) and other investment products, which may negatively impact the margin from its asset management products.

If the Group is unable to successfully compete with current and new competitors, or if it is unable to anticipate and adapt its offerings to changing banking industry trends, including technological changes, this could have a material adverse effect on its business, financial condition, results of operations and prospects.

## Legal, regulatory and compliance risks

### *The Group is subject to substantial regulation and regulatory and governmental oversight which imposes significant costs on the Group and drives how the Group conducts its business*

The financial services industry is among the most regulated industries in the world. The Group's operations are subject to substantial regulation that it may be unable to comply with, including as a result of changes in laws, regulations, guidelines, policies and interpretations, as well as judicial interpretations of new laws and regulations, in Spain and the EU. In addition, regulatory scrutiny under existing laws and regulations has become more stringent. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking sector, and which is expected to continue for the foreseeable future. This creates significant uncertainty for the Group and the financial industry in general.

The wide range of actions or regulatory proposals adopted during the last few years include, among other things, provisions for more stringent regulatory capital and liquidity standards (which could require the Group to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, negatively affecting its net interest margin[APM] which as of 31 December 2022 was 0.96% (0.85% as of 31 December 2021)) (see "*Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*"), restrictions on compensation practices, special bank levies (such as the temporary levy for credit entities created by virtue of Law 38/2022 (see *"Regulation – Temporary Banking Levy in Spain"* for additional information)) and financial transaction taxes, recovery and resolution powers to intervene in a crisis including "bail-in" of creditors, separation of certain businesses from deposit taking, stress testing and capital planning regimes, heightened reporting requirements and reforms of derivatives, other financial instruments, investment products and market infrastructures. As a result, the Group may be subject to an increasing number of liability or regulatory sanctions and may be required to make greater expenditures and devote additional resources to address potential liability.

In addition, the Group is subject to rules and regulations regarding money laundering, corruption and the financing of terrorism which have become increasingly complex and detailed and the subject of enhanced government supervision, requiring the Group to use improved systems and implement sophisticated monitoring mechanisms and compliance personnel. Any failure of the Group's personnel to comply with such policies or applicable rules and regulations, may have severe consequences, including sanctions, fines and adverse reputational consequences, which would have a material adverse effect on its business, financial condition, results of operations and prospects.

Regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been steadily increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis, and these may especially affect financial institutions like the Group.

The Group is subject to the supervision and/or regulation of the Bank of Spain, the ECB (which supervises the Group directly under the Single Supervisory Mechanism ("**SSM**") in which the Bank of Spain participates), the Single Resolution Board (the "**SRB**"), the Spanish Executive Resolution Authority (the "**FROB**", *Fondo Ordenado de Resolución Bancaria*), the CNMV and the Directorate General of Insurance and Pension Funds (*Dirección General de Seguros y Fondos de Pensiones*) which are the main regulators of the Group's operations. In addition, many of the Group's operations are dependent upon licenses issued by financial authorities.

These regulators, as part of their supervisory function, periodically review the internal processes and controls related to all areas of the Group's business including the granting of credit and classification of risks, its corporate governance and risk management, its technological security, its allowances for loan losses and compliance with rules of conduct in the marketing of financial products to its customers and may require the Group to change its business, marketing, governance and risk practices and procedures, to increase such allowances, to recognise further losses or to increase the regulatory risk-weighting of assets, or may increase its capital requirements. Any such measures, as required by these regulators, whose views may differ from those of its management, could have an adverse effect on the Group's business and financial condition, including on its common equity tier 1 ("**CET1**") ratio and on its ability to pay distributions.

In addition, the Group's insurance business, which is carried out through its subsidiaries Ibercaja Vida and Ibercaja Mediación, is subject to solvency and supervisory regulations referred to as "**Solvency II**". Solvency II comprises Directive 2009/138/EC of the European Parliament and Council, of 25 November 2009, on the taking up and pursuit of the business of insurance and reinsurance ("**Solvency II Directive**") and several regulations supplementing the Solvency II Directive which are directly applicable in the EU Member States (mainly the Commission Delegated Regulation (EU) of 2015/35 of October 10, 2014 supplementing the Solvency II Directive and the relevant implementing regulations in the EU Member States). As of 31 December

2022, the solvency ratio of Ibercaja Vida was 190% (265% as of 31 December 2021) above the minimum requirement of 100%.

Any required changes to the Group's business operations resulting from the legislation and regulations applicable to its business or from the supervisory function of its regulators could result in a significant loss of revenue or reduced profitability, require significant management attention and resources, limit its ability to pursue business opportunities, adversely affect the value of its assets or require the Group to increase its prices or incur in additional costs (including increased compliance costs) any of which would materially adversely affect its business, financial condition, results of operations and prospects.

***Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges***

Solvency risk is the risk related to the failure to maintain sufficient resources to absorb losses through a full economic cycle, meet solvency regulatory and prudential requirements or maintain sufficient resources to maintain the confidence of current and prospective investors.

As a Spanish credit institution, the Group is subject to the capital requirements and to the minimum requirements for own funds and eligible liabilities ("**MREL**") set by the ECB. On 15 December 2022, the Bank announced that it had received the decisions of the ECB regarding minimum capital requirements for 2023 following the outcome of the most recent SREP. As a result, as of the date of this Registration Document the Group must maintain a CET1 ratio of 8.21% and a total capital ratio of 12.65%. These capital requirements include the minimum capital requirement for Pillar 1 (4.5% CET 1 and 8% of total capital), Pillar 2 (1.21% for CET1 and 2.15% for total capital) and the capital conservation buffer (2.5%). As of 31 December 2022, the Group had a total capital ratio phased-in of 17.60% and a CET1 phased-in ratio of 12.87%. In addition, on 28 March 2023, the Bank announced it had received the formal communication from the Bank of Spain regarding the MREL requirement, as determined by the SRB. In accordance with such communication, the Bank is required to reach, since 1 January 2022 an amount of own funds and eligible liabilities on a consolidated basis equal to 15.38%[13] of RWAs and 5.21% in terms of MREL leverage ratio. This requirement would be equal to 19.12%[13] of the Group's consolidated RWAs as of 1 January 2024 (5.21% in terms of MREL leverage ratio). As of 31 December 2022, the Group had a MREL position of 18.13% in terms of RWAs (excluding the CET1 dedicated to comply with the combined buffer requirement) and 7.71% in terms of MREL leverage ratio, both of which are above the requirements for 2022. The Group estimates its MREL issuance needs towards the requirement for 2024 mentioned above, as of the date of this Registration Document, amount to approximately €500 million. See "*Regulation – Capital, liquidity and funding requirements and loss absorbing powers— MREL requirements*".

Additional and more demanding capital requirements may be applied in the future. The implementation of existing or new capital requirements, standards or recommendations may negatively affect the Group's return on equity and other financial performance indicators or require the Group to issue additional securities that qualify as regulatory capital or eligible liabilities for purposes of the MREL requirement (this requirement to issue additional securities may, in addition, impair the Group's ability to manage its funding and capital resources in the most efficient way), to liquidate assets, to curtail business or to take any other actions, any of which may materially adversely affect the Group's business, financial condition, results of operations and prospects.

Failure to comply with existing or future capital requirements may also adversely affect the Group's ability to make (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to additional tier 1 ("**AT1**") capital instruments ("**Discretionary Payments**"). As of the date of this Registration Document, the Group is not required to calculate a Maximum

[13] Excluding the CET1 dedicated to comply with the combined buffer requirement.

Distributable Amount (as defined below). Based on the most recent SREP carried out by the ECB, if the Group's CET1 phased-in ratio fell below 8.21% or its total capital ratio phased-in fell below 12.65% in 2023, the Group would be required to calculate its Maximum Distributable Amount, and the Group may be required to reduce its Discretionary Payments.

In addition, debt and equity investors, analysts and other market professionals may also require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the uncertain global economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements, could increase the Group's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group is exposed to losses as a result of legal and regulatory claims relating to floor clauses in mortgage agreements with consumers and the creation of the Independent Administrative Authority for Financial Customer Protection could imply an increase in claims against the Bank***

The Group is involved in certain actions relating to the application of "**floor clauses**" (clauses that set minimum interest rates payable by borrowers, whereby the borrower agrees to pay a minimum interest rate to the lender regardless of the applicable benchmark rate) in mortgage agreements acquired from Banco Grupo Cajatrés, S.A.U. ("**Banco Caja3**").

The Group has entered into negotiated settlements with certain of the borrowers under the portfolio of mortgage loans containing floor clauses that it acquired from Banco Caja3. As part of these negotiated settlements, the Group offered its customers to sign an amendment agreement to the original mortgage agreement whereby the Group would reduce or remove the floor clause and the customer would undertake not to bring a claim against it in the future. Out of the 39,674 mortgage loan agreements containing floor clauses, the Group signed 17,984 amendment agreements in accordance with such terms representing 45% of the total mortgage loan agreements containing floor clauses.

As of 31 December 2022, €836 million (15,394 mortgage loans), out of the approximately €895 million of outstanding principal amount of 17,691 mortgage loans containing floor clauses, corresponded to mortgage loans amended in negotiated settlements and €59 million (2,297 mortgage loans) corresponded to mortgage loans containing floor clauses which have not been claimed by customers or subject to negotiated settlements but which were still claimable as of such date. The Spanish Supreme Court declared in its ruling dated 11 April 2018 the validity of the floor clauses contained in the amendment agreements signed between the Group and its customers in the negotiated settlements, and the lower Spanish courts are applying the Spanish Supreme Court's criteria. However, on 26 June 2018, the Court of First Instance and Investigation (*Juzgado de Primera Instancia e Instrucción*) No 3 in Teruel requested from the Court of Justice of the European Union ("**CJEU**") a preliminary ruling based on the apparent conflict between the Spanish Supreme Court's ruling upholding the validity of these amendment agreements and EU law on unfair terms in consumer contracts.

On 9 July 2020, the CJEU ruled on this matter stating that (i) amendment agreements in relation to potential abusive clauses as the ones reached by the Group do not breach Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts ("**Directive 93/13**"), provided that the consumer has consented to it freely and has been duly informed, (ii) national courts would have to determine, on a case-by-case basis, whether the agreement was subject to individual negotiation and, if applicable, whether the transparency requirement was met (i.e. whether the consumer was in a position to understand the economic and legal consequences of the transaction), (iii) national courts would have to determine if such agreement complies with the requirements set out in Directive 93/13, in particular, with the transparency requirements, if the relevant clauses have not been subject to individual negotiation and (iv) the consumer may validly waive the right to have the original floor clause declared unfair, provided that this waiver is made by the consumer with free and informed consent.

On 5 November 2020 the Spanish Supreme Court, despite the fact that in its ruling dated 11 April 2018 it upheld the validity of one of the Group's negotiated settlements, considered that the settlement agreements that the Group had reached with its customers were not individually negotiated and were subject to the transparency test. In this context, on 5 November 2020 the Spanish Supreme Court ruled that an agreement between a lender and a consumer whereby the consumer accepts an amendment to the floor clause and waives his right to claim against the lender is valid provided that the consumer was duly informed about the amendment and that such waiver only covers claims relating to the floor clause (and therefore does not extend to claims other than those relating to the floor clause). As a result, since this resolution from the Spanish Supreme Court, the Group was obliged to reimburse customers with the amounts paid under the rate of the floor clauses from the beginning of the original agreement until the amendment but it was established that the floor clauses which were reduced by virtue of the settlement agreements were valid and in place since the date of the relevant settlement agreement. The Group understands that if this criteria is followed in the future, the decisions in connection with the outstanding claims related to this matter will be partially favourable to the Group, as it has been happening up until the date of this Registration Document. The Spanish Supreme Court's ruling declaring the validity of the floor clauses contained in the amendment agreements signed between the Group and its customers in the negotiated settlements is in line with the CJEU case law.

As of 31 December 2022, the Group's provisions related to this matter amounted to €9.9 million, which cover its estimate of the risk from potential claims arising from non-amended loans and amended loans. The Group considers its provisions to be reasonable taking into consideration the amount of mortgage loans containing floor clauses which have not been claimed by customers or subject to negotiated settlements but which were still claimable as well as the rulings by the CJEU on 9 July 2020 and by the Spanish Supreme Court on 5 November 2020 in respect of mortgage loans containing floor clauses amended in negotiated settlements. However, these estimates may not be complete, may not have factored in all customers or former customers that could potentially file claims, and may not reflect the most recent facts or legal trends adopted by the Spanish courts, or any other circumstances that could be relevant for establishing the impact of these clauses for the Group or the successful outcome of the claims filed in relation to these clauses. Consequently, the provisions made by the Group could prove to be inadequate.

The quantification of actual losses recorded in the loss database in 2022 shows that the total annual amount of losses (net of direct and insurance recoveries) for operational risk events amounted to €26,561 thousand corresponding to 11,535 events, of which 1,037 events for €14,141 thousand derived from losses related to floor clauses (which were related to interest repayments of €11,560 thousand and legal costs of €2,581 thousand).

On 5 April 2022 the Spanish government announced a new draft bill for the creation of the Independent Administrative Authority for Financial Customer Protection which will provide financial consumers with an alternative mechanism to judicial proceedings in order to settle out of court any disputes (such as claims related to floor clauses) against financial entities. The creation of this administrative authority will centralise in a single entity the functions performed by the current complaints services of the CNMV, the Bank of Spain and the Directorate General of Insurance and Pension Funds (which will no longer perform these functions) and its resolutions will be binding when the user claims less than €20,000 which is a significant change to the current complaints procedures of the three supervisors. On 18 May 2023 the Spanish House of Representatives (*Congreso de los Diputados*) approved the draft bill for the creation of the Independent Administrative Authority for Financial Customer Protection. As of the date of this Registration Document, the draft bill is still in parliamentary process. Although the impact of this new mechanism is still uncertain, it could imply an increase in claims against the Bank.

For further information on floor clause litigation and other legal proceedings in which the Group is involved, see "*Description of the Bank—Legal and arbitration proceedings*".

### *Risk of not recovering certain tax assets*

As of 31 December 2022 the Group had deferred tax assets ("**DTAs**") amounting to €1,227,614 thousand (€1,292,152 thousand as of 31 December 2021), representing 2.3% of its total consolidated assets (2.2% as of 31 December 2021). These assets or tax credits are derived principally from (i) negative taxable base for corporate tax due to losses in a given fiscal year; (ii) certain corporate tax credits that cannot be applied to a given fiscal year if the corporate income tax ("**CIT**") base is negative; and (iii) certain temporary adjustments recognised in a given fiscal year, that are pending to be applied.

The Group's ability to recover these tax assets in the future is subject to different time limitations depending on the origin of the asset (e.g. no time limitation for negative taxable bases or 15 years for tax credits pending application, as provided in Act 27/2014, dated 27 November, on Corporate Income Tax (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) (the "**CIT Act**"), except for tax credits for research and development and innovation which may be offset within 18 years). According to the business plan of Ibercaja, which served as the basis for the valuation of these tax assets, the estimated period to recover these tax assets is no longer than 15 years.

Temporary differences are typically recovered following the recovery path foreseen accounting-wise, and there is no time limit to offset negative tax bases and tax credits to avoid international double taxation.

Out of the Group's €1,228 million total DTAs as of 31 December 2022 (€1,292 million as of 31 December 2021), €384 million as of 31 December 2022, and €411 million as of 31 December 2021 are DTAs for tax-loss carryforwards and unused tax credits. The eventual recovery of these tax assets is subject to, or limited by, the occurrence of certain factors, such as obtaining sufficient profits, the non-reduction of the corporate tax rate or the existence of discrepancies with the Spanish tax authorities in the settlement of such tax.

Therefore, in the event that (i) the Group does not generate sufficient profits (or at all) within the applicable time to offset non-monetizable tax credits; (ii) discrepancies are detected in previous tax returns as a consequence of audits undertaken by the Spanish tax authorities resulting in a reduction of its DTAs; or (iii) there are changes in current regulations, or their application or interpretation, the Group could be totally or partially restricted from recovering the amount of its DTAs, which could have a material adverse effect on the Group's business, results of operations and/or financial condition.

As of 31 December 2022, the Group had provisions for an amount of €6,632 thousand (€4,235 thousand as of 31 December 2021) in connection with the tax audit proceedings which, taking into consideration the current CIT rate of 30% would represent €22,106 thousand at tax base level. However, these estimates may not be complete, may not reflect all the circumstances that could be relevant for establishing the impact of these tax audit proceedings. Consequently, the provisions made by the Group could prove to be inadequate.

## INFORMATION INCORPORATED BY REFERENCE

The documentation set out below shall be deemed to be incorporated by reference in, and to form part of, this Registration Document. However, any statement contained in any such document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained in this Registration Document modifies or supersedes such statement:

(i) The Group's unaudited condensed consolidated first quarter financial information and the results presentation as of and for the three months ended 31 March 2023, prepared in accordance with IFRS-EU, available at Ibercaja Banco's website (www.ibercaja.com) and (www.ibercaja.com), respectively (together, the "**2023 First Quarter Financial Information**").

(ii) English translation of the Group's unaudited condensed consolidated first quarter financial information and the results presentation as of and for the three months ended 31 March 2023, prepared in accordance with IFRS-EU, available at Ibercaja Banco's website (www.ibercaja.com) and (www.ibercaja.com), respectively.

(iii) The Group's audited consolidated annual accounts and the directors' report as of and for the year ended 31 December 2022, prepared in accordance with IFRS-EU, together with the audit report of Ernst & Young, S.L., available at Ibercaja Banco's website (www.ibercaja.com) (together, the "**2022 Annual Accounts**").

(iv) English translation of the 2022 Annual Accounts, available at Ibercaja Banco's website (www-ibercaja.com)

(i) The Group's audited consolidated annual accounts and the directors' report as of and for the year ended 31 December 2021, prepared in accordance with IFRS-EU, together with the audit report of Ernst & Young, S.L., available at Ibercaja Banco's website (www.ibercaja.com) (together, the "**2021 Annual Accounts**").

(ii) English translation of the 2021 Annual Accounts, available at Ibercaja Banco's website (www.ibercaja.com).

Each document incorporated herein by reference is only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of Ibercaja Banco or the Group, as the case may be, since the date thereof or that the information contained therein is current as of any time subsequent to its date.

Any documents incorporated by reference in the documents incorporated by reference in this Registration Document shall not form part of this Registration Document. For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, the information contained on the corporate website of the Bank does not form part of this Registration Document.

### English translations

In the event of a discrepancy, the original Spanish-language versions prevail.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Alternative performance measures

This Registration Document includes non-IFRS financial measures which the Group regards as alternative performance measures as defined in Commission Delegated Regulation (EU) 2019/979 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal and in the guidelines issued by the European Securities and Markets Authority on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**" and the "**APMs**", respectively). The Group believes that the presentation of the APMs included herein complies with the ESMA Guidelines.

The Group uses APMs, which are financial measures derived from, or based on, its accounting records, to evaluate period to period changes that are not required by, or presented in accordance with, IFRS-EU. These APMs are not measures of the Group's financial performance under IFRS-EU, are not audited or reviewed by any auditors or independent expert, and should not be considered as an alternative to any balance sheet, income statement or cash flow statement item. See "*Alternative Performance Measures*".

Many of these measures are based on various sources of information derived from the Group's internal management systems and the Group's reporting systems, as the case may be. These management measures, as defined and calculated by us, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of the Group's operating result as reported under IFRS. In addition, they may not be comparable to other similarly titled measures used by other companies. As a result, these management measures should not be considered such information in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Group's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

### Currency references

Unless otherwise indicated or otherwise required by the context, all references in this Registration Document to "**euro**," "**€**," or "**EUR**" are to the lawful currency of the participating Member States, as defined below, including Spain, in the third stage of European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time, and all references to "**U.S. dollars**", "**dollars**", "**U.S.$**", "**USD**" or "**$**" are to the lawful currency of the United States of America.

### Rounding

Certain numerical figures included in this Registration Document, including financial data presented in millions or thousands and certain percentages, may have been subject to rounding adjustments. Accordingly, amounts shown as totals in columns or rows of tables in this Registration Document may not be an arithmetic aggregation of the related numbers. In addition, certain percentages presented in the tables in this Registration Document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform to the percentages that would be derived if the relevant calculation were based upon the rounded numbers. As used in this Registration Document, the term "billion" means one thousand million (1,000,000,000).

### Market and industry data

Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Group believes that these industry publications, surveys and forecasts are reliable but it has not independently verified them and cannot guarantee their accuracy or completeness and certain of this information, including market studies, are frequently based on information and assumptions which may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

Where information contained in this Registration Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as it is aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information in this Registration Document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

### Trademarks

The Company owns or has rights to certain trademarks, trade names or service marks which it uses in connection with the operation of its business. The Company asserts to the fullest extent under applicable law, its rights to its trademarks, trade names and service marks. Solely for convenience, the trademarks, trade names or service marks appearing in this Registration Document are listed without the applicable ®, © or ™ symbols.

### Legislation

This Registration Document refers to various statutes, directives and other legislation and regulations. Unless specified to the contrary, all such references are to the laws of Spain, except for directives, where all such references shall be deemed to be made to EU directives.

The financial information incorporated by reference into this Registration Document is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC.

# DESCRIPTION OF THE BANK

## History and development

Ibercaja Banco is a company incorporated under the laws of Spain as a public limited liability company (*sociedad anónima*) with the status of a bank. As a financial institution, the Bank is subject to special banking legislation and related regulations in respect of the management, supervision and solvency of credit institutions, in particular, Law 10/2014, of 26 June, on organisation, supervision and solvency of credit entities ("**Law 10/2014**") and Royal Decree 84/2015, of 13 February, implementing Law 10/2014 ("**Royal Decree 84/2015**"), and is subject to the supervision, control and regulation of the Bank of Spain, the ECB under the supervision system created by the SSM, the SRB, the CNMV and the Directorate General of Insurance and Pension Funds.

Ibercaja Banco is also subject to the Spanish Companies Law (*Texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*), the Spanish Securities Market Law, Royal Decree 217/2008, of 15 February, on the legal regime for investment services companies and other entities providing investment services (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*) and further implementing legislation.

The Bank was incorporated on 22 September 2011 for an unlimited period of time pursuant to a notarised public deed of incorporation granted before the public notary of Zaragoza Mr. Francisco de Asís Pizarro Moreno under number 3,169 of his records and registered with the Commercial Registry of Zaragoza under volume 3,865, page Z-52186, book 0 and sheet 1, and as a credit institution with the Special Registry at the Bank of Spain (*Registro Administrativo de Bancos y Banqueros del Banco de España*) under number 2,085. Ibercaja Banco holds Spanish tax identification number (NIF) A-99319030 and its LEI code is 549300OLBL49CW8CT155.

The Bank's legal name is Ibercaja Banco, S.A. and it operates under the commercial name "Ibercaja Banco".

The registered office of the Bank is at Plaza de Basilio Paraíso, 2, 50008 Zaragoza, Spain. Its phone number is +34 976 76 79 83 and its corporate website is "www.ibercajabanco.com" (the information on the corporate website of the Bank does not form part of the Registration Document unless that information is incorporated by reference into the Registration Document).

Ibercaja Banco's corporate purpose consists of all types of general banking activities, transactions, actions, contracts and services provided they are permitted by law, including the rendering of investment and other auxiliary services.

The history of the Company spans more than 145 years, and starts with the foundation of the savings bank Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (the "**Ibercaja Savings Bank**") in 1873 and the commencement of its operations in 1876 with the aim of stimulating the economies of the autonomous regions of Aragón and La Rioja by pursuing social welfare projects.

The main milestones of the Company's history are described below:

- between 1933 and 1964, the Ibercaja Savings Bank carried out its first expansion plan with the opening of branches in Aragón, La Rioja and Guadalajara;
- in 1988, the Ibercaja Savings Bank created the Financial Group[14] to offer products and services outside the scope of core banking;

[14] References to the "**Financial Group**" refer to Ibercaja Gestión, Ibercaja Pensión, Ibercaja Vida, Ibercaja Mediación and Ibercaja Leasing, a group of subsidiaries responsible for the management of mutual funds, the management of pension funds, the Group's insurance business and its leasing and renting business.

- in 1989, the Ibercaja Savings Bank initiated an expansion plan with the opening of branches in Madrid and the Mediterranean basin, that has led to the Bank's current well-established presence in these Growth Markets;

- in July 2011, within the framework of the restructuring of the Spanish financial system, the general assembly of the Ibercaja Savings Bank (now transformed into the Ibercaja Foundation as set out below) approved the creation of Ibercaja Banco, as a result of the segregation and contribution to Ibercaja Banco of the financial activity of the Ibercaja Savings Bank;

- in 2012, despite the turmoil in the Spanish banking sector, the Bank passed the bottom-up stress test conducted by Oliver Wyman and was classified within the group of banks with no capital shortfall identified, complying with applicable capital requirements without any state aid;

- in July 2013, the Bank acquired 100% of the share capital of Banco Caja3, an entity formed by the segregation and subsequent merger of the financial activity of three former savings banks: Caja de Ahorros de la Inmaculada de Aragón ("**Fundación Inmaculada de Aragón**"), Monte de Piedad y Caja General de Ahorros de Badajoz ("**Fundación Caja Badajoz**") and Monte de Piedad del Círculo Católico de Burgos ("**Fundación Círculo de Burgos**"). The restructuring plan of Banco Caja3 (approved by the Bank of Spain and the European Commission) included its integration into a larger financial group. As part of its restructuring plan, Banco Caja3 received €407 million of public funds through the subscription by the FROB of contingent convertible bonds to be issued by Banco Caja3 (the "**Banco Caja3 CoCos**"). The acquisition of Banco Caja3 was structured as a capital increase in the Bank of €325.5 million, which was subscribed by the shareholders of Banco Caja3, in exchange for Banco Caja3's entire share capital. Fundación Inmaculada de Aragón, Fundación Caja Badajoz and Fundación Círculo de Burgos received in consideration an aggregate of 11.96% of the Bank's share capital, while the Ibercaja Savings Bank held the remaining 88.04% (both as amended by the valuation adjustments on the assets transferred to SAREB). The deed of merger by absorption of Banco Caja3 by the Bank was executed in October 2014 and Banco Caja3 ceased to exist by dissolution without liquidation and all of its assets and liabilities were transferred to the Bank by means of universal succession;

- in September 2014, the Ibercaja Savings Bank was transformed into the Ibercaja Foundation. Since then, the Ibercaja Foundation has been the Bank's controlling shareholder retaining the aforementioned 88.04% shareholding and with a view to reduce its stake pursuant to the Banking Foundations Act;

- in 2015, the current management team was appointed;

- between March 2016 and March 2017, with the consent of the ECB, the Bank completed the early redemption of all Banco Caja3 CoCos;

- in April 2021, Ibercaja Banco launched its "Plan Desafío 2023" Strategic Plan; and

- in June 2021, Ibercaja Banco celebrated its 145 years of history.

## Selected Financial Information for the years ended 31 December 2022 and 2021

The sections below contain financial information of the Group as of and for the years ended on 31 December 2022 and 2021, extracted from the Annual Accounts accompanied by the relevant audit reports, prepared in accordance with IFRS, Directive 2014/56/EU and Regulation (EU) No 537/2014, which have been incorporated by reference in full to this Registration Document (see "*Information Incorporated by Reference*") and jointly with which the remaining information contained hereto, either explicitly or incorporated by reference, has to be read.

***Consolidated Income Statement***

The following table sets out the Bank's consolidated income statement for the years ended 31 December 2022 and 2021:

| | For the year ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands)* | |
| Interest income | 641,910 | 549,923 |
| (Interest expenses) | (83,666) | (57,097) |
| **NET INTEREST INCOME** | **558,244** | **492,826** |
| Dividend income | 10,365 | 9,542 |
| Share of profit of entities accounted for using the equity method | (516) | 5,589 |
| Fee and commission income | 457,575 | 457,495 |
| (Fee and commission expenses) | (19,236) | (19,509) |
| Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net | 4,519 | 46,108 |
| Gains/(losses) on financial assets and liabilities held for trading, net | 9,843 | 645 |
| Gains/(losses) on non-trading financial assets mandatorily measures at fair value through profit or loss, net | (1,516) | 103 |
| Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net | 22 | — |
| Gains/(losses) from hedge accounting, net | 945 | (194) |
| Net exchange differences | (274) | 557 |
| Other operating income | 46,772 | 37,944 |
| (Other operating expenses) | (89,890) | (78,553) |
| Income from assets covered by insurance and reinsurance contracts | 1,117,710 | 904,463 |
| (Liability expenses covered by insurance or reinsurance contracts) | (1,117,974) | (904,756) |
| **GROSS INCOME** | **976,589** | **952,260** |
| (Administration expenses) | (497,911) | (544,249) |
| *(Staff expenses)* | *(331,869)* | *(375,183)* |
| *(Other administration expenses)* | *(166,042)* | *(169,066)* |
| (Amortization and depreciation) | (74,997) | (66,973) |
| (Provisions or (-) reversal of provisions) | (18,995) | (5,722) |
| (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss) | (65,234) | (78,008) |
| (Impairment or (-) reversal of impairment on investments in joint businesses or associates) | - | (128) |
| (Impairment or (-) reversal of impairment on non-financial assets) | (18,281) | (11,927) |
| Gains/(losses) on derecognition of non-financial assets and shareholdings, net | 5,720 | (5,199) |
| Gains/(losses) on non-current assets and disposal groups of items classified as held for sale not qualifying as discontinued operations | (23,671) | (25,281) |
| **PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **283,220** | **214,773** |
| (Expense or (-) income from taxes on income from continuing operations) | 81,100 | 63,788 |
| **PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **202,120** | **150,985** |
| **PROFIT/(LOSS) FOR THE YEAR** | **202,120** | **150,985** |
| Attributable to owners of the parent | **202,120** | 150,985 |

***Consolidated balance sheet***

The following table sets out the Bank's consolidated balance sheet as of 31 December 2022 and 2021:

| | As of December 31, | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands)* | |
| **ASSETS** | | |
| Cash and cash balances at central banks and other demand deposits | 1,582,223 | 6,388,624 |
| Financial assets held for trading | 25,177 | 2,864 |
| Non-trading financial assets mandatorily measured at fair value with changes through profit and loss | 1,547,710 | 1,668,437 |
| Financial assets at fair value through profit or loss | 5,530 | 7,451 |
| Financial assets at fair value through other comprehensive income | 5,318,133 | 6,464,034 |
| Financial assets at amortized cost | 42,768,427 | 40,989,400 |
| Derivatives - Hedge accounting | 199,034 | 71,866 |
| Investments in joint ventures and associates | 89,810 | 101,328 |
| Assets under insurance or reinsurance contracts | 1,162 | 390 |
| Tangible assets | 978,150 | 1,004,091 |
| *Property, plant and equipment* | *755,147* | *748,138* |
| *Investment property* | *223,003* | *255,953* |
| Intangible assets | 302,950 | 269,167 |
| *Goodwill* | *144,934* | *144,934* |
| *Other intangible assets* | *158,016* | *124,233* |
| Tax assets | 1,238,035 | 1,304,032 |
| *Current tax assets* | *10,421* | *11,880* |
| *Deferred tax assets* | *1,227,614* | *1,292,152* |
| Other assets | 128,073 | 148,297 |
| *Inventories* | *69,135* | *89,654* |
| *Remaining other assets* | *58,938* | *58,643* |
| Non-current assets and disposal groups classified as held for sale | 176,292 | 211,428 |
| **TOTAL ASSETS** | **54,360,706** | **58,631,409** |
| **LIABILITIES** | | |
| Financial liabilities held for trading | 14,589 | 8,775 |
| Financial liabilities at amortized cost | 43,724,222 | 47,285,113 |
| Derivatives - Hedge accounting | 609,795 | 275,690 |
| Fair value changes of the hedged items in portfolio hedges for interest rate risk | (140,313) | 17,758 |
| Liabilities under insurance or reinsurance contracts | 6,403,447 | 7,121,494 |
| Provisions | 219,055 | 268,943 |
| *Pensions and other post-employment defined benefit obligations* | *65,034* | *89,239* |
| *Other long-term employee remuneration* | *3,088* | *1,544* |
| *Lawsuits and litigation for outstanding taxes* | *10,628* | *7,163* |
| *Commitments and guarantees given* | *20,001* | *16,707* |
| *Other provisions* | *120,304* | *154,290* |
| Tax liabilities | 134,242 | 160,221 |
| *Current tax liabilities* | *1,058* | *772* |
| *Deferred tax liabilities* | *133,184* | *159,449* |

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | *(€ thousands)* | |
| Other liabilities | 217,726 | 223,014 |
| **TOTAL LIABILITIES** | **51,182,763** | **55,361,008** |
| **EQUITY** | | |
| Shareholders' equity | 3,288,255 | 3,253,857 |
| *Capital* | *214,428* | 214,428 |
| *Equity instruments issued other than capital* | *350,000* | 350,000 |
| *Retained earnings* | *678,673* | 621,589 |
| *Revaluation reserves* | *3,280* | 3,288 |
| *Other reserves* | *1,940,826* | 1,960,567 |
| *Profit attributable to owners of the parent* | *202,120* | 150,985 |
| *Interim dividend* | *(101,072)* | *(47,000)* |
| Accumulated other comprehensive income | (110,312) | 16,544 |
| *Items that will not be reclassified to profit or loss* | *29,906* | 25,282 |
| *Items that may be reclassified to profit or loss* | *(140,218)* | (8,738) |
| **TOTAL EQUITY** | **3,177,943** | **3,270,401** |
| **TOTAL EQUITY AND LIABILITIES** | **54,360,706** | **58,631,409** |
| **Memorandum items: off-balance sheet exposures**: | | |
| Guarantees granted | 3,180,128 | 3,220,412 |
| Contingent commitments granted | 98,854 | 97,630 |
| Other commitments given | 807,230 | 820,619 |

## Business overview

Ibercaja Banco is a Spanish retail bank based in Zaragoza. It is a "one-stop-shop" for its customers' financial needs, offering a wide range of banking and financial products and services, with a special focus on first home mortgages, asset management and life savings insurance products, SME lending and risk insurance products.

The Group's main activity is retail banking focused on individuals, families and SMEs. Its retail focus is reflected in its simple balance sheet structure, with net loans and advances to customers[APM] accounting for 56.84% of its total assets and retail deposits[APM] accounting for 87.08% of its external funding[APM] as of 31 December 2022. The Group's deposit base is granular, with 85.61% of its retail deposits[APM] considered to have a stable balance[15]. The Group's top 20 deposit customers accounted for only 2% of its total deposits as of 31 December 2022. In addition, the Group's LTD ratio[APM] as of 31 December 2022 was 78.36% (78.21% as of 31 December 2021). As of 31 December 2022, the Bank had €54.4 billion of total assets and stood as the ninth largest Spanish bank in terms of assets, with a market share of 2.4% in loans to individuals and non-financial entities (*source: Bank of Spain public report on loans to households and non-financial entities as of 31 December 2022*) and had €51.2 billion of total liabilities with a market share of 2.7% in customer deposits (*source: Bank of Spain public report on deposits to households and non-financial entities as of 31 December 2022*). As of 31 December 2022, the Bank had a national market share of 3.5% in terms of home retail mortgage loans (*source: Bank of Spain public report on home retail mortgages as of 31 December 2022*). The Bank was also the fourth largest domestic financial entity in asset management and life savings insurance with €31.6 billion in assets under management ("**AuM**") and technical provisions and a total market share of 5.86% as of 31 December 2022 (*source: calculated by the Company with data from Inverco public reports on mutual and*

[15] Stable funds are those that are backed by the Guaranteed Deposit Fund (FGD) (see "*Regulation – The Spanish deposit guarantee scheme*") and correspond to deposits from linked-customers or funds that are deposited in transactional accounts.

*pension funds and ICEA public reports on life savings insurance products as of 31 December 2022; includes AuM managed by each bank and excludes third party products*). As of 31 December 2022, the Group had 4,794 employees.

The Group carries out its business exclusively in Spain and mainly in the autonomous regions of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz (together, the "**Home Markets**"). The Group also has a well-established presence in Madrid and in the Mediterranean basin, which includes the autonomous region of Catalonia and the Valencian Community (together, the "**Growth Markets**").

The Group uses an omni-channel distribution strategy that combines its 894 branch network as of 31 December 2022, and digital channels such as its mobile banking application (the "**Ibercaja App**") and its online banking platform.

The table below sets forth information related to the Group's key APMs and solvency metrics as of and for the years ended 31 December 2022 and 2021:

| | **As of and for the years ended 31 December** | |
|---|---|---|
| | **2022** | **2021** |
| Total assets | €54.4 billion | €58.6 billion |
| Gross loans and advances to customers[APM] | €31.3 billion | €31.2 billion |
| Retail deposits[APM] | €37.4 billion | €37.1 billion |
| Recurring cost-to-income ratio[APM] | 57.50% | 64.25% |
| Profit/(Loss) before write-downs[APM] | €403.7 million | €341.0 million |
| Profit before tax | €283.2 million | €214.8 million |
| Profit for the year | €202.1 million | €151.0 million |
| ROA[APM] | 0.35% | 0.26% |
| ROTE[APM] | 7.63% | 5.69% |
| LTD ratio[APM] | 78.36% | 78.21% |
| Ratio of non-performing loans and advances to customers[APM] | 1.58% | 2.30% |
| Coverage of non-performing exposures ratio[APM] | 89.98% | 75.31% |
| Net Distressed Assets[APM] | €215.8 million | €393.2 million |
| Distressed asset ratio[APM] | 2.87% | 3.97% |
| Coverage ratio of distressed assets[APM] | 76.35% | 68.79% |
| Customer spread[APM] | 1.40% | 1.21% |
| Cost of risk[**APM**] | 0.30% | 0.35% |
| Available liquidity to total assets[APM] | 24.55% | 26.01% |
| CET1 ratio (fully-loaded) | 12.37% | 12.71% |
| Total capital ratio (fully-loaded) | 17.09% | 17.43% |
| Leverage ratio (fully-loaded) | 5.4% | 5.8% |
| Maximum Distributable Amount | 4.66% | 5.20% |

## Markets

The Group conducts all of its business in Spain. Based on the managing branch of its clients, the Group segments its activities geographically into (i) its Home Markets, which constitute its traditional geographic markets, (ii) its Growth Markets and (iii) the Rest of Spain.

The Group is mainly based in the northeast of Spain (its Home Markets), which is the wealthiest area in Spain. As of 31 December 2022, the GDP per capita in the regions where the Group operated (weighted by the Group's retail business volume in each region) was 11.5% higher than the Spanish GDP per capita (*source: INE*).

### *Home Markets*

The following table shows the number of branches in each of the Group's Home Markets and the percentage they represented over its total number of branches, as well as the Group's retail business volume[APM] of each of its Home Markets and their contribution to its total retail business volume[APM], as of and for the year ended 31 December 2022:

| | **As of and for the year ended 31 December 2022** | | | |
|---|---|---|---|---|
| | **Branches** | | **Retail business volume[APM]** | |
| | *Number* | *%* | *€ thousands* | *%* |
| Aragón | 330 | 36.91% | 43,079,988 | 43.85% |
| Rest of Home Markets | 244 | 27.29% | 17,037,905 | 17.34% |
| **Total Home Markets** | **574** | **64.21%** | **60,117,893** | **61.19%** |

The following table shows information related to performing loans excluding reverse repurchase agreements[APM], retail deposits[APM], asset management and insurance[APM] and total retail funds[APM] in each of the Home Markets as of 31 December 2022:

| | **As of 31 December 2022** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Performing loans excluding reverse repurchase agreements[APM]** | | **Retail deposits[APM]** | | **Asset management and insurance[APM]** | | **Total retail funds[APM]** | |
| | *€ thousands* | *%* | *€ thousands* | *%* | *€ thousands* | *%* | *€ thousands* | *%* |
| Aragón | 8,522,737 | 29.25% | 17,093,142 | 45.73% | 17,434,109 | 55.10% | 34,527,251 | 50.03% |
| Rest of Home Markets | 3,562,389 | 12.18% | 7,788,947 | 20.84% | 5,686,569 | 17.97% | 13,475,516 | 19.53% |
| **Total Home Markets** | **12,115,126** | **41.44%** | **24,882,089** | **66.57%** | **23,120,677** | **73.07%** | **48,002,767** | **69.55%** |

### *Growth Markets*

In the late 1980s, the Group expanded its activities to its Growth Markets.

The following table shows the number of branches in each of the Group's Growth Markets and the percentage they represented over the Group's total number of branches, as well as the retail business volume[APM] of each of its Growth Markets and their contribution to its total retail business volume[APM] as of and for the year ended 31 December 2022:

| | As of and for the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | **Branches** | | **Retail business volume[APM]** | |
| | *Number* | *%* | *€ thousands* | *%* |
| Madrid | 129 | 14.43% | 17,992,946 | 18.31% |
| Mediterranean basin (Catalonia and the Valencian Community) | 114 | 12.75% | 11,236,173 | 11.44% |
| **Growth Markets** | **243** | **27.18%** | **29,229,120** | **29.75%** |

The following table shows information related to performing loans excluding reverse repurchase agreements[APM], retail deposits[APM], asset management and insurance[APM] and total retail funds[APM] in each of the Group's Growth Markets as of 31 December 2022:

| | As of 31 December 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Performing loans excluding reverse repurchase agreements[APM]** | | **Retail deposits[APM]** | | **Asset management and insurance[APM]** | | **Total retail funds[APM]** | |
| | *€ thousands* | *%* | *€ thousands* | *%* | *€ thousands* | *%* | *€ thousands* | *%* |
| Madrid | 7,587,462 | 25.92% | 6,640,217 | 17.77% | 3,774,267 | 11.93% | 10,414,484 | 15.09% |
| Mediterranean basin | 5,142,860 | 17.59% | 3,513,497 | 9.40% | 2,579,816 | 8.15% | 6,093,313 | 8.83% |
| **Growth Markets** | **12,721,322** | **43.51%** | **10,153,714** | **27.17%** | **6,354,083** | **20.08%** | **16,507,797** | **23.92%** |

### *Rest of Spain*

The Group also carries out its activities outside its Home Markets and its Growth Markets ("**Rest of Spain**"). The following table shows the number of branches in the Rest of Spain and the percentage they represented over the Group's total number of branches, as well as the retail business volume[APM] of the Rest of Spain and their contribution to the Group's total retail business volume[APM] as of and for the year ended 31 December 2022:

| | As of and for the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | **Branches** | | **Retail business volume[APM]** | |
| | *Number* | *%* | *€ thousands* | *%* |
| **Rest of Spain** | **77** | **8.61%** | **8,906,331** | **9.06%** |

The following table sets out information related to performing loans excluding reverse repurchase agreements[APM], retail deposits[APM], asset management and insurance[APM] products and total retail funds[APM] in the Rest of Spain as of 31 December 2022:

| | As of 31 December 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Performing loans excluding reverse repurchase agreements**[APM] | | **Retail deposits**[APM] | | **Asset management and insurance**[APM] | | **Total retail funds**[APM] | |
| | *€ thousands* | *%* | *€ thousands* | *%* | *€ thousands* | *%* | *€ thousands* | *%* |
| **Rest of Spain ..........** | **4,400,993** | **15.05%** | **2,338,968** | **6.26%** | **2,166,370** | **6.85%** | **4,505,338** | **6.53%** |

## Operations and activities

Ibercaja Banco operates a universal banking model, focused on the retail business and based on advisory services, service quality and innovation.

Service quality is at the core of the Bank's strategy and a as a result, the Group's customers are very satisfied with its services. As of 31 December 2022, the Group was among the three top ranked entities in Spain with a score of 7.3 on a scale from 0 to 10 in global customer satisfaction (*source: BMKS*).

As a result of the strong customer satisfaction levels, the Group has a loyal customer base, with an average customer tenure of 20 years. The following table shows the Group's customer tenure for individual customers as of 31 December 2022:

| | **As of 31 December 2022** |
|---|---|
| | *(%)* |
| Less than two years ............................................................................................ | 5 |
| Between two and 10 years.................................................................................... | 15 |
| Between 10 and 20 years...................................................................................... | 26 |
| More than 20 years.............................................................................................. | 54 |
| **Total.......................................................................................................** | 100 |

As a result of the strong customer satisfaction levels, the Group's customers' loyalty and trust results in long-lasting relationships, which the Group's commercial efficiency turns into sales of its key products, being the basis of the Group's differentiated revenue generation model. The average number of products/services per customer is 7.1 as of 31 December 2022.

Based on the type of customer, the Group divides its business activities in the following divisions: (i) Personal Banking, (ii) Private Banking, (iii) Rest of Families, (iv) Non-Real Estate Corporates, (v) Real Estate Corporates and (vi) Institutions, Public Sector and Others.

As of 31 December 2022, the Group had approximately 1.8 million customers, of which 16% were Personal Banking, 1% Private Banking, 73% Rest of Families, 5% Non-Real Estate Corporates and 5% Institutions, Public Sector and Others customers.

***Personal Banking***

The Personal Banking customer segment includes individuals with a net worth (total retail funds[APM] and securities) of between €100,000 and €500,000 in the Home Markets (and between €75,000 and €500,000 outside of the Home Markets).

This segment offers a management model based on a personal manager who assists customers in their financial planning, advises them on their investments, and gives them detailed information on the products and services that best meet their financial needs. Personal managers intend to offer customers the best investment strategy for their risk profile and preferences. Customers have their own digital banking service, preferential access to certain services and tailored products, making the Group's service model a "one-stop premium shop".

As of 31 December 2022, the Group's Personal Banking segment was managed by 444 full time managers, offering personalized solutions to more than 302,000 customers. In addition, 67 personal digital managers support 42,000 clients. The majority of specialised advisors assigned to this segment have a solid training, achieved through internal and external programs, recognised by well-known entities, such as the European Financial Planning Association. The Financial Group plays a key role in the product design of the Personal Banking segment, as does the Private Banking segment by training Personal Banking managers. The Personal Banking Service model has been certified by Aenor guaranteeing a best-in-class service to the Group's customers. In fact, in 2020 the Group obtained the certification of service excellence management for the Personal Banking segment granted by Aenor, being the first Spanish financial institution to receive it. This certification is in addition to the certification for personal wealth management advice, also awarded by Aenor, which the Group hold since 2012.

***Private Banking***

The Private Banking customer segment is addressed to individuals with a net worth (total retail funds[APM] and securities) in excess of €500,000 (€300,000 in Extremadura). This segment offers banking services to more than 17,000 customers who have more sophisticated banking needs and investment profiles, providing them with a specialised, personalised and high-quality service. Private Banking customers are advised by 77 specialised advisors and have access to all types of financial assets such as listed securities, mutual funds, variable capital investment companies (*Sociedades de Inversión de Capital Variable* or "**SICAVs**") or structured deposits. Private Banking customers, together with Personal Banking customers, are the main target of the Group's asset management business.

***Rest of Families***

The Rest of Families customer segment comprises the Group's largest customer segment and the main users of its lending and deposit-taking services. The management of the branch network in this segment focuses on capturing new customers and consolidating the relationship with and loyalty of existing ones. This is done through proposals adapted to personal needs, depending on the risk profile and disposable income of each customer.

Within its lending activity, Ibercaja Banco has historically specialised in financing housing for individuals.

Other products offered to the Group's Rest of Families segment include ordinary banking products such as current and savings accounts, term deposits, credit and debit cards and consumer loans, as well as other products from the Financial Group such as mutual funds, pension funds and insurance products.

***Non-Real Estate Corporates***

The Group's Non-Real Estate Corporates banking services are focused on financing corporate activities including corporate loans, credit lines, financing of fixed assets and working capital, treasury management, insurance, leasing, factoring and interest rates hedging.

As of 31 December 2022, the Group's Non-Real Estate Corporates customer segment was served by a team of 212 full-time specialised corporate managers. The aim of these managers is to provide specialised solutions to these companies and give them comprehensive financial advice. In addition, the Bank has 160 commercial business managers, a new figure created in 2020, whose task is to manage the Bank's relationship with companies with a turnover of less than €2 million.

Besides its branch network, Ibercaja Banco has eight business centres for companies located in Zaragoza, Madrid, Barcelona, Valencia, Alicante and the Basque Country. These centres are responsible for the management of customers with a turnover of more than €6 or €10 million, depending on the operating area, and who require a higher degree of specialisation.

***Real Estate Corporates***

The Group's Real Estate Corporates banking services are focused on a range of products aimed at financing the construction or refurbishment of homes for sale. Once the property has been built, buyers can assume any of the Bank's mortgage loans on advantageous terms.

***Institutions, Public Sector and Others***

Through the Institutions, Public Sector and Others customer segment, the Group cooperates with public and private entities at national and regional levels, which gives the Group access to this source of business and, at the same time, helps its customers in their dealings with the public authorities.

In the public sector, the Group cooperates with central, regional and local administrations under financing agreements, youth programs and sponsorships. In addition, the Group is actively engaged in the introduction and dissemination of systems for the handling of electronic payments and their administration, and has agreements in place with different entities for the collection and management of taxes, handling of university enrolments and other administrative formalities.

The Group also develops a range of personalized services for private sector groups, including professional associations, members of the civil service, owners' associations and employees of large companies as well as members of condominium activities.

**Digital transformation**

In 2016, the Group initiated a digital transformation process to benefit from the opportunities of the technology and the digital economy.

To this end, Microsoft is the Group's strategic partner in its digital transformation process by virtue of a collaboration agreement entered into on May 2016. Microsoft provides the technology for informational platforms and channels, as well as operating system software and database for the Group's open system servers. It also provides the base software and applications for the Group's workstations.

Since 2016, the Group has made good progress in developing all of its digital assets (improving user experience and functionalities). The Group offers its customers access to online services and products through its online banking platform ("**Ibercaja Directo**"), its mobile banking application (the "**Ibercaja App**") and Ibercaja Pay. As of 31 December 2022, the number of digital customers (number of customers who have used the Group's digital assets at least once in the last month) was approximately 914,418 (878,818 as of 31 December 2021). As of 31 December 2022, transactions through digital channels (Ibercaja Directo and Ibercaja App) represented 74.0% of the total transactions (74.3% as of 31 December 2021).

**Sustainability**

The Group is firmly committed with the United Nations Sustainable Development Goals ("**SDGs**") of the 2030 Agenda and it is a signatory of the United Nations Principles for Responsible Banking to advance in the setting up of a sustainable banking system.

The challenge that the Group has taken on is to ensure that the Group's business objectives promote sustainable development, preserving natural resources and promoting a fairer and more inclusive society. In order to do this, Ibercaja Banco is progressing with the integration of ESG (environmental, social and good governance) aspects in the Group's strategy and decision-making processes.

The Bank's sustainability strategy is based on five pillars:

- ESG risks: identification and management of ESG risks for their gradual integration into the Group's global risk analysis.
- Sustainable business: analyzing needs and identifying opportunities for business development to accompany clients in the transition to a sustainable economy, including climate change.
- People: comprehensive development of employees, providing them with adequate training and promoting a work, personal and family life balance.
- Transparency for all of the Group's stakeholders, promoting communication of both financial and non-financial aspects of its business.
- Protection of the environment and its resources, mitigating climate change and favoring the development of a more inclusive and egalitarian society.

In December 2020, the Board of Directors approved Ibercaja Banco's sustainability policy, as a declaration of its firm desire to contribute to the development of a more sustainable economy and financial activity, aligned with the principles, guidelines and current regulations on ESG. This sustainability policy demonstrates and formalises the Bank's commitment to sustainable development and value creation through its activity. Furthermore, it establishes the Bank's global action framework in sustainability matters, setting forth the commitments voluntarily assumed by it with its stakeholders to promote long-term sustainable, inclusive and environmentally-friendly growth.

The amount spent and invested by the Bank's brand, reputation and sustainability direction since 2020 exceeds €3 million.

Ibercaja Banco has implemented a governance structure that it believes will allow the Bank to achieve its sustainability objectives:

| | |
|---|---|
| **Board of Directors** | Approve and promote the Sustainability Policy. |
| **Strategy Committee** | Oversee the Sustainability Policy.<br>Report to the Board. |
| **Reputation and Sustainability Committee** | Approve the Sustainability Strategy and Policy.<br>Approve and Promote the Roadmap.<br>Track deployment. |
| **Brand, Reputation and Sustainability Department** | Define, develop, coordinate and propose Sustainability Policy and Strategy to the R&S Committee.<br>Support departments in launching. |

**All areas of the Bank**

It works to implement the Sustainability Strategy aligned with the UNEF FI Principles of Responsible Banking signed by Ibercaja Banco and which responds to supervisory expectations.

**ESG Committee**

Monitoring if ESG investment mandate.

Promoting SRI.

**Environment committee**

Cross-cutting committee that oversees compliance with Ibercaja's Environmental Policy.

**Financial Group – Asset Management, Insurance and Leasing and Renting**

The Financial Group was created in 1988 and consists of a group of subsidiaries specialised in the management of mutual funds and pension funds and the Group's insurance and leasing-renting businesses.

The Financial Group offers a wide range of products aimed at the Group's retail customers, complementing traditional banking products and services. Assets under management and bancassurance (which include mutual funds, pension funds and insurance products) generated 40.30% of the Group's recurrent revenues[APM] for the year ended 31 December 2022. As a result of the relevance of the Financial Group, the Bank's net fees and commissions and exchange differences over average total assets[APM] was 0.75% for the year ended 31 December 2022 (0.76% for the year ended 31 December 2021) one of the highest in the Spanish financial system. In particular, non-banking commissions[16] contributed €278,103 thousand for the year ended 31 December 2022 (€288,925 thousand for the year ended 31 December 2021) to the Bank's net fees and commissions and exchange differences[APM].

***Mutual funds***

Through Ibercaja Gestión S.G.I.I.C., S.A. ("**Ibercaja Gestión**") the Group manages its mutual funds. As of 31 December 2022, AuM by Ibercaja Gestión amounted to €17,941 million (€18,367 million as of 31 December 2021) (*source: Inverco*), ranking fifth in its sector in Spain, with a market share of 5.86 % (5.78% as of 31 December, 2021) (*source: Inverco*).

Ibercaja Gestión offers fund portfolio management agreements to the Group's customers, who benefit from a diversified basket of suitable mutual funds selected according to their particular risk profile.

***Pension funds***

Through Ibercaja Pensión, E.G.F.P., S.A.U. ("**Ibercaja Pensión**") the Group manages its pension funds. As of 31 December 2022, AuM by Ibercaja Pensión amounted to €6,993 million (€7,640 million as of 31 December 2021) (*source: Inverco*), ranking fourth in its sector in Spain, with a market share of 6.05% (*source: Inverco*).

Ibercaja Pensión offers (i) fixed-income plans; (ii) mixed fixed-and-variable income plans; (iii) variable-income plans; (iv) global plans; and (v) guaranteed plans.

Ibercaja Pension manages assets under plans established by employers or by individuals. AuM in individual pension funds amounted to €2,821 million as of 31 December 2022 (€3,090 million as of 31 December 2021),

[16] See definition, explanation, use, calculation and breakdown of Net fees and commissions and exchange differencesAPM which are set out in "Alternative Performance Measures".

ranking sixth in its sector in Spain with a market share of 3.51% (*source: Inverco*). AuM in employment plans amounted to €4,172 million as of 31 December 2022 (€4,548 million as of 31 December 2021), ranking third in its sector in Spain, with a market share of 12.05% (*source: Inverco*).

***Insurance products***

The Group's insurance business is carried out through two subsidiaries that operate in the life and non-life insurance segments.

Through Ibercaja Vida the Group manages its life savings insurance and life risk insurance products. As of 31 December 2022, Ibercaja Vida ranked seventh in its sector in Spain in terms of volume of technical provisions, which amounted to €6,707 million as of 31 December 2022 (€6,775 million as of 31 December 2021) (*source: ICEA*), and with a market share of 3.46% (*source: ICEA*). Through Ibercaja Mediación the Group manages its general insurance brokerage business, principally non-life risk insurance for individuals and companies.

The Group offers two main types of insurance products:

*Life savings insurance products*

Ibercaja Vida offers products aimed at promoting long-term savings by the Group's customers. It offers, among others, systematic savings policies, deferred capital policies, temporary annuities, investment savings plans, insured benefit plans, group insurance policies and unit linked policies.

Within all of the Group's life savings insurance products, temporary annuities are the most relevant, representing mathematical provisions of €2,543[17] thousand as of 31 December 2022. Systematic savings are the second most relevant products, representing mathematical provisions of €2,139[25] thousand as of 31 December 2022. The new market context with higher interest rates has allowed the commercialization of long term guaranteed insurance products, particularly temporary annuities, turning around the business strategy of previous years which was more focused on unit linked products.

*Risk insurance products*

As of 31 December 2022, the Group had more than 658,707 risk insurance policies and risk insurance premiums amounted to €302.6[12] million (€284.1[12] million as of 31 December 2021).

The Group offers two types of risk insurance products:

(i) *Life-risk insurance products*. Ibercaja Vida offers insurance policies, related and unrelated to credit transactions, in which the beneficiary receives financial compensation in the event of a loss (death or disability).

(ii) *Non-life risk insurance products*. The Group offers these products through Ibercaja Mediación, which acts as an *insurance* broker.

In 2012, the Group reached a strategic agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. ("**CASER")** for the Group to exclusively market CASER's non-life risk insurance products through its branch network. In the period between 31 December 2021 and 31 December 2022, these premiums, linked to the business plan with CASER, grew by 6.6%, amounting to €195.1 million, which represented more than 88% of the Group's non-life risk insurance premiums. By business area, among the non-life risk insurance

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[17] This metric has been obtained from the Company's internal accounting records.

premiums, as of 31 December 2022 individual premiums grew by 5.8% since December 2021, while corporate premiums increased by 12.4% since the same date.

### *Leasing and Renting*

Through Ibercaja Leasing y Financiación, S.A., Establecimiento Financiero de Crédito ("**Ibercaja Leasing**") the Group manages its leasing and renting arrangements. It provides products to enable SMEs and professionals to finance their fixed-asset investments and to use equipment under operating leases.

As of 31 December 2022, the outstanding risk for leasing arrangements was €495 million, which ranked Ibercaja Leasing as ninth in its sector in Spain, with a market share of 2.45% (*source: Asociación Española de Leasing*). The outstanding risk for renting arrangements was €108 million as of 31 December 2022.

## Board of Directors and Senior Management

### *Board of Directors*

The following table sets out the names of the members of the Board of Directors of the Bank (the "**Board of Directors**"), their positions within the Board of Directors, their category as directors and, where relevant, the shareholder they represent, as of the date of this Registration Document.

| Name | Date of first appointment | Expiry date of appointment | Age | Title | Category |
|---|---|---|---|---|---|
| Mr. Francisco Serrano Gill de Albornoz.................................... | 30 March 2022 | 30 March 2026 | 56 | Chairman | Propietary[(1)] |
| Mr. Victor Manuel Iglesias Ruiz ... | 28 January 2015 | 29 August 2023 | 57 | Chief Executive Officer | Executive |
| Ms. María López Valdés .............. | 27 October 2022 | 27 October 2026 | 44 | Director | Independent |
| Ms. María Luisa García Blanco..... | 27 October 2022 | 27 October 2026 | 57 | Director | Propietary[(1)] |
| Ms. Natividad Blasco de las Heras | 27 October 2022 | 27 October 2026 | 57 | Director | Propietary[(1)] |
| Mr. José Miguel Echarri Porta....... | 28 October 2021 | 28 October 2025 | 76 | Director | Proprietary[(2)] |
| Mr. Vicente Evelio Cóndor López. | 9 April 2019 | 9 April 2024 | 69 | Director | Independent |
| Mr. Félix Santiago Longás Lafuente........................................ | 30 August 2016 | 30 August 2025 | 66 | Director | Independent |
| Mr. Jesús Tejel Giménez .............. | 30 August 2016 | 30 August 2025 | 65 | Director | Independent |
| Mr. Luis Enrique Arrufat Guerra... | 30 August 2017 | 27 October 2026 | 68 | Director | Proprietary[(1)] |
| Ms. María Pilar Segura Blas.......... | 30 August 2017 | 27 October 2026 | 67 | Director | Independent |

*Notes:—*

(1) Representing the Ibercaja Foundation.

(2) Representing Fundación Inmaculada de Aragón.

The secretary of the Board of Directors (non-director) is Mr. Jesús Barreiro Sanz.

All members of the Board of Directors designate the Bank's registered address as their professional address for the purposes of this Registration Document.

The table below sets forth the names of those members of the Board of Directors with activities performed outside the Group that are significant with respect to the Bank as of the date of this Registration Document:

| Director | Entity | Sector | Position/ Title | In office |
|---|---|---|---|---|
| Mr. Victor Manuel Iglesias Ruiz .................................. | Cecabank | Financial | Director | Yes |
| | CASER | Insurance | Director | Yes |
| Ms. María Luisa García Blanco............................... | Salama&García Blanco Abogados S.L.P. | Legal services | Shareholde and Directorr | Yes |
| | Telefónica, S.A. | Telecommunications | Director | Yes |
| Ms. María López Valdés....... | BIT&BRAIN Technologies, S.L. | Technology | Shareholder | Yes |
| Mr. José Miguel Echarri Porta | Fundación Caja de Ahorros de la Inmaculada de Aragón | Financial | Vice Chairman | Yes |
| Mr. Jesús Barreiro Sanz........ | Henneo Media, S.A. | Media | Director | Yes |

***Senior management***

Aside from the Board of Directors, the Bank is managed on a day to day basis by the senior management team.

The following table sets out the names of the members of the senior management team and their respective ages and positions as of the date of this Registration Document. The members of the senior management team have extensive knowledge and experience in the financial industry.

| Name | Age | Position/Title | Joined the Group in |
|---|---|---|---|
| Mr. Victor Manuel Iglesias Ruiz........ | 57 | Chief Executive Officer | 1989 |
| Mr. Rodrigo Galán Gallardo............... | 67 | Deputy Chief Executive Officer and Deputy Head-Chief of Human Resources Officer | 1995 |
| Mr. Jesús Sierra Ramírez.................... | 53 | General Secretary | 1993 |
| Mr. José Ignacio Oto Ribate............... | 58 | General Deputy Head-Chief Branch Network Officer | 1990 |
| Mr. Antonio Martínez Martínez ......... | 49 | General Deputy Head-Chief Financial Officer | 2001 |
| Ms. María Raquel Martínez Cabañero | 50 | General Deputy Head-Chief Credit Risk Officer | 1997 |
| Mr. José Palma Serrano...................... | 53 | Chief Resources, Operations and Technology Officer | 1994 |
| Ms. Ana Jesús Sangrós Orden............ | 55 | Deputy Head-Chief of Control Officer | 1994 |
| Mr. Ignacio Torre Solá....................... | 43 | Chief Marketing Officer and Digital Strategy | 2007 |
| Mr. Luis Miguel Carrasco .................. | 50 | Deputy General Manager and Head of Financial Group | 2013 |
| Ms. María Teresa Fernández Fortún... | 56 | General Deputy Head-Business Banking Officer | 1991 |
| Mr. Ángel Serrano Villavieja ............. | 49 | General Deputy Head-Chief Audit Officer | 2008 |

All members of the Bank's senior management team designate the registered address of the Bank as their professional address for the purposes of this Registration Document.

The table below sets forth the names of those members of the Bank's senior management team with activities performed outside the Bank or companies or members of the Group as of the date of this Registration Document that are significant with respect to the Bank:

| Senior management member | Entity | Sector | Position/ Title | In office |
|---|---|---|---|---|
| Mr. Víctor Manuel Iglesias Ruiz.... | See "— *Board of Directors*" above | | | |

| Senior management member | Entity | Sector | Position/ Title | In office |
|---|---|---|---|---|
| Mr. Jesús Sierra Ramírez................ | Ibercaja Gestión (Group company) | Financial | Director | Yes |
| | Ibercaja Vida (Group company) | Insurance | Director | Yes |
| | Aramón Montañas de Aragón, S.A. | Financial | Director | Yes |
| Mr. Luis Miguel Carrasco Miguel.. | Cerro Murillo (Group company) | Real Estate | Chairman | Yes |
| | Residencial Murillo (Group company) | Real Estate | Chairman | Yes |
| | Inmobinsa, Inversiones Inmobiliarias, S.A. (Group company) | Real Estate | Chairman | Yes |
| | Ibercaja Gestión (Group company) | Financial | Chairman | Yes |
| | Ibercaja Leasing (Group company) | Financial | Director | Yes |
| | Ibercaja Mediación (Group company) | Insurance | Director | Yes |
| | Ibercaja Vida (Group company) | Insurance | Director | Yes |
| | Ibercaja Pensión (Group company) | Financial | Chairman | Yes |
| | Ibercaja Global International SICAV (Group Company) | Financial | Director | Yes |
| Mr. José Ignacio Oto Ribate........... | Ibercaja Gestión (Group company) | Financial | Director | Yes |
| | Ibercaja Leasing (Group company) | Financial | Director | Yes |
| | Ibercaja Mediación (Group company) | Insurance | Director | Yes |
| | Ibercaja Vida (Group company) | Insurance | Director | Yes |
| | Ibercaja Pensión (Group company) | Financial | Director | Yes |
| | Aramón Montañas de Aragón, S.A. | Financial | Director | Yes |
| | Formigal, S.A.U. | Logistics | Director | Yes |
| | Nieve de Teruel, S.A. | Transportation | Director | Yes |
| | Henneo Media, S.A. | Media | Director | Yes |
| Mr. Antonio Martínez Martínez ..... | Ibercaja Cajaragón, S.A.U. | Financial | Director | Yes |
| | Ibercaja Vida (Group company) | Insurance | Director | Yes |
| Ms. María Raquel Martínez Cabañero ..................................... | Ibercaja Leasing (Group company) | Financial | Chairwoman | Yes |
| | Ibercaja Pensión (Group company) | Financial | Director | Yes |
| Mr. José Palma Serrano.................. | Ibercaja Gestión (Group company) | Financial | Director | Yes |
| | Ibercaja Leasing (Group company) | Financial | Director | Yes |
| | Ibercaja Vida (Group company) | Insurance | Director | Yes |
| | Servicios a Distancia IBD, S.L. (Group company) | Administrative | Director | Yes |
| | Mastercajas, S.A. | | Director | Yes |
| | Hiberus Tecnologías de la Información, S.L. | Media | Director | Yes |

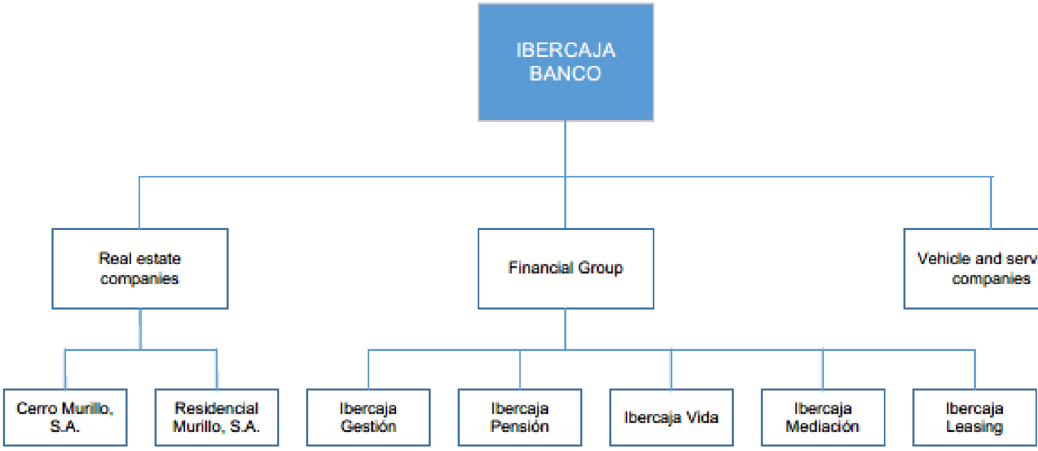
| Senior management member | Entity | Sector | Position/ Title | In office |
|---|---|---|---|---|
| | Publicaciones y Ediciones del alto Aragón, S.A. | Media | Director | Yes |
| Ms. María Teresa Fernández Fortún | Ibercaja Gestión (Group company) | Financial | Director | Yes |
| | Ibercaja Pensión (Group company) | Financial | Director | Yes |
| | Ibercaja Leasing (Group company) | Financial | Director | Yes |
| Mr. Ignacio Torre Solá | Ibercaja Mediación (Group company) | Insurance | Director | Yes |
| | Ibercaja Connect (Group company) | Financial | Director | Yes |
| | Ibercaja Gestión (Group company) | Financial | Director | Yes |
| | Ibercaja Leasing (Group company) | Financial | Director | Yes |
| | Ibercaja Pensión (Group company) | Finance | Director | Yes |
| Mr. Rodrigo Galán Gallardo | Ibercaja Gestión (Group company) | Financial | Director | Yes |
| | Ibercaja Leasing (Group company) | Financial | Director | Yes |
| | Ibercaja Mediación (Group company) | Insurance | Chairman | Yes |
| | Ibercaja Pensión (Group company) | Finance | Director | Yes |
| | Ibercaja Vida (Group company) | Insurance | Chairman | Yes |
| Ms. Ana Jesús Sangrós Orden | Ibercaja Mediación (Group company) | Insurance | Director | Yes |
| | Ibercaja Gestión (Group company) | Finance | Director | Yes |
| | Ibercaja Pensión (Group company) | Financial | Director | Yes |
| | Ibercaja Vida (Group company) | Insurance | Director | Yes |

### *Conflicts of interest*

As of the date of this Registration Document, there are no potential conflicts of interest in relation to members of the Board of Directors or to members of the Bank's senior management between any duties owed to the Bank and their private interests and other duties.

### Organisational structure

The Bank is the parent company of a consolidated group of credit institutions comprising various companies as dependent, associated and multi-group entities, pursuant to Bank of Spain Circular 4/2017, as amended. Following is an organisation chart of the Group as of the date of this Registration Document.




As of 31 December 2022, the Group had 13 fully consolidated subsidiaries (entities over which the Bank has control, due to direct or indirect ownership of more than 50% of the relevant entity's voting rights or, if the percentage of ownership is lower than 50%, because the Bank is party to agreements with other shareholders of the relevant entity that give the Bank the majority of voting power), 1 jointly-controlled entities (entities which, without being dependent, are under contractual agreements of joint control, whereby decisions on the relevant activities are taken unanimously by the entities that share the control and are entitled to their net assets) and 12 associates (entities over which the Bank exercises significant influence but which are neither subsidiaries nor jointly-controlled entities). All of the Bank's subsidiaries, jointly-controlled entities and associates are incorporated in Spain.

## Major shareholders

The following table shows the existing shareholders of the Bank as of the date of this Registration Document:

| Name of Shareholder | Ownership (voting rights) | |
|---|---|---|
| | Number of shares | % total[1] |
| The Ibercaja Foundation | 188,782,056 | 88.04 |
| Fundación Inmaculada de Aragón | 10,142,425 | 4.73 |
| Fundación Caja Badajoz | 8,362,676 | 3.90 |
| Fundación Círculo de Burgos | 7,140,439 | 3.33 |
| **Total** | **214,427,597** | **100** |

*Notes:—*

(1) Rounded.

In order to avoid the potential conflict of interests between Ibercaja Banco and the majority shareholder, the governing body (*Patronato*) of the Ibercaja Foundation approved the Ibercaja Foundation Protocol (*Protocolo de gestión de la participación financiera de la Fundación Bancaria Ibercaja en Ibercaja Banco*) in accordance with the provisions of Law 26/2013, of 27 December, on savings banks and banking foundations (*Ley 26/2013, de 27 de diciembre, de Cajas de Ahorros y Fundaciones Bancarias*) in December 2014. The Ibercaja Foundation's Protocol was amended on 25 April 2019 and approved by the Bank of Spain and it is available at the Issuer's website (www.ibercaja.com) and at Ibercaja Foundation's website (www.fundacionibercaja.es).

The Ibercaja Foundation's Protocol establishes the procedures to avoid potential conflicts of interests as a result of the majority stake held by the Ibercaja Foundation in the share capital of Ibercaja Banco and the criteria to appoint the members of the Board of Directors of Ibercaja Banco.

## Credit rating

As of the date of this Registration Document, the Bank's ratings and outlook are as follows:

| Agency[1] | Long-term | Short-term | Outlook | Date of latest rating |
|---|---|---|---|---|
| Moody's | Baa3 | NP | Positive | 22 December 2022 |
| S&P | BBB- | BBB+ | Stable | 25 November 2022 |
| Fitch | BBB- | F3 | Stable | 13 July 2022 |

*Notes:—*

(1) Each of Moody's, S&P and Fitch is registered under the CRA Regulation. As such, each of Moody's, S&P and Fitch is included in the latest update of the list of registered credit rating agencies (as of 31 January 2022) on the ESMA website in accordance with the CRA Regulation.

## Legal and arbitration proceedings

The Group has been and is involved in disputes and litigation related to its business. The material legal proceedings outstanding in which the Group is involved as of the date of this Registration Document are summarised below. An outcome adverse to the Group in any of these proceedings, or proceedings involving other financial institutions, but which affect the Bank, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### *Claims relating to floor clauses in mortgage agreements with consumers*

The Bank has not marketed any mortgage loan agreements containing "floor clauses" (clauses that set minimum interest rates payable by borrowers, whereby the borrower agrees to pay a minimum interest rate to the lender regardless of the applicable benchmark rate). However, as a result of acquiring Banco Caja3 in July 2013, the portfolio includes certain mortgage agreements containing floor clauses, which represented approximately 8% of the Bank's total mortgage agreements by outstanding amount at the time of acquisition.

*General overview*

In Spain, borrowers have challenged the legal validity of floor clauses in mortgage loan agreements in recent years on various grounds. Spanish courts have rendered various judgments declaring certain floor clauses to be invalid on the basis of lack of transparency at the time such mortgages loans were sold to customers or other reasons.

The Spanish Supreme Court (its first decision on the validity of certain floor clauses on 9 May 2013) has established the criteria to determine which clauses were unfair from a legal standpoint due to the lack of transparency and held that if a floor clause was declared null and void by a valid court order, for lack of transparency or any other reason, the difference between the interest paid under such floor clause and the interest that would have otherwise been payable without such clause, must be reimbursed by the relevant financial institution to the borrower for the period beginning on the date of publication of the Spanish Supreme Court judgment dated 9 May 2013. However, on 21 December 2016, the CJEU declared that the limitation on retroactive application imposed by the Spanish Supreme Court criteria is incompatible with the Directive 93/13 and upheld full retroactive reimbursement in relation to floor clauses.

On 20 January 2017, the Spanish government approved Royal Decree-Law 1/2017, which encourages out-of-court settlements between financial institutions and those borrowers affected by such floor clauses, with the aim of avoiding overloading the Spanish courts with these claims. Financial institutions and consumers are not obliged to reach an agreement and, therefore, affected consumers still have the right to sue financial institutions, including the Bank. Pursuant to Royal Decree-Law 1/2017, since February 2017, the Group's Customer Care Service has also been responsible for resolving claims regarding floor clauses within the framework of Royal

Decree Law 1/2017, through the Interest Rate Floor Clauses Claims Service (SERS). This service is voluntary for consumers and compulsory for Ibercaja Banco, and consumers who do not use this procedure and go to court are not entitled to legal costs if the Bank agrees to their claims before the response to the lawsuit. In 2022, a total of 668 complaints were handled by this customer care service, about 39% of which were favourable. The average time taken to resolve complaints and claims in 2022 was around 26 days, which is within the current regulations, as the Royal Decree stipulates 90 days as the maximum period for replying.

On 12 December 2019, the Spanish Supreme Court issued a ruling declaring that the completion or termination of a mortgage agreement containing floor clauses does not prevent a consumer from challenging the validity of the floor clause and claiming the reimbursement of the amounts paid under such floor clauses.

On 5 November 2020 the Spanish Supreme Court determined that an agreement between a lender and a consumer whereby the consumer accepts an amendment to the floor clause and waives his right to claim against the lender is valid provided that the consumer was duly informed about the amendment and that such waiver only covers claims relating to the floor clause (and therefore does not extend to claims other than those relating to the floor clause). Therefore, the Spanish Supreme Court ruled that the provisions which modified the original floor clause were valid but those provisions which established a general waiver of rights to claim by the customer were void. As a result, since this resolution from the Spanish Supreme Court (a) entities were obliged to reimburse customers with the amounts paid under the rate of the floor clauses from the beginning of the original agreement until the amendment and (b) the new floor clauses which were introduced by virtue of the settlement agreements were considered valid and in place since the date of the relevant settlement agreement.

*Situation of Ibercaja*

As of 31 December 2022 out of the approximately €895 million of the outstanding principal amount of the Bank's 17,691 outstanding mortgage loans containing floor clauses:

- €836 million corresponded to 15,394 mortgage loans amended in negotiated settlements (out of which the Bank has reduced the floor clause of 8,996 mortgage loans amounting to €500 million and deleted the floor clause from 6,398 mortgage loans amounting to €336 million), and
- €59 million corresponded to 2,297 mortgage loans containing floor clauses which have not been subject to negotiated settlements and which were still claimable as of such date.

With respect to the status of the abovementioned outstanding principal amount of the Bank's outstanding mortgage loans containing floor clauses, as of 31 December 2022:

- €173 million corresponded to 2,946 mortgage loans with respect of which claims had been submitted to the Bank's customer service department and were rejected by the Bank taking into consideration the applicable regulations and court criteria in force at the relevant time and which have not been challenged before Spanish courts,
- €116 million corresponded to 2,953 mortgage loans in respect of which claims had been accepted by the Bank's customer service and are pending settlement with customers,
- €110 million corresponded to 1,828 mortgage loans in respect of which claims have been challenged before Spanish courts and are subject to the Spanish courts decision,
- €165 millon corresponded to 2,615 mortgage loans in respect of which claims have been challenged before Spanish courts and the Bank and the customer have reached an agreement or the Bank has received a firm resolution from the court, and
- €271 million corresponded to 5,052 mortgage loans in respect of which no claim or lawsuit has been filed.

Only 9.77% of the rejection decisions delivered by the Bank in the past year have been challenged and are subject to the Spanish courts which are expected to rule based on the Spanish Supreme Court's criteria at the relevant time.

With respect to the status of the outstanding claims before the Spanish courts (irrespective of whether the related mortgage loan is outstanding or not), up to 31 December 2022, Spanish courts had issued:

- 437 non-final decisions which have been appealed before the courts of appeal, out of which 363 claims are related to mortgage loans subject to negotiated settlements, and
- 1,146 non-final decisions from the courts of appeal which have been appealed before the Spanish Supreme Court, out of which 829 judicial non-final decisions were not favourable to us and appealed by us. The Bank expects that these 829 appeals, as well as the 363 lawsuits related to mortgage loans subject to negotiated settlements that are outstanding, will be partially favourable to the Bank given the Spanish Supreme Court criteria.

Since Ibercaja Banco was first involved in claims related to the application of floor clauses in 2016 until 31 December 2022, it has made disbursements amounting to €96.0 million in relation to this matter. As of 31 December 2022, the Bank's provisions related to this matter amounted to €9,862 million, which cover its estimate of the risk from outstanding and potential claims arising from non-amended and amended loans. In this regard, during 2022 Ibercaja Banco made a provision of €8,501 thousand after having performed a new analysis of the recent rulings in order to cover the claims expected in the future in relation to this contingency. The Bank believes its provisions are sufficient to cover this risk on floor clause litigation.

The quantification of actual losses recorded in the loss database in 2022 shows that the total annual amount of losses (net of direct and insurance recoveries) for operational risk events amounted to €26,561 thousand corresponding to 11,535 events, of which 1,037 events for €14,141 thousand derived from losses related to floor clauses (which were related to interest repayments of €11,560 thousand and legal costs of €2,581 thousand).

### *Claims arising from the alleged violation of article 1.2 of the abolished Law 57/68*

The Bank is subject to claims for alleged violations of Article 1.2 of the abolished Law 57/1968, on the receipt of sums prior to the construction and sale of properties (*Ley 57/1968, de 27 de julio, sobre percibo de cantidades anticipadas en la construcción y venta de viviendas*). That article required credit institutions that opened bank accounts for housing developers to deposit sums on account paid by purchasers of housing under development to confirm that those amounts were secured by a bank guarantee or a surety insurance. The intent of the article was to ensure that property buyers would be refunded in the event that the development failed.

As of 31 December 2022, the Bank had 194 legal proceedings ongoing related to these types of claims from purchasers with no bank guarantee, seeking a total of €12,367 million from the Bank, of which the Bank has already paid €8,384 million.

As of 31 December 2022, the Bank had provisions amounting to €3,468 thousand in relation to these claims, which it believes are sufficient to cover the legal risk. The Bank expects that any new claims filed from January 2021 will be expired due to the change in the prescription period from 15 years to 5 years.

### *Claims relating to the invalidity of clauses related to expenses contained in mortgage agreements with consumers*

The Bank is currently subject to claims arising from the initial declaration by the Spanish courts that clauses contained in certain mortgage agreements entered into with consumers related opening fees (*comisión de apertura*) taxes and expenses are invalid due to unfair terms.

In its ruling dated 23 January 2019, the Spanish Supreme Court declared the clauses relating to opening fees valid, as it considered that these fees are part of the price paid for a service provided by the relevant bank. Therefore, such fees are considered a key element of the agreement which is not subject to the transparency test. In relation to taxes and expenses, the Spanish Supreme Court declared that stamp duty taxes (*actos jurídicos documentados*) must be borne by the borrower, registration fees must be borne by the bank and the notary's fees and management fees (*honorarios de la gestoría*) must be divided between the bank and the borrower.

On 16 July 2020, the CJEU issued a new ruling on this matter establishing that, in principle, a contractual clause which is declared unfair is null and void and thus has never existed, and national courts shall apply the provisions of national law which regulate the allocation of expenses. The CJEU states that if these provisions result in the borrower being liable for all or part of these expenses, neither Article 6(1) nor Article 7(1) of Directive 93/13 precludes the consumer from not being reimbursed for the costs that such customer had to bear.

Contrary to the Spanish Supreme Court's criteria, in relation to opening fees, in its ruling of 16 July 2020, the CJEU stated that opening fees are not a key element of a mortgage loan agreement and therefore should be subject to the transparency requirements. In the Bank's view, this ruling should not change the Spanish Supreme Court's criteria in relation to opening fees given that such fees are the price paid for a service provided by the bank and they are negotiated in a transparent manner being the customer at all times aware of the economic consequences of such fees. In this regard, the Spanish Supreme Court presented a new preliminary ruling to the CJEU to clarify if the Supreme Court's criteria was against Directive 93/13. The CJEU resolved this preliminary proceedings on 16 March 2023 confirming that opening fees should be subject to the transparency requirements as they are not a key element of a mortgage loan agreement and that the abusive nature of such fees could not be ruled merely because the opening fee corresponds to those inherent services derived from the granting of a mortgage loan. After this decision, the Spanish Supreme Court will have to establish the specific criteria to determine if the transparency requirements are met in each specific case and the abusive nature of the opening fee. As of the date of this Registration Document, the Spanish Supreme Court's resolution on this matter has not been issued yet.

For mortgage agreements entered into after 16 June 2019, Spanish Act 5/2019, of 15 March, on regulation of real estate loans (*Ley 5/2019, de 15 de marzo, reguladora de los contratos de crédito inmobiliario*) (the "**Real Estate Loans Law**"), which entered into force on 16 June 2019, has set out the distribution of the expenses between borrower and lender.

Notwithstanding the above, before the Real Estate Loans Law was passed, there was no legal provision regulating management costs. The Spanish Supreme Court ruling of 26 October 2020, followed the CJEU's ruling of 16 July 2020 stating that "*in the absence of a national rule which applies in case there is a lack of an agreement negotiated among the parties imposing on the borrower the payment of all or part of those expenses, the borrower could not be denied the return of the amounts paid under the clause that has been declared unfair*" and imposing the agency fees on the lender. The Spanish Supreme Court ruling of 27 January 2021, confirmed this position and also applied this conclusion to the appraisal costs (but only when the Real Estate Loans Law is not applicable, because if it applied, it would allocate appraisal costs to the borrower).

As of 31 December 2022, the Bank had received a total of 15,439 claims in connection with these clauses, of which 1,817 are still outstanding as of the date of this Registration Document. The average cost of one of these claims, based on historical proceedings, is of approximately €855.

As of 31 December 2022, the Bank had provisions amounting to €5,385 thousand in relation to these claims, which it believes are sufficient to cover this risk.

### *Claim relating to IRPH*

A preliminary ruling was filed on 16 February 2018 before the CJEU that challenges the validity, due to alleged lack of transparency, of mortgage agreements subject to the mortgage benchmark rate in Spain (*Indice de Referencia de Préstamos Hipotecarios*, "**IRPH**").

The subject of the debate was the transparency test set forth in Article 4.2 of Directive 93/13 applicable when the borrower is a consumer. Since the IRPH is related to the price of the contract and it falls within the definition of the essential subject matter of the contract, it must be drafted in plain, intelligible language, so that the consumer is in a position to evaluate, on the basis of clear, intelligible criteria, what the economic consequences derived from such contract are for him.

This preliminary ruling was filed by a Court of First Instance and Investigation several months after the Spanish Supreme Court, on 14 December 2017, established the legality of these contracts.

The Bank considers that compliance with the transparency test under Directive 93/13 should not be questioned because (i) the Spanish Supreme Court declared the validity of these contracts on 14 December 2017; (ii) the IRPH is an official benchmark rate published and managed by the Bank of Spain, (iii) there is jurisprudence (*jurisprudencia*) of the CJEU that confirms the transparency of contracts referenced to other official benchmark rates, and there is an APR indicator (annual percentage rate or "TAE" in Spain), that must be mandatorily communicated to consumers, and that allows for the comprehension of the economic burden and the comparison of different mortgage offers, whatever the benchmark rate index applied is.

On 10 September 2019, the advocate general of the CJEU issued its opinion in relation to this matter, according to which (i) Directive 93/13 is applicable to the use of IRPH and (ii) the national judge should be the competent authority to monitor the transparency of the disputed clause and verify, taking into account the set of circumstances that surrounded the signing of the contract at the time it was executed, (a) whether the contract sets out the method for calculating the interest rate transparently, so that the consumer was in a position to evaluate, based on precise, intelligible criteria, the economic consequences that the contract would have for him/her and (b) whether the contract meets all the information requirements provided by the national regulations.

The Advocate General's Opinion did not consider the IRPH or the clause which incorporates it in the relevant loan agreements to be, per se, abusive or null.

On 3 March 2020, the CJEU resolved the aforementioned preliminary ruling and ruled that national courts must verify the transparency of IRPH interest rate clauses in mortgage loan agreements, stating that IRPH interest rate clauses are deemed to be transparent if they are couched in a manner that is understandable to a reasonably observant and circumspect consumer and have been reported in accordance with national law. The CJEU also stated that in the event that the national court concludes that the clause is void because of lack of transparency, it is possible for the national court to replace the original index with a legal index in the absence of an agreement to the contrary by the parties to the contract, provided that the mortgage loan contract could not survive if the unfair term was removed and that the annulment of the contract in its entirety would leave the consumer exposed to particularly harmful consequences.

After this ruling, various Spanish regional courts have maintained different criteria. Several courts considered interest rate clauses including IRPH to be transparent and, therefore, not abusive, and others, conversely, considered them to be non-transparent, declaring such clauses as abusive, replacing the IRPH with the Euribor or with the credit institution's IRPH.

In November 2020, the Spanish Supreme Court issued five rulings related to the IRPH. In four of such cases, the Spanish Supreme Court ruled in favour of the credit institutions concluding that, although the IRPH clause is not transparent because the customer was not informed of the past performance of the index, such clause is to be deemed non-abusive for the following reasons: (i) IRPH clauses may not be easily rigged in favour of the lender (in fact, IRPH is controlled by the public administration, whereas Euribor is calculated by a private entity), (ii) a significant imbalance to the consumer's detriment cannot be derived from the mere evolution of the index during the duration of the loan, even if unfavourable to the consumer, and (iii) the use of an official index does not contravene the good faith principle.

Thus, following the last rulings by the Spanish Supreme Court, as of the date of this Registration Document, the Bank believes that the risk of the application of the IRPH being declared abusive is lower than in the past and is limited to potential decisions by certain Spanish courts at a lower level. However, these rulings have been controversial and certain courts at a lower level have instead decided not to follow the Spanish Supreme Court case law, declaring the IRPH clause void and replacing it with Euribor and ordering the restitution of the amounts paid in excess after such replacement. In addition, other Spanish regional courts have presented questions to the CJEU for a preliminary ruling on whether the latest rulings issued by the Supreme Court regarding IRPH contravene European law. On 17 November 2021 the CJEU resolved one of these preliminary rulings in line with the rulings of the Spanish Supreme Court of November 2020. In its decision, the CJEU upheld the validity of mortgages indexed to IRPH and clarified that credit entities are not obliged to include a complete definition of the index into the contract or to deliver a brochure that reflects the previous evolution of that index as these aspects are made public officially. On 28 January 2022, the Spanish Supreme Court delivered its first rulings after the CJEU decision of November 2021 confirming the criteria established in its rulings of November 2020. In addition, the Spanish Supreme Court declared in its decision of 15 February 2022 that consumers should not pay the costs if they had withdrawn their appeals after the CJEU decision of November 2021. In March 2023, the CJEU issued a new ruling in connection with the IRPH confirming its previous criteria.

*Situation of Ibercaja*

As of 31 December 2022, the Bank had 1,387 mortgage loan agreements with individuals indexed to the IRPH for an original principal amount of €76 million (which represented less than 0.1% of the gross loan portfolio as of the same date), of which €15 million was outstanding (which represented 0.1% of the Bank's gross loans and advances to customers for housing (€18,043 million)).

As of 31 December 2022, the Bank only had 48 claims from borrowers requesting the nullity of mortgage loan agreements indexed to the IRPH, 31 of which have ended with a favourable resolution for Ibercaja Banco, 16 are still in process and one has ended with an unfavourable resolution for Ibercaja Banco but without economic impact. Therefore, the Company believes that its exposure to mortgage agreements indexed to IRPH with individuals is low. The Bank has not made any provisions relating to this matter.

### *The Bandenia case*

In July 2015 the Court of Investigation of the Spanish National Court agreed to open an investigation in relation to the activity carried out by Caixabank, Ibercaja Banco and ING Bank (the "**Spanish Entities**") in connection with Bandenia Banca Privada PLC and Bandenia Banca Privada Sucursal en España (collectively, "**Bandenia**") in order to determine if the Spanish Entities had assisted Bandenia in the implementation of fraudulent and money laundering transactions through the accounts that Bandenia had opened with the Spanish Entities. The volume of transactions that are being investigated which may have been conducted through accounts opened with Ibercaja Banco amounts to between €1.9 and €3 million out of a total of, approximately, €20 million.

After having carried out an internal investigation and having commissioned an external third party to carry out a forensic report, the Bank believes that it complied with its due diligence obligations and, based on the information on customers and operations that it was reasonable to obtain during that period of time (from May 2012 to June 2013), the Bank did not detect any indications that the activity conducted by Bandenia through Ibercaja could be related to money laundering.

On 10 April 2023 the Spanish National Court determined the provisional dismissal of the proceedings arguing that the perpetration of any crime has not been duly justified. Although this resolution is not final, the Company believes that a potential appeal by the prosecutor office has little chance of succeeding taking into considetarion recent resolutions from the Spanish National Court.

The Bank believes it has complied with its obligations as a regulated entity and as of the dates and for the periods to which the facts refer, it adopted due diligence measures in compliance with anti-money laundering and terrorist financing regulations. Based on the foregoing, as of the date of this Registration Document, no provision has been made in relation to this matter.

***Sanctioning proceedings relating to "TAE"***

In December 2020, the Bank of Spain initiated disciplinary proceedings against Ibercaja Banco in connection with certain miscalculations in the applicable Annual Percentage Rate charge ("*TAE*") ("**APR**") to certain mortgage transactions executed between 2015 and the end of 2017.

On 18 December 2021, the Bank of Spain agreed to terminate the disciplinary proceedings after the Bank had acknowledged its responsibility and paid a fine of €1,080,000 in 2020, after having applied the bonus for prompt payment to the initial proposed fine of €1,800,000.

Separately, in September 2020, the Bank of Spain initiated disciplinary proceedings regarding compliance with the reporting obligations to the Bank of Spain regarding statistical information in connection with the APR for the period between November 2019 and January 2020. The Bank of Spain considered that while the APR reported to customers was correct, the calculation of the APR reported to the Bank of Spain did not comply with the former Circular 8/1990 of the Bank of Spain which is no longer in place. In this regard, in February 2022, Ibercaja Banco was notified of the proposed resolution regarding such disciplinary proceedings which consisted on a fine amounting to €5,000,000 due to the inaccurate submission of the information to be reported to the Bank of Spain. The Company has appealled this resolution before the Spanish National Court. As of 31 December 2022 the Company had recorded a provision of €21,000 relating to this matter.

## Alternative Performance Measures

The following discussion sets out information related to certain non-IFRS financial measures of the Group, which the Group regards as alternative performance measures ("**APMs**") for the purposes of Commission Delegated Regulation (EU) 2019/979 and as defined in the ESMA Guidelines on Alternative Performance Measures dated 5 October 2015.

The Group uses APMs, which are financial measures derived from (or based on) the Group's accounting records, to evaluate period to period changes that are not required by, or presented in accordance with, IFRS-EU. Many of these APMs are based on the Group's internal estimates, assumptions and calculations. These APMs are not measures of the Group's financial performance under IFRS-EU, are not audited or reviewed and should not be considered as an alternative to any balance sheet, income statement or cash flow statement item.

The Group has included these APMs because they are used by management to evaluate its performance and because the Group believes these APMs will assist securities analysts, investors and other interested parties in having a better understanding of the Group's financial condition and results of operations. These APMs are commonly reported by financial institutions, as they capture information that is not immediately apparent from the IFRS-EU framework. Further, they may be helpful for the in-depth analysis of the performance of the highly regulated and specialized sector in which the Bank operates, and should allow securities analysts, investors and other interested parties to compare the Group's performance with that of the Group's peers more effectively.

These APMs have limitations as analytical tools and should not be considered in isolation from, or as a substitute for analysis of, the Group's financial condition or results of operations as reported under IFRS-EU.

Other companies in the Bank's industry may calculate similarly titled measures differently than the Bank does, such that disclosure of similarly titled measures by other companies may not be comparable with the Group's ones. APMs should be reviewed in conjunction with the Annual Accounts and their respective accompanying notes included in this Registration Document and the related discussion thereof set forth in this Registration Document.

The Group considers that the APMs contained in this Registration Document comply with the ESMA Guidelines.

The Group segments certain APMs by market based on the location of the branch through which the Group manages the commercial relationship with each of its clients.

Below is included an index to the APMs:

| **Name** | **Category** | **Number** |
|---|---|---|
| Asset management and insurance | APMs related to business volume | 33 |
| Available liquidity | APMs related to liquidity | 43 |
| Available liquidity to total assets | APMs related to liquidity | 45 |
| Cost-to-income ratio | APMs related to profitability | 11 |
| Cost of risk | APMs related to asset quality | 21 |
| Coverage ratio of distressed assets | APMs related to asset quality | 29 |
| Coverage of non-performing exposures | APMs related to asset quality | 23 |
| Coverage of non-performing exposures by sector | APMs related to asset quality | 24 |
| Coverage of non-performing exposures ratio | APMs related to asset quality | 25 |
| Coverage of non-performing exposures ratio by sector | APMs related to asset quality | 26 |
| Customer spread | APMs related to profitability | 6 |
| Density of RWAs | APMs related to solvency | 15 |
| Distressed asset provisions | APMs related to asset quality | 28 |
| Distressed asset ratio | APMs related to asset quality | 20 |
| Distressed Assets | APMs related to asset quality | 16 |
| External funding | APMs related to business volume | 35 |
| Gross loans and advances to customers | APMs related to business volume | 36 |
| Loan portfolio by stages | APMs related to asset quality | 22 |
| LTD ratio | APMs related to liquidity | 42 |
| LTV ratio | APMs related to asset quality | 31 |
| Net Distressed Assets | APMs related to asset quality | 30 |
| Net fees and commissions and exchange differences | APMs related to the income statement | 2 |

| | | |
|---|---|---|
| Net fees and commissions and exchange differences over average total assets | APMs related to profitability | 9 |
| Net fees and commissions and exchange differences over recurrent revenues | APMs related to profitability | 10 |
| Net interest income over gross income | APMs related to profitability | 8 |
| Net interest margin | APMs related to profitability | 7 |
| Net loans and advances to customers | APMs related to business volume | 36 |
| Net loans and advances to customers over total assets | APMs related to business volume | 37 |
| Net NPLs by sector | APMs related to asset quality | 27 |
| NPLs by sector | APMs related to asset quality | 18 |
| Operating expenses | APMs related to the income statement | 3 |
| Performing loans excluding reverse repurchase agreements | APMs related to business volume | 38 |
| Profit/(Loss) before write downs | APMs related to the income statement | 5 |
| Ratio of non-performing loans and advances to customers | APMs related to asset quality | 17 |
| Ratio of non-performing loans and advances to customers APM by sector | APMs related to asset quality | 19 |
| Recurrent revenues | APMs related to the income statement | 1 |
| Recurring cost-to-income ratio | APMs related to profitability | 12 |
| Recurring operating expenses | APMs related to the income statement | 4 |
| Retail business volume | APMs related to business volume | 39 |
| Retail deposits | APMs related to business volume | 32 |
| ROA | APMs related to profitability | 13 |
| ROTE | APMs related to profitability | 14 |
| Total available liquidity | APMs related to liquidity | 44 |
| Total exposure of the fixed income and equity instruments portfolio | APMs related to business volume | 40 |
| Total exposure of the fixed income and equity instruments portfolio over total assets | APMs related to business volume | 41 |
| Total retail funds | APMs related to business volume | 34 |

The following list includes the definition, calculation and relevance of the Group's APMs:

***APMs related to the income statement***

**1. Recurrent revenues**APM:

Definition: Interest margin plus net fees and commissions and exchange differencesAPM (as defined and calculated below).

Relevance: The Group uses this APM to measure the evolution of the Group's revenues that are directly linked to its business activities (banking business, asset management and bancassurance).

| | For the year ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | (*€ thousands*) | |
| (+) Net interest income[(1)] | 558,244 | 492,826 |
| (+) Net fees and commissions and exchange differences[APM] | 438,065 | 438,543 |
| **Recurrent revenues[APM]** | **996,309** | **931,369** |

*Notes*:—

(1) Source: Consolidated income statement in the Annual Accounts.

The following table shows the breakdown of recurrent revenues[APM] by products:

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | (*€ thousands, except %*) | | | |
| Banking products | 594,818 | 59.70% | 533,198 | 57.25% |
| *of which leasing and renting* (a) | *12,453* | *1.25%* | *11,633* | *1.25%* |
| Assets under management and bancassurance (b) | 401,491 | 40.30% | 398,171 | 42.75% |
| *Mutual funds* | *188,456* | *18.92%* | *203,057* | *21.80%* |
| *Long term savings* | *107,609* | *10.80%* | *94,377* | *10.13%* |
| *Pension funds* | *42,365* | *4.25%* | *42,595* | *4.57%* |
| *Life savings insurance products* | *65,245* | *6.55%* | *51,782* | *5.56%* |
| *Risk insurance* | *105,426* | *10.58%* | *100,737* | *10.82%* |
| **Recurrent revenues[APM]** | **996,309** | **100.00%** | **931,369** | **100.00%** |
| **Recurrent revenues[APM] from Financial Group (a) + (b)** | **413.944** | **41.55%** | **409,804** | **44.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's recurrent revenues[APM] by each type of product commercialized or managed by the Group.

**2. Net fees and commissions and exchange differences[APM]**:

Definition: Aggregation of net fee and commission income and fee and commission expense together with exchange differences.

Relevance: The Group uses this APM to measure the margin obtained through its fees and commissions.

| | For the year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | (*€ thousands*) | |
| (+) Fee and commission income.............................. | 457,575 | 457,495 |
| (-) Fee and commission expense ............................. | 19,236 | 19,509 |
| (+) Net exchange differences................................... | (274) | 557 |
| **Net fees and commissions and exchange differences**[APM]..................................................... | **438,065** | **438,543** |

*Notes*:—

Source: Consolidated income statement in the Annual Accounts.

The following table shows the breakdown of net fees and commissions and exchange differences[APM] by business for the years ended 31 December 2022 and 2021.

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (*€ thousands, except %*) | | | |
| Banking commissions ............................ | 159,962 | 36.52% | 149,618 | 34.12% |
| Non-banking commissions[(1)].................. | 278,103 | 63.48% | 288,925 | 65.88% |
| **Net fees and commissions and exchange differences**[APM]....................... | **438,065** | **100.00%** | **438,543** | **100.00%** |

*Notes:—*

(1) Non-banking commissions are calculated as follows:

| | For the year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | *(€ thousands)* | |
| (+) Non-bank financial product marketing fees[(i)]..... | 257,785 | 254,860 |
| (+) Asset management fees[(ii)].................................. | 26,415 | 41,627 |
| (+) Other fees for marketing of non-banking financial products[(ii)]................................................. | **(6,096)** | (7,562) |
| **Non banking commissions**.................................... | **278,103** | **288,925** |

*Notes:—*

(i) Source: Note 32 to the Annual Accounts.

(ii) Source: Company's internal accounting records.

## 3. Operating expenses[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 4. Recurring operating expenses[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 5. Profit/(Loss) before write-downs[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

***APMs related to profitability***

**6. Customer spread$^{APM}$:**

This APM is defined together with its related reconciliation, under section 11 (Alternative Performance Measures) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

**7. Net interest margin$^{APM}$:**

Definition: Net interest income divided by average total assets.

Relevance: The Group uses this APM as an indicator of its profit margin.

| | | For the year ended 31 December | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | *(€ thousands, except %)* | |
| Numerator | Net interest income(1) | 558,244 | 492,826 |
| Denominator | Average total assets(2) | 58,226,729 | 57,864,629 |
| = | **Net interest margin$^{APM}$** | **0.96%** | **0.85%** |

*Notes:—*

(1) Source: Consolidated income statement in the Annual Accounts.

(2) Calculated as a simple average of the monthly asset balances.

**8. Net interest income over gross income$^{APM}$:**

Definition: Net interest income divided by gross income.

Relevance: The Group uses this APM to measure the contribution of net interest income to its gross income.

| | | For the year ended 31 December | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | *(€ thousands, except %)* | |
| Numerator | Net interest income(1) | 558,244 | 492,826 |
| Denominator | Gross income(1) | 976,589 | 952,260 |
| = | **Net interest income over gross income$^{APM}$** | **57.16%** | **51.75%** |

*Notes:—*

(1) Source: Consolidated income statement in the Annual Accounts.

**9. Net fees and commissions and exchange differences over average total assets$^{APM}$:**

Definition: Net fees and commissions and exchange differences$^{APM}$ (as defined and calculated above) divided by average total assets.

Relevance: The Group uses this APM to measure the contribution of fee and commission income to its profitability.

| | | For the year ended December 31, | |
|---|---|---|---|
| | | 2022 | 2021 |
| | | (*€ thousands, except %*) | |
| Numerator | Net fees and commissions and exchange differences[APM] .......... | 438,065 | 438,543 |
| Denominator | Average total assets[(1)] ............... | 58,226,729 | 57,864,629 |
| = | **Net fees and commissions and exchange differences over average total assets[APM]** ........... | **0.75%** | **0.76%** |

*Notes:—*

(1) Calculated as the arithmetic average of the average monthly balances.

## 10. Net fees and commissions and exchange differences over recurrent revenues[APM]:

Definition: Net fees and commissions and exchange differences[APM] divided by recurrent revenues[APM] (each as defined and calculated above).

Relevance: The Group uses this APM to measure the contribution of its net fee income to its recurrent revenues[APM].

| | | For the year ended 31 December | |
|---|---|---|---|
| | | 2022 | 2021 |
| | | (*€ thousands, except %*) | |
| Numerator | Net fees and commissions and exchange differences[APM].......... | 438,065 | 438,543 |
| Denominator | Recurrent revenues[APM] ............ | 996,309 | 931,369 |
| = | **Net fees and commissions and exchange differences over recurrent revenues[APM]**........... | **43.97%** | **47.09%** |

## 11. Cost-to-income ratio[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 12. Recurring cost-to-income ratio[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 13. Return on assets ("ROA[APM]"):

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 14. Return on tangible equity ("ROTE[APM]"):

This APM is defined together with its related reconciliation, under section 11 (Alternative Performance Measures) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

*APMs related to solvency*

### 15. Density of RWAs[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

*APMs related to asset quality*

### 16. Distressed Assets[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

### 17. Ratio of Non-performing loans and advances to customers[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

### 18. NPLs by sector[APM]:

Definition: This APM shows the breakdown of NPLs associated to each sector comprising the Group's loan portfolio.

Relevance: The Group uses this APM to measure the distribution by sector of its credit risk quality.

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands, except %)* | |
| **Loans to businesses** | **241,702** | **344,814** |
| Real estate development | 41,267 | 71,262 |
| Non-real estate activities | 200,436 | 273,552 |
| **Loans to individuals** | **253,705** | **372,475** |
| Housing | 183,955 | 285,361 |
| Consumer loans and other | 69,750 | 87,114 |
| **Public sector and other** | **216** | **332** |
| **Total(1)** | **495,623** | **717,621** |

*Notes:*—Source: This breakdown has been obtained by classifying the Group's NPLs following the Bank of Spain PC9 template for breakdown of loans to customers by activity (*Distribución de los Préstamos a la Clientela por Actividad Consolidado Público*). The definition of loans to customers in this template includes all transactions of this nature regardless of the item in which they are included in the balance sheet. Loans by sector are classified according to their purpose and not according to the debtor's NACE. Loans to businesses include financing to non-financial corporations and individual entrepreneurs (the activity of individual entrepreneurs is considered to be that carried out by individuals in the exercise of their business activities). Loans to individuals are classified based on their purpose according to the criteria defined in rule 69.2e) of Bank of Spain Circular 4/2017, of November 27, to credit institutions, on public and reserved financial reporting standards and financial statement models. Loans to public sector and other includes loans to public sector and financing to financial companies (mainly reverse repurchase agreements).

(1) Source: Note 3.5.4 to the Annual Accounts.

### 19. Ratio of non-performing loans and advances to customers [APM] by sector[APM]:

Definition: Ratio of non-performing loans and advances to customers APM by sector (as defined and calculated above) divided by gross loans and advances to customersAPM by sector (as defined and calculated below).

Relevance: The Group uses this APM to measure the distribution by sector of its credit risk quality.

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | **Ratio of non-performing loans and advances to customersAPM** | |
| | *(€ thousands, except %)* | |
| **Loans to businesses** | **2.81%** | **4.12%** |
| Real estate development | 4.13% | 6.82% |
| Non-real estate activities | 2.64% | 3.74% |
| **Loans to individuals** | **1.28%** | **1.84%** |
| Housing | 1.02% | 1.55% |
| Consumer loans and other | 4.03% | 4.82% |
| **Public sector and other** | **0.01%** | **0.01%** |
| **Total** | **1.58%** | **2.30%** |

*Notes:—*

Source: See NPLs by sectorAPM and Gross loans and advances to customersAPM by sector.

## 20. Distressed asset ratioAPM:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 21. Cost of riskAPM:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 22. Loan portfolio by stagesAPM

Definition: breakdown of outstanding balance and coverage of the loan portfolio and customers by type of credit risk. A transaction is considered to be at Stage 1 (performing) when no significant increase in risk has occurred since its initial recognition. A transaction is considered to be at Stage 2 (performing on special watch) when the risk has significantly increased from the date on which the transaction was initially recognised, but without yet leading to impairment. A transaction is considered to be at Stage 3 (NPL) when it shows effective signs of impairment as a result of one or more events that have already occurred and is expected to result in a loss. Stage 3 loans are also referred to as NPLs.

Relevance: The Group uses this APM to monitor its credit risk quality.

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands)* | |
| *Stage 1* | *29,374,569* | *28,917,988* |

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | *(€ thousands)* | |
| *Stage 2* | *1,476,221* | *1,559,842* |
| *Stage 3* | *495,623* | *717,621* |
| **Gross loans and advances to customers[APM]** | **31,346,410** | **31,195,451** |
| *Stage 1* | *91,956* | *46,049* |
| *Stage 2* | *99,790* | *111,280* |
| *Stage 3* | *254,147* | *383,138* |
| **Coverage of non-performing exposures[APM]** | **445,959** | **540,467** |
| *Stage 1* | *29,282,613* | *28,871,981* |
| *Stage 2* | *1,376,431* | *1,448,562* |
| *Stage 3* | *241,476* | *334,483* |
| **Net loans and advances to customers[APM]** | **30,900,520** | **30,655,026** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's loan portfolio in accordance with the following categories: (i) Stage 1: a transaction is considered to be at Stage 1 (performing) when no significant increase in risk has occurred since its initial recognition. Where applicable, the allowance for losses (or provision) will reflect the expected credit losses resulting from possible defaults during the 12 months following the reporting date, (ii) Stage 2: a transaction is considered to be at Stage 2 (performing on special watch) when the risk has significantly increased from the date on which the transaction was initially recognized, but without yet leading to impairment. In this case, the amount related to the valuation adjustment for losses will reflect the expected losses due to defaults over the residual life of the financial instrument, and (iii) Stage 3: a transaction is considered to be at Stage 3 (NPL) when it shows effective signs of impairment as a result of one or more events that have already occurred and is expected to result in a loss. In this case, the amount related to the allowance for losses shall reflect the expected credit risk losses over the expected residual life of the financial instrument.

The distribution of gross loans and advances to customers[APM] by Stage is as follows:

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | *(%)* | |
| *Stage 1* | *93.71* | *92.70* |
| *Stage 2* | *4.71* | *5.00* |
| *Stage 3* | *1.58* | *2.30* |
| **Gross loans and advances to customers[APM]** | **100.00** | **100.00** |

## 23. Coverage of non-performing exposures[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 24. Coverage of non-performing exposures by sector[APM]:

Definition: This APM shows the breakdown of Coverage of non-performing exposures[APM] associated to each sector comprising the Group's loan portfolio.

Relevance: The Group uses this APM as an indicator of the part of NPLs that is covered with loan-loss provisions by sector.

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | *(€ thousands)* | |
| **Loans to businesses** | **222,474** | **324,018** |
| Real estate construction and development | 33,746 | 51,115 |
| Non-real estate activities | 188,728 | 272,903 |
| **Loans to individuals** | **223,270** | **216,149** |
| Housing | 161,677 | 149,211 |
| Consumer loans and other | 61,593 | 66,938 |
| **Public sector and other** | **215** | **300** |
| **Total** | **445,959** | **540,467** |

*Notes:—*

Source: This breakdown has been obtained by classifying the Group's Coverage of non-performing exposures[APM] following the Bank of Spain PC9 template for breakdown of loans to customers by activity (*Distribución de los Préstamos a la Clientela por Actividad Consolidado Público*). The definition of loans to customers in this template includes all transactions of this nature regardless of the item in which they are included in the balance sheet. Loans by sector are classified according to their purpose and not according to the debtor's NACE. Loans to businesses include financing to non-financial corporations and individual entrepreneurs (the activity of individual entrepreneurs is considered to be that carried out by individuals in the exercise of their business activities). Loans to individuals are classified based on their purpose according to the criteria defined in rule 69.2e) of Bank of Spain circular 4/2017, of November 27, to credit institutions, on public and reserved financial reporting standards and financial statement models. Loans to public sector and other includes loans to public sector and financing to financial companies (mainly reverse repurchase agreements).

## 25. Coverage of non-performing exposures ratio[APM]:

This APM is defined together with its related reconciliation, under section 11 (Alternative Performance Measures) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 26. Coverage of non-performing exposures ratio by sector[APM]:

Definition: Coverage of non-performing exposures by sector[APM] (as defined and calculated above) divided by the Group's NPLs by sector [APM] (as defined and calculated above).

Relevance: The Group uses this APM to monitor the quality of its credit risk by sector because it reflects the degree to which NPLs have been covered with loan-loss provisions.

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (*€ thousands*) | |
| **Loans to businesses** | **92.04%** | **93.96%** |
| Real estate construction and development | 81.78% | 71.73% |
| Non-real estate activities | 94.15% | 99.75% |
| **Loans to individuals** | **88.00%** | **58.03%** |
| Housing | 87.89% | 52.29% |

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (*€ thousands*) | |
| Consumer loans and other | 88.30% | 76.84% |
| **Public sector and other** | **99.75%** | **90.27%** |
| **Total** | **89.98%** | **75.31%** |

*Notes:—*

Source: See Coverage of non-performing exposures by sector^APM and NPLs by sector^APM.

## 27. Net NPLs by sector^APM:

Definition: NPLs by sector^APM less Coverage of non-performing exposures by sector^APM.

Relevance: The Group uses this APM to monitor the quality of its credit risk by sector because it reflects the degree to which NPLs have been covered with loan-loss provisions.

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (*€ thousands*) | |
| **Loans to businesses** | **19,228** | **20,796** |
| Real estate construction and development | 7,520 | 20,147 |
| Non-real estate activities | 11,708 | 649 |
| **Loans to individuals** | **30,436** | **156,326** |
| Housing | 22,278 | 136,149 |
| Consumer loans and other | 8,158 | 20,176 |
| **Public sector and other** | **1** | **32** |
| **Total** | **49,664** | **177,154** |

*Notes:—*

Source: This breakdown has been obtained by classifying the Group's Net NPLs by sector^APM following the Bank of Spain PC9 template for breakdown of loans to customers by activity (*Distribución de los Préstamos a la Clientela por Actividad Consolidado Público*). The definition of loans to customers in this template includes all transactions of this nature regardless of the item in which they are included in the balance sheet. Loans by sector are classified according to their purpose and not according to the debtor's NACE. Loans to businesses include financing to non-financial corporations and individual enterpreneurs (the activity of individual enterpreneurs is considered to be that carried out by individuals in the exercise of their business activities). Loans to individuals are classified based on their purpose according to the criteria defined in rule 69.2e) of Bank of Spain Circular 4/2017, of November 27, to credit institutions, on public and reserved financial reporting standards and financial statement models. Loans to public sector and other includes loans to public sector and financing to financial companies (mainly reverse repurchase agreements.

## 28. Distressed asset provisions^APM:

Definition: Sum of Coverage of non-performing exposures^APM and foreclosed assets provisions.

Relevance: The Group uses this APM as an indicator of the part of NPLs and foreclosed assets that is covered with provisions.

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | (*€ thousands*) | |
| (+) Coverage of non-performing exposures^APM | 445,959 | 540,467 |

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | (*€ thousands*) | |
| (+) Foreclosed assets provisions[(1)] .................... | 250,804 | 326,197 |
| **Distressed asset provisions[APM]** ....................... | **696,763** | **866,644** |

*Notes*:—

(1) Source: Note 3.5.6.2 to the Annual Accounts.

## 29. Coverage ratio of distressed assets[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

## 30. Net Distressed Assets[APM]:

Definition: Distressed Assets[APM] net of Distressed asset provisions[APM] (each as defined and calculated above).

Relevance: The Group uses this APM as an indicator of the net value (after deducting provisions) of its problematic assets.

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | (*€ thousands*) | |
| (+) Distressed Assets[APM].................................. | 912,547 | 1,259,862 |
| (-) Distressed asset provisions[APM].................... | 696,763 | 866,664 |
| **Net Distressed Assets[APM]** ................................ | **215,784** | **393,198** |

## 31. LTV ratio[APM]:

Definition: Amount of the mortgage loan portfolio divided by the value of the latest available appraisal of the mortgage collateral.

Relevance: The Group uses this APM as an indicator of the quality of its mortgage loan portfolio.

| | | As of 31 December | |
|---|---|---|---|
| | | 2022 | 2021 |
| | | (*€ thousands, except %*) | |
| Numerator | Mortgage loan portfolio[(1)].. | 20,112,574 | 20,714,558 |
| Denominator | Appraised value................. | 37,905,341 | 41,296,966 |
| = | **LTV ratio[APM]** .................. | **53.06%** | **50.16%** |

*Notes:—*

Source: Calculated by dividing the book value of each transaction as of its reference date by the amount resulting from the latest available appraisal or valuation of its collateral.

(1) Source: Note 3.5.5.1 to the Annual Accounts.

***APMs related to business volume***

### 32. Retail deposits[APM]:

Definition: Sum of demand savings and traditional time deposits excluding mortgage bonds and repurchase agreements recorded under customer deposits in the consolidated balance sheet.

Relevance: The Group uses this APM as an indicator of its on-balance retail funding.

| | **As of 31 December** | |
|---|---|---|
| | **2022** | **2021** |
| | (*€ thousands*) | |
| (+) Demand deposits[(1)] | 35,575,488 | 34,673,081 |
| (+) Term deposits[(1)] | 2,813,720 | 3,485,694 |
| (-) Mortgage covered bonds (includes nominal amount and issue premium) | 1,014,436 | 1,027,605 |
| *Nominal mortgage covered bonds*[(1)] | *1,081,026* | *1,100,470* |
| *Issue premium mortgage covered bonds*[(2)] | *(66,590)* | *(72,865)* |
| *Term deposits (excluding mortgage covered bonds)* | *1,799,284* | *2,458,089* |
| **Retail deposits[APM]** | **37,374,772** | **37,131,170** |

*Notes:—*

(1) Source: Note 19.3 to the Annual Accounts.

(2) Represents the difference between the nominal value of a security and the price at which it was issued. In this particular case, the multi-cedent bonds (those in which several entities participate in the total issue) were issued below par, at a cost below the nominal amount.

The following table shows the breakdown of retail deposits[APM] by market:

| | **As of 31 December** | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | (*€ thousands, except %*) | | | |
| Home Markets | 24,882,089 | 66.57% | 24,911,114 | 67.09% |
| *Aragón* | *17,093,142* | *45.73%* | *17,162,266* | *46.22%* |
| *Rest of Home Markets* | *7,788,947* | *20.84%* | *7,748,848* | *20.87%* |
| Growth Markets | 24,882,089 | 27.17% | 9,907,292 | 26.68% |
| *Madrid* | *6,640,217* | *17.77%* | *6,318,557* | *17.02%* |
| *Mediterranean basin* | *3,513,497* | *9.40%* | *3,588,735* | *9.66%* |
| Rest of Spain | 2,338,968 | 6.26% | 2,312,764 | 6.23% |
| **Retail deposits[APM]** | **37,374,772** | **100.00%** | **37,131,170** | **100.00%** |

*Notes:—*

Source: This breakdown has been obtained by classifying the Group's retail deposits[APM] by the location of the branch in which the accounts are opened.

### 33. Asset management and insurance[APM]:

Definition: Sum of assets under management in investment companies and funds (including third-party funds, but excluding the assets of funds that invest in Ibercaja Gestión funds), pension plans and insurance.

Relevance: It provides information about the amount of customer savings the Group manages through its Financial Group. The Group considers this APM to be relevant to it because the management of customer off-balance funds is one of the Group's main sources of income.

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands)* | |
| (+) Collective investment institutions[1] | 19,064,189 | 19,600,522 |
| (+) Pension funds[1] | 5,790,240 | 6,562,703 |
| (+) Life savings insurance products[2] | 6,786,701 | 6,868,109 |
| **Asset management and insurance APM** | **31,641,130** | **33,031,334** |

*Notes:—*

(1) Source: Note 27.4 to the Annual Accounts.

(2) Source: Note 24.4 to the individual annual accounts of Ibercaja Banco.

The following table shows the breakdown of asset management and insuranceAPM by market:

| | As of 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | *(€ thousands, except %)* | | | |
| Home Markets | 23,120,677 | 73.07% | 24,282,799 | 73.51% |
| *Aragón* | *17,434,109* | *55.10%* | *18,329,856* | *55.49%* |
| *Rest of Home Markets* | *5,686,569* | *17.97%* | *5,952,943* | *18.02%* |
| Growth Markets | 6,354,083 | 20.08% | 6,493,941 | 19.66% |
| *Madrid* | *3,774,267* | *11.93%* | *3,863,976* | *11.70%* |
| *Mediterranean basin* | *2,579,816* | *8.15%* | *2,629,965* | *7.96%* |
| Rest of Spain | 2,166,370 | 6.85% | 2,254,594 | 6.83% |
| **Asset management and insuranceAPM** | **31,641,130** | **100.00%** | **33,031,334** | **100.00%** |

*Notes:—*

Source: This breakdown has been obtained by classifying the Group's asset management and insuranceAPM by the location of the branch in which the off-balance sheet products are opened.

## 34. Total retail fundsAPM:

Definition: Sum of retail depositsAPM (as defined and calculated above) and asset management and insuranceAPM (as defined and calculated above).

Relevance: The Group uses this APM as an indicator of the total retail savings managed by it.

| | As of 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | *(€ thousands, except %)* | | | |
| (+) Retail depositsAPM | 37,374,772 | 54.15% | 37,131,170 | 52.92% |
| (+) Asset management and insuranceAPM | 31,641,130 | 45.85% | 33,031,334 | 47.08% |

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (*€ thousands, except %*) | | | |
| **Total retail funds^APM^..........** | **69.015,902** | **100.00%** | **70,162,504** | **100.00%** |

The following table shows the breakdown of total retail funds^APM^ by market:

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (*€ thousands, except %*) | | | |
| Home Markets ................ | 48,002,767 | 69.55% | 49,193,913 | 70.11% |
| *Aragón* | *34,527,251* | *50.03%* | *35,492,122* | *50.58%* |
| *Rest of Home Markets* | *13,475,516* | *19.53%* | *13,701,791* | *19.53%* |
| Growth Markets............. | 16,507,797 | 23.92% | 16,401,233 | 23.38% |
| *Madrid* | *10,414,484* | *15.09%* | *10,182,533* | *14.52%* |
| *Mediterranean basin* | *6,093,313* | *8.83%* | *6,218,700* | *8.86%* |
| Rest of Spain.................. | 4,505,338 | 6.53% | 4,567,358 | 6.51% |
| **Total retail funds^APM^.....** | **69,015,902** | **100.00%** | **70,162,504** | **100.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's total retail funds^APM^ by the location of the branch in which the accounts, deposits or off-balance sheet products are opened.

## 35. External funding^APM^:

Definition: Sum of deposits of central banks, deposits of credit institutions, customer deposits, debt securities issued and the AT1 issue accounted for as shareholders' equity.

Relevance: The Group uses this APM as an indicator of its funding from external sources and to measure the weight of the different external sources of funding.

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (*€ thousands, except %*) | | | |
| Deposits of central banks(1)... | - | - | 5,871,128 | 12.61% |
| Deposits of credit institutions(1) ......................... | 2,013,412 | 4.69% | 745,174 | 1.60% |
| Customer deposits(1)............. | 38,841,785 | 90.50% | 38,268,280 | 82.21% |
| (A) *of which retail deposits^APM^*..................... | *37,374,772* | *87.08%* | *37,131,170* | *79.76%* |
| Debt securities issued(1)......... | 1,715,207 | 4.00% | 1,316,321 | 2.83% |
| AT1 issue(2)........................... | 350,000 | 0.82% | 350,000 | 0.75% |
| **External funding^APM^ (B).....** | **42,920,404** | **100.00%** | **46,550,903** | **100.00%** |
| *Of which Retail funding (=(A))*............................ | *37,374,772* | *87.08%* | *37,131,170* | *79.76%* |

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| | As of 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (€ thousands, except %) | | | |
| *Of which Financing from wholesale lending markets (=(B) – (A))........* | *5,545,632* | *12.92%* | *9,419,733* | *20.24%* |

*Notes: —*

(1) Source: Consolidated balance sheet in the Annual Accounts .

(2) Source: Note 23 to the Annual Accounts.

**36. Gross loans and advances to customers[APM] exluding reverse repurchase agreements[APM], gross loans and advances to customers[APM] and net loans and advances to customers[APM]:**

Definition: Sum of all the loans and advances to the Group's customers, in accordance with rule 52.1.b of Bank of Spain Circular 4/2017.

Relevance: The Group uses this APM to measure the total amount of financing granted to its customers as this is the most relevant item in its balance sheet in terms of weight and income derived from it.

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | (€ *thousands*) | |
| (+) Non-trading financial assets mandatorily measured at fair value with changes through profit and loss – loans and advances to customers ........................................................ | 1,496 | 1,496 |
| (+) Financial assets at amortized cost – loans and advances to customers(1)............................ | 30,899,024 | 30,653,530 |
| **Net loans and advances to customers[APM] ........** | **30,900,520** | **30,655,026** |
| (+) Coverage of non-performing exposures[APM].. | 445,959 | 540,467 |
| **Gross loans and advances to customers[APM] ....** | **31,346,410** | **31,195,451** |
| (-) Reverse repurchase agreements(2)................. | 1,613,345 | 1,615,394 |
| **Gross loans and advances to customers excluding reverse repurchase agreements[APM]** | **29,733,066** | **29,580,057** |

*Notes:—*

(1) Source: Consolidated balance sheet in the Annual Accounts.

(2) Source: Note 11.4 to the Annual Accounts.

The following table shows the breakdown of Gross loans and advances to customers[APM] by sector:

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (€ *thousands, except %*) | | | |
| **Loans to businesses .........** | **8,599,401** | **27.43%** | **8,360,507** | **26.80%** |
| *Real estate construction and development .............* | *999,167* | *3.19%* | *1,044,664* | *3.35%* |
| *Non-real estate activities ...* | *7,599,784* | *24.24%* | *7,315,843* | *23.45%* |

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (*€ thousands, except %*) | | | |
| **Loans to individuals........** | **19,788,780** | **63.13%** | **20,191,233** | **64.73%** |
| *Housing.............................* | *18,058,692* | *57.61%* | *18,385,389* | *58.94%* |
| *Consumer loans and other* | *1,730,088* | *5.52%* | *1,805,844* | *5.79%* |
| **Loans to public sector and other..........................** | **2,958,229** | **9.44%** | **2,643,711** | **8.47%** |
| **Gross loans and advances to customers[APM]................** | **31,346,410** | **100.00%** | **31,195,451** | **100.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's gross loans and advances to customers[APM] following the Bank of Spain PC9 template for breakdown of loans to customers by activity (*Distribución de los Préstamos a la Clientela por Actividad Consolidado Público*). The definition of loans to customers in this template includes all transactions of this nature regardless of the item in which they are included in the balance sheet. loans by sector are classified according to their purpose and not according to the debtor's NACE. Loans to businesses include financing to non-financial corporations and individual entrepreneurs (the activity of individual entrepreneurs is considered to be that carried out by individuals in the exercise of their business activities). Loans to individuals are classified based on their purpose according to the criteria defined in rule 69.2e) of Bank of Spain Circular 4/2017, of November 27, to credit institutions, on public and reserved financial reporting standards and financial statement models. Loans to public sector and other includes loans to public sector and financing to financial companies (mainly reverse repurchase agreements).

The following table shows the breakdown of Gross loans and advances to customers excluding reverse repurchase agreements[APM] by sector:

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | (*€ thousands, except %*) | | | |
| **Loans to businesses .........** | **8,599,401** | **28.92%** | **8,360,507** | **28.26%** |
| *Real estate construction and development .............* | *999,167* | *3.36%* | *1,044,664* | *3.53%* |
| *Non-real estate activities ...* | *7,599,784* | *25.56%* | *7,315,843* | *24.73%* |
| **Loans to individuals........** | **19,788,780** | **66.55%** | **20,191,233** | **68.26%** |
| *Housing.............................* | *18,058,692* | *60.74%* | *18,385,389* | *62.15%* |
| *Consumer loans and other* | *1,730,088* | *5.82%* | *1,805,844* | *6.11%* |
| **Loans to public sector and other..........................** | **1,344,884** | **4.52%** | **1,028,317** | **100.00%** |
| **Gross loans and advances to customers excluding reverse repurchase agreements[APM]..........................** | **29,733,066** | **100.00%** | **29,580,057** | **100.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's gross loans and advances to customers excluding reverse repurchase agreements [APM] classified following the Bank of Spain PC9 template for breakdown of loans to customers by activity (*Distribución de los Préstamos a la Clientela por Actividad Consolidado Público*). The definition of loans to customers in this templante includes all transactions of this nature regardless of the item in which they are included in the balance sheet. loans by sector are classified according to their purpose and not according to the debtor's NACE. Loans to businesses include financing to non-financial corporations and individual entrepreneurs (the activity of individual entrepreneurs is considered to be that carried out by individuals in the exercise of their business activities). Loans to individuals are classified based on their purpose according to the criteria defined in rule 69.2e) of Bank of Spain Circular 4/2017, of November 27, to credit institutions, on public and reserved financial reporting standards and financial statement models. Loans to public sector and other includes loans to public sector and financing to financial companies (mainly reverse repurchase agreements).

### 37. Net loans and advances to customers over total assets[APM]:

Definition: Net loans and advances to customers[APM] (as defined and calculated above) divided by total assets.

Relevance: The Group uses this APM to monitor the weight of the loan portfolio in its balance sheet.

| | | As of 31 December | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | *(€ thousands, except %)* | |
| Numerator | Net loans and advances to customers[APM] ............................... | 30,900,520 | 30,655,026 |
| Denominator | Total assets[(1)] ............................... | 54,360,706 | 58,631,409 |
| = | **Net loans and advances to customers over total assets[APM]..** | **56.84%** | **52.28%** |

*Notes:—*

(1) Source: Consolidated balance sheet in the Annual Accounts.

### 38. Performing loans excluding reverse repurchase agreements[APM]:

Definition: Gross loans and advances to customers[APM] excluding NPLs and reverse repurchase agreements.

Relevance: The Group uses this APM as an indicator of its main source of revenues.

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands)* | |
| (+) Gross loans and advances to customers[APM] ........ | 31,346,410 | 31,195,451 |
| (-) NPLs[(1)] ................................................................ | 495,623 | 717,621 |
| (-) Reverse repurchase agreements[(2)]........................ | 1,613,345 | 1,615,394 |
| **Performing loans excluding reverse repurchase agreements[APM]**......................................................... | **29,237,441** | **28,862,436** |

*Notes:—*

(1) Source: Note 3.5.4 to the Annual Accounts.

(2) Source: Note 11.4 to the Annual Accounts.

The following table shows the breakdown of performing loans excluding reverse repurchase agreements[APM] by sector:

| | As of 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | *(€ thousands, except %)* | | | |
| **Performing loans to businesses........................** | **8,357,698** | **28.59%** | **8,015,693** | **27.77%** |
| *Real estate construction and development .............* | *958,350* | *3.28%* | *973,401* | *3.37%* |
| *Non-real estate activities ...* | *7,399,348* | *25.31%* | *7,042,292* | *24.40%* |

| | As of 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | *(€ thousands, except %)* | | | |
| **Performing loans to individuals......................** | **19,535,074** | **66.82%** | **19,818,759** | **68.67%** |
| *Housing.............................* | *17,874,737* | *61.14%* | *18,100,029* | *62.71%* |
| *Consumer loans and other* | *1,660,337* | *5.67%* | *1,718,730* | *5.96%* |
| **Performing loans to public sector and other....** | **1,344,669** | **4.60%** | **1,027,984** | **3.56%** |
| **Performing loans excluding reverse repurchase agreements[APM].................** | **29,237,441** | **100.00%** | **28,862,436** | **100.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's perfoming loans excluding reverse repurchase agreements[APM] following the Bank of Spain PC9 template for breakdown of loans to customers by activity (*Distribución de los Préstamos a la Clientela por Actividad Consolidado Público*). The definition of loans to customers in this templante includes all transactions of this nature regardless of the item in which they are included in the balance sheet. loans by sector are classified according to their purpose and not according to the debtor's NACE. Loans to businesses include financing to non-financial corporations and individual entrepreneurs (the activity of individual entrepreneurs is considered to be that carried out by individuals in the exercise of their business activities). Loans to individuals are classified based on their purpose according to the criteria defined in rule 69.2e) of Bank of Spain Circular 4/2017, of November 27, to credit institutions, on public and reserved financial reporting standards and financial statement models. Loans to public sector and other includes loans to public sector and financing to financial companies (mainly reverse repurchase agreements).

The following table shows the breakdown of performing loans excluding reverse repurchase agreements[APM] by market:

| | As of 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | *(€ thousands, except %)* | | | |
| Home Markets........................ | 12,115,126 | 41.44% | 11,946,712 | 41.39% |
| *Aragón ..................................* | *8,552,737* | *29.25%* | *8,236,406* | *28.54%* |
| *Rest of Home Markets............* | *3,562,389* | *12.18%* | *3,710,306* | *12.85%* |
| Growth Markets ..................... | 12,721,322 | 43.51% | 12,537,245 | 43.44% |
| *Madrid ..................................* | *7,578,642* | *25.92%* | *7,330,086* | *25.40%* |
| *Mediterranean basin.............* | *5,142,860* | *17.59%* | *5,207,159* | *18.04%* |
| Rest of Spain.......................... | 4,400,993 | 15.05% | 4,378,479 | 15.17% |
| **Performing loans excluding reverse repurchase agreements[APM].....................** | **29,237,441** | **100.00%** | **28,862,436** | **100.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's performing loans excluding reverse repurchase agreements[APM] by the location of the branch through which the it manages the relevant customer (specifically, for loans, the location of the branch granting the loan).

**39. Retail business volume[APM]**:

Definition: Sum of performing loans excluding reverse repurchase agreements[APM] and total retail funds[APM] (each as defined and calculated above).

Relevance: The Group uses this APM to measure aggregated changes in its main business metrics with its customers.

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | (*€ thousands*) | |
| (+) Performing loans excluding reverse repurchase agreements[APM] .......................................................... | 29,237,441 | 28,862,436 |
| (+) Total retail funds[APM] .............................................. | 69,015,902 | 70,162,504 |
| **Retail business volume[APM]**.......................................... | **98,253,343** | **99,024,940** |

The following table shows the breakdown of retail business volume[APM] by market:

| | As of 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | (*€ thousands, except %*) | | | |
| Home Markets...................... | 60,117,893 | 61.19% | 61,140,625 | 61.74% |
| *Aragón* ................................ | *43,079,988* | *43.85%* | *43,728,528* | *44.16%* |
| *Rest of Home Markets*.......... | *17,037,905* | *17.34%* | *17,412,097* | *17.58%* |
| *Of which Badajoz*................ | *3,682,136* | *3.75%* | *3,765,990* | *3.80%* |
| Growth Markets .................. | 29,229,120 | 29.75% | 28,938,478 | 29.23% |
| *Madrid* ................................ | *17,992,946* | *18.31%* | *17,512,619* | *17.69%* |
| *Mediterranean basin*........... | *11,236,173* | *11.44%* | *11,425,859* | *11.54%* |
| Rest of Spain....................... | 8,906,331 | 9.06% | 8,945,837 | 9.03% |
| **Retail business volume[APM]**. | **98,253,343** | **100.00%** | **99,024,940** | **100.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the Group's retail business volume[APM] by the location of the branch through which it manages the relevant customer (the location of the branch granting the loan or in which the accounts, deposits or off-balance sheet products are opened).

## 40. Total exposure of the Group's fixed income and equity instruments portfolio[APM]:

Definition: Sum of debt securities, equity instruments and investments in joint ventures and associates.

Relevance: The Group uses this APM to find out the total amount of the Group's securities portfolio.

| | As of December 31, | |
|---|---|---|
| | **2022** | **2021** |
| | (*€ thousands*) | |
| Non-trading financial assets mandatorily measured at fair value with changes through profit or loss ...... | 1,547,710 | 1,668,437 |
| *Debt securities (1)*..................................................... | - | - |
| *Equity instruments (2)*............................................... | *1,546,214* | *1,666,941* |
| *Loans and advances*................................................. | *1,496* | *1,496* |
| Financial assets at fair value through profit and loss.. | 5,530 | 7,451 |
| *Debt securities (3)*..................................................... | *5,530* | *7,451* |
| Financial assets at fair value through other comprehensive income............................................ | 5,318,133 | 6,464,034 |

| | As of December 31, | |
|---|---|---|
| | **2022** | **2021** |
| *Debt securities (4)*...................................................... | *5,019,226* | *6,118,358* |
| *Equity instruments (5)*................................................ | *298,907* | *345,676* |
| Financial assets at amortized cost .............................. | 42,768,427 | 40,989,400 |
| *Debt securities (6)*...................................................... | *11,209,203* | *9,974,513* |
| *Loans and advances*.................................................. | *31,559,224* | *31,014,887* |
| Investments in joint ventures and associates (7) ....... | 89,810 | 101,328 |
| **Total exposure of the Group's fixed income and equity instruments (1) +(2) + (3)+ (4)+ (5) +(6)+ (7)**................................................................. | **18,168,890** | **18,214,267** |

*Notes:—*

Source: Consolidated balance sheet in the Annual Accounts.

The table below shows a breakdown of the exposure of the Group's fixed income and equity instruments by business activity:

| | As of 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ thousands)* | |
| Banking business ..................................................... | 11,781,433 | 10,900,580 |
| *From which fixed income/ ALCO portfolio*............. | *11,384,236* | *10,462,235* |
| *From which fixed income / subsidiaries portfolio*.... | *30,880* | *34,932* |
| *From which equity* .................................................. | *366,317* | *403,413* |
| Insurance business .................................................. | *6,387,456* | 7,313,687 |
| *From which fixed income portfolio* .......................... | *4,818,842* | *5,603,155* |
| *Adjustments and deletions*....................................... | *(20,930)* | *(23,665)* |
| *Ibercaja Vida gross fixed income portfolio* ............. | *4,839,772* | *5,626,820* |
| *From which equity* .................................................. | *1,568,614* | *1,710,532* |
| **Total exposure of the Group's fixed income and equity instruments** ................................................. | **18,168,890** | **18,214,267** |

*Notes*:—

Source: This breakdown has been obtained by classifying the exposure of the Group's fixed income and equity instruments portfolio[APM] by the Group company which holds the securities, distinguishing between: the portfolio related to the insurance activity of Ibercaja Vida and that linked to the banking business (mainly the ALCO portfolio of Ibercaja Banco and other subsidiary companies).

The table below shows the composition of the Group's ALCO portfolio by type of asset:

| | As of 31 December | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | *(€ thousands, except %)* | | | |
| Spanish sovereign debt ........ | 7,662,687 | 67.31% | 6,581,550 | 62.91% |
| Foreign sovereign debt......... | 1,298,008 | 11.40% | 1,422,399 | 13.60% |
| Public administrations and autonomous organizations .................. | 701,674 | 6.16% | 688,219 | 6.58% |
| SAREB............................... | 1,513,665 | 13.82% | 1,628,700 | 15.57% |
| Private fixed income .......... | 148,201 | 1.30% | 141,367 | 1.35% |
| **Total** .................................... | **11,384,236** | **100.00%** | **10,462,235** | **100.00%** |

*Notes*:—

Source: This breakdown has been obtained by classifying the ALCO portolio[APM] by the issuer of the securities: securities issued by the state, autonomous regions and other public bodies, foreign sovereign debt, SAREB and other private fixed-income products.

### 41. Total exposure of the fixed income and equity instruments portfolio[APM] over total assets[APM]:

Definition: Group's securities portfolio divided by total assets.

Relevance: The Group uses this APM to measure the weight of the securities portfolio over the Group's total assets.

| | | As of 31 December | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | *(€ thousands, except %)* | |
| Numerator | **Total exposure of the fixed income and equity instruments portfolio[APM]** ................................... | 18,168,890 | 18,214,267 |
| Denominator | Total assets[(1)] .................................. | 54,360,706 | 58,631,409 |
| = | **Total exposure of the fixed income and equity instruments portfolio over total assets[APM]**..... | **33.42%** | **31.07%** |

*Notes:*—

(1) Source: Consolidated balance sheet in the Annual Accounts.

## *APMs related to liquidity*

### 42. Credit to retail funding ratio (LTD)[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

### 43. Available liquidity[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

### 44. Total available liquidity[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

### 45. Available liquidity to total assets[APM]:

This APM is defined together with its related reconciliation, under section 11 (*Alternative Performance Measures*) of the directors' report in the Annual Accounts incorporated by reference into this Registration Document.

# REGULATION

## Capital, liquidity and funding requirements and Loss Absorbing Powers

The regulatory framework regarding the solvency of credit entities (the "**CRD IV**") is established by the CRR, the CRD IV Directive and any CRD IV Implementing Measures. The implementation of the CRD IV Directive in Spain has largely taken place through Royal Decree-Law 14/2013, of 29 November, on urgent measures to adapt Spanish law to EU regulations on the subject of supervision and solvency of financial entities, Law 10/2014, Royal Decree 84/2015, and Bank of Spain Circular 2/2014 and Bank of Spain Circular 2/2016.

The BRRD that has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015, of 6 November, developing Law 11/2015 ("**Royal Decree 1012/2015**"), also establishes certain requirements in terms of a minimum level of own funds and eligible liabilities in relation to total liabilities and own funds (known as "**MREL**").

On 27 June 2019, a comprehensive package of reforms amending CRR, the CRD IV Directive, BRRD and Regulation (EU) No 806/2014 (the "**SRM Regulation**") came into force: (i) Directive (EU) 2019/878 of the European Parliament and of the Council, of 20 May 2019 (as amended, replaced or supplemented from time to time, the "**CRD V Directive**") amending the CRD IV Directive, (ii) Directive (EU) 2019/879 of the European Parliament and of the European Council of 20 May 2019 amending, among others, the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms ("**BRRD II"**), (iii) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending, among other things, the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements ("**CRR II"**), and (iv) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**SRM Regulation II**", and, together with the CRD V Directive, BRRD II, CRR II and the SRM Regulation II, the "**EU Banking Reforms**").

CRD V Directive and BRRD II were partially implemented into Spanish law through Royal Decree-Law 7/2021, of 27 April, ("**RDL 7/2021**") which amended, among others, Law 10/2014 and Law 11/2015. Furthermore, Royal Decree 970/2021, of 8 November, which amended Royal Decree 84/2015, and Circulars 5/2021 and 3/2022 of the Bank of Spain, which amended Circular 2/2016, completed the implementation into Spanish law of CRD V. In addition, Royal Decree 1041/2021, of 23 November, amended Royal Decree 1012/2015 and completed the implementation of BRRD II into Spanish law.

On 27 October 2021, the European Commission published legislative proposals to amend CRR and the CRD IV, as well as a separate legislative proposal to amend CRR and BRRD in the area of resolution. In particular, the main objectives of the European Commission's legislative proposals are to strengthen the risk-based capital framework, enhance the focus on environmental, social and governance (ESG) risks in the prudential framework, further harmonise supervisory powers and tools and reduce institutions' administrative costs related to public disclosures and to improve access to institutions' prudential data. Moreover, these legislative proposals include the following: (i) a directive of the European Parliament and of the Council amending CRD IV with respect to supervisory powers, sanctions, third-country branches, and environmental, social and governance risks; (ii) a regulation of the European Parliament and of the Council and its annex amending CRR with respect to requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor; and (iii) a regulation of the European Parliament and of the Council amending CRR and BRRD with respect to the prudential treatment of global systemically important institutions with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (the so-called "daisy chain" proposal). The

European Parliament and the Council adopted on 19 October 2022 Regulation (EU) 2022/2036 amending CRR and BRRD, which partially started to apply on 14 November 2022. Although the final report by the European Parliament is expected during the first quarter of 2023, the timing for the final implementation of the legislative proposals referred to in limbs (i) and (ii) above is unclear as of the date of this Registration Document and new or amended elements may be introduced through the course of the legislative process. Furthermore, with respect to (i) above, the Directive will need to be implemented in each of the Member States, and the way it will be implemented may vary depending on the relevant Member State.

***Capital requirements***

Under CRD IV, the Group is required to hold a minimum amount of regulatory capital of 8% of RWAs of which at least 4.5% must be CET1 capital and at least 6% must be Tier 1 capital (together, the "**minimum "Pillar 1" capital requirements**").

Moreover, Article 104 of CRD IV Directive, as implemented by Articles 68 of Law 10/2014 and 94 of Royal Decree 84/2015 and similarly Article 16 of the SSM Regulation, also contemplate that in addition to the minimum "Pillar 1" capital requirements and any applicable capital buffer, supervisory authorities may impose further Pillar 2 capital requirements to cover other risks, including those risks incurred by the individual institutions due to their activities not considered to be fully captured by the minimum capital requirements under the CRD IV and CRR, which should be set according to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution). This may result in the imposition of further CET1, Tier 1 and total capital requirements on Ibercaja Banco and the Group pursuant to this "Pillar 2" framework.

In accordance with Articles 104a and b of the CRD V, as implemented in Spain by Article 69 and 69bis of Law 10/2014, the specific Pillar 2 capital shall consist of two parts: Pillar 2 requirements and Pillar 2 guidance. Pillar 2 requirements are binding and breaches can have direct legal consequences for banks, while Pillar 2 guidance is not directly binding and a failure to meet Pillar 2 guidance does not automatically trigger legal action, even though the ECB expects banks to meet Pillar 2 guidance. Failure to comply with the Pillar 2 guidance is not relevant for the purposes of triggering the automatic restriction of the distribution and calculation of the Maximum Distributable Amount (as defined below) but, in addition to certain other measures, competent authorities are entitled to impose further Pillar 2 capital requirements where an institution repeatedly fails to follow the Pillar 2 capital guidance previously imposed.

Although CRR and CRD V do not require disclosure of the Pillar 2 guidance, the Market Abuse Regulation (MAR) ESMA Guidelines on delay in the disclosure of inside information and interaction with prudential supervision, as amended on 5 January 2022, provide that Pillar 2 guidance may be inside information if, for example, the difference between the Pillar 2 guidance and the institution's level of capital is not minor and is likely to involve a major reaction by the institution, such as a capital increase; or if the institution's Pillar 2 guidance is not in line with market expectations. To the extent that Pillar 2 guidance constitutes inside information, it will need to be disclosed pursuant to the obligations applicable to the Bank contained in Regulation (EU) No 596/2014 of April 16, 2014, on market abuse.

In addition to the minimum "Pillar 1" capital requirements and the Pillar 2 requirements, credit institutions must comply with the "**combined buffer requirement**" set out in the CRD IV Directive as implemented in Spain. The "combined buffer requirement" has introduced up to five new capital buffers to be satisfied with CET1 capital: (i) the capital conservation buffer of 2.5% of RWAs; (ii) the global systemically important institutions ("**G-SII**") buffer, which shall be not less than 1% of RWAs; (iii) the institution-specific counter-cyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may be as much as 2.5% of RWAs (or higher pursuant to the competent authority); (iv) the other systemically important institutions ("**O-SII**") buffer, which may be as much as 3% of RWAs; and (v) the systemic risk buffer to prevent systemic or macro prudential risks (to be set by the Bank of Spain).

The Bank has not been classified as G-SII or as O-SII by the Financial Stability Board (the "**FSB**") nor by any competent authority so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it is not required to maintain the G-SII buffer or the O-SII buffer. In addition, the Bank of Spain agreed to maintain the countercyclical capital buffer applicable to credit exposures in Spain at 0% for the second quarter of 2023 (requirements will be revised each quarter). Some or all of the other buffers may also apply to the Bank from time to time as determined by the Bank of Spain, the ECB or any other competent authority.

As set out in the "Opinion of the European Banking Authority on the interaction of "Pillar 1", "Pillar 2" and combined buffer requirements and restrictions on distributions" published on 16 December 2015, competent authorities should ensure that the CET1 capital to be taken into account in determining the CET1 capital available to meet the "combined buffer requirement" for the purposes of the Maximum Distributable Amount (as defined below) calculation is limited to the amount not used to meet the minimum "Pillar 1" capital requirements and the Pillar 2 requirements of the institution and, accordingly, the "combined buffer requirement" is in addition to the minimum "Pillar 1" capital requirement and to the Pillar 2 requirements, and therefore it would be the first layer of capital to be eroded pursuant to the applicable stacking order. CRD V Directive clarifies that Pillar 2 requirements should be positioned in the relevant stacking order of own funds requirements above the minimum "Pillar 1" capital requirements and below the "combined buffer requirement" or the leverage ratio buffer requirement, as relevant. CRD V Directive further clarifies that Pillar 2 requirements should be set in relation to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution). Under Article 104(a) of CRD V (implemented into Spanish law by Article 94.6 of Royal Decree 84/2015), EU banks are now allowed to meet Pillar 2 requirements with these minimum proportions of CET1 capital and Tier 1 Capital.

According to Article 48 of Law 10/2014, Article 73 and 74 of Royal Decree 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, those entities failing to meet the "combined buffer requirement" or making a distribution in connection with CET1 capital to an extent that would decrease its CET1 capital to a level where the "combined buffer requirement" is no longer met will be subject to restrictions on (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to Additional Tier 1 Instruments, until the maximum distributable amount calculated according to CRD IV (i.e., the firm's "distributable items", calculated in accordance with CRD IV, multiplied by a factor dependent on the extent of the shortfall in CET1 capital) (the "**Maximum Distributable Amount**") has been calculated and communicated to the competent supervisor. Thereafter, any such distributions or payments will be subject to such Maximum Distributable Amount for entities (a) not meeting the "combined buffer requirement" or (b) in relation to which the Bank of Spain has adopted any of the measures set forth in Article 68.2 of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends. Furthermore, pursuant to article 16bis of Law 11/2015 and article 48ter of Law 10/2014, the calculation of the Maximum Distributable Amount, as well as consequences of, and pending, such calculation could also take place as a result of the breach of MREL and a breach of the leverage ratio buffer requirement.

*Solo Waiver*

Solvency requirements are applied to the Group on a consolidated basis, as the application of prudential requirements on an individual basis has been waived from the Bank in accordance with Article 7 of the CRR.

Since 31 March 2016, Ibercaja Banco has been waived from the application of prudential requirements on an individual basis in accordance with article 7 of CRR (the "**Solo Waiver**"). Such waiver was requested by Ibercaja Banco to the competent supervisor in accordance with the applicable regulations, and based on the following reasons: (a) that there was no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent company (i.e. Ibercaja Banco) and (b) the procedures to measure, evaluate and control the risks for the supervision of the Group were referred to Ibercaja Banco as the parent company.

The Solo Waiver granted by the competent supervisor exempted Ibercaja Banco from compliance, on an individual basis, with the equity requirements and limits for great risks. Consequently, for the same reasons described above, Ibercaja Banco is exempted from the application of prudential requirements on an individual basis in accordance with Article 7 of CRR. As a result, Ibercaja Banco does not have to comply with, nor calculate nor publish, any capital requirements or ratios on an individual basis for so long as this derogation is in place, having the obligation to calculate and comply with capital requirements only at Group level.

As of the date of this Registration Document, such waiver is still in force and therefore the prudential requirements under CRR are only complied with by the Group on a consolidated basis (i.e. at Group level). As far as the Bank is aware, the regulator is not planning to review the Solo Waiver in the short term.

*ECB 2022 SREP communication*

On 15 December 2022, the Bank announced that it had received the decisions of the ECB regarding minimum capital requirements for 2023 following the outcomes of the most recent SREP. The details of these capital requirements for 2023 are described below:

| | **CET1** | **Total capital** |
|---|---|---|
| Pillar 1 | 4.50% | 8.00% |
| Pillar 2 | 1.21% | 2.15% |
| Capital conservation buffer | 2.50% | 2.50% |
| Other buffers | 0.00% | 0.00% |
| **Total requirements** | **8.21%** | **12.65%** |

The table below sets out the Group's capital position as of 31 December 2022 and 2021 and 2020:

| | **31 December 2022** | | **31 December 2021** | |
|---|---|---|---|---|
| | **Phased in** | **Fully loaded** | **Phased in** | **Fully loaded** |
| CET1 ratio | 12.87% | 12.37% | 13.41% | 12.71% |
| Tier 1 ratio | 14.81% | 14.32% | 15.35% | 14.65% |
| Total capital ratio | 17.58% | 17.09% | 18.12% | 17.43% |

As of 31 December 2022, the RWAs (phased in) of the Group amounted to €18,045,437 thousand (€18,051,935 thousand as of 31 December 2021). As of 31 December 2022, the Density of RWAs[APM] was 33.20% (30.79% as of 31 December 2021).

See the risk factor "*Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*" for the risks associated to the failure by the Group to comply with its regulatory capital requirements.

***Leverage ratio***

In addition to the above, Article 429 of the CRR requires institutions to calculate their leverage ratio ("**LR**") in accordance with the methodology laid down in that article. The EU Banking Reforms contain a binding 3% Tier 1 LR requirement, that has been added to the own funds requirements in Article 92 of the CRR, and which institutions must meet in addition to their risk-based requirements.

The table below sets out the Group's LRs as of 31 December 2022 and 2021:

| | **31 December 2022** | | **31 December 2021** | |
|---|---|---|---|---|
| | **Phased in** | **Fully loaded** | **Phased in** | **Fully loaded** |
| Leverage ratio........................... | 5.54% | 5.35% | 6.01% | 5.75% |

***MREL requirements***

In addition to the minimum capital requirements under CRD IV, the BRRD regime prescribes that banks shall hold, at all times, a minimum level of own funds and eligible liabilities (the MREL requirements). The MREL shall be calculated as the amount of own funds and eligible liabilities and expressed as a percentage of the total liabilities and own funds of the institution (pursuant to the BRRD II, it shall be expressed as a percentage of the total risk exposure amount or the total exposure measure of the institution, calculated in each case in accordance with CRR). The level of capital and eligible liabilities required under MREL is set by the resolution authority for each bank (and/or group) based on the resolution plan and other criteria. The resolution authority for the Bank is the SRB. Eligible liabilities may be senior or subordinated liabilities, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The EU Banking Reforms further include, as part of MREL, a new subordination requirement of eligible instruments for G-SIIs and "top tier" banks involving a minimum "Pillar 1" subordination requirement and an institution specific "Pillar 2" subordination requirement. This "Pillar 1" subordination requirement shall be satisfied with own funds and other eligible MREL instruments (which MREL instruments may not for these purposes be senior debt instruments and only MREL instruments constituting "non-preferred" senior debt under the new insolvency hierarchy introduced into Spain will be eligible for compliance with the subordination requirement). Resolution authorities may also impose "Pillar 2" subordination requirements to institutions not constituting G-SIIs or "top tier" banks, which would be determined on a case-by-case basis but subject to a minimum level equal to the lower of 8% of a bank's total liabilities and own funds and 27% of its RWAs.

In addition, Article 16.a) of the BRRD better clarifies the stacking order between the "combined buffer requirement" and the MREL requirement. Pursuant to this new provision, a resolution authority will have the power to prohibit an entity from distributing more than the "maximum distributable amount" for own funds and eligible liabilities (calculated in accordance with the new Article 16.a)(4) of the BRRD) (the "**MREL-Maximum Distributable Amount Provision**") through distribution of dividends, variable remuneration and payments to holders of Additional Tier 1 Instruments, where it meets the "combined buffer requirement" but fails to meet that "combined buffer requirement" when considered in addition to the MREL requirements. The referred Article 16.a) of the BRRD includes a potential nine-month grace period whereby the resolution authority will assess on a monthly basis whether to exercise its powers under the MREL-Maximum Distributable Amount Provision before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

Article 86 of Royal Decree 1012/2015 as amended by Royal Decree 1041/2021 establishes the consequences of a failure by an institution to meet the MREL requirement, including, among others: prohibition of certain distributions, requirement of additional capital, sanctions and other administrative measures.

On 28 March 2023, the Bank announced it had received the formal communication from the Bank of Spain regarding the MREL requirement, as determined by the SRB. As of the date of this Registration Document, regulation establishes 1 January 2024 as a deadline to comply with the requirements set out below, with an interim requirement that must be met by 1 January 2022, these requirements being expressed as a percentage of both RWAs and leverage ratio. In accordance with such communication, the Bank is required to reach, since 1 January 2022 an amount of own funds and eligible liabilities on a consolidated basis equal to 15.38%[18] of RWAs and 5.21% in terms of MREL leverage ratio. This requirement would be equal to 19.12%[18] of the Group's consolidated RWAs as of 1 January 2024 (5.21% in terms of MREL leverage ratio). As of 31 December 2022, the Group had a MREL position of 18.13% in terms of RWAs (excluding the CET1 dedicated to comply with the combined buffer requirement) and 7.71% in terms of MREL leverage ratio, both of which are above the requirements for 2022. The Group estimates its MREL issuance needs towards the requirement for 2024 mentioned above, as of the date of this Registration Document, amount to approximately €500 million.

See the risk factor "*Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*" for the risks associated to the failure by the Group to comply with its MREL minimum requirement.

***Liquidity requirements***

The Group should also comply with the LCR requirements provided in CRR. The LCR is the short-term indicator which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by the Group) and the net cash imbalance accumulated over a 30-day liquidity stress period. It is a quantitative liquidity standard designed to ensure that banks have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. Entities to which this standard applies (including the Group) must comply with 100% of the applicable LCR requirement. The LCR of the Group (excluding Ibercaja Vida) was 306.5% as of 31 December 2022 (452.0% as of 31 December 2021).

The BCBS' NSFR is the 12-month structural liquidity indicator which corresponds to the ratio between the available amount of stable funding and the statutory amount of stable funding. It has been developed to provide a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities that reduces the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure. The EU Banking Reforms contain the implementation of the BCBS standard on NSFR introducing some adjustments. The NSFR of the Group (excluding Ibercaja Vida) was 152.7% as of 31 December 2022 (152.2% as of 31 December 2021).

***Prudential treatment of NPLs***

On 15 March 2018, the ECB published its supervisory expectations on prudent levels of provisions for NPLs. This was published as an addendum (the "**Addendum**") to the ECB's guidance to banks on non-performing loans published on 20 March 2017 and clarified the ECB's supervisory expectations regarding the identification, management, measurement and write-off of NPLs. The ECB stated that the Addendum set out what it deems to be a prudent treatment of NPLs with the aim of avoiding an excessive build-up of non-covered aged NPLs on banks' balance sheets in the future, which would require supervisory measures. The Addendum it is non-binding but serves as the basis for the supervisory dialogue between the significant banks and ECB banking supervision. The ECB will assess any differences between banks' practices and the prudential

[18] Excluding the CET1 dedicated to comply with the combined buffer requirement.

provisioning expectations laid out in the Addendum at least annually. During the supervisory dialogue, the ECB will discuss with each bank divergences from the prudential provisioning expectations laid out in the addendum. After this dialogue and taking into account the bank's specific situation, ECB Banking Supervision will decide, on a case-by-case basis, whether and which supervisory measures are appropriate. The result of this dialogue will be incorporated, for the first time, in the 2021 SREP.

In addition, as part of the EU Commission's package of measures aimed at addressing the risks related to high levels of NPLs in Europe, Regulation 2019/630 amends CRR as regards minimum loss coverage for NPEs introduced a clear set of conditions for the classification of NPEs and established clear criteria on the determination of non-performing exposures, the concept of forbearance measures, deduction for non-performing exposures and treatment of expected loss amounts.

In connection with the measures adopted in reaction to the COVID-19 outbreak and more specifically in connection with the measures announced by the ECB to ensure that its directly supervised banks can continue to fulfil their role to fund households and corporations, additional measures introducing supervisory flexibility regarding the treatment of NPLs were established, in particular to allow banks to fully benefit from guarantees and moratoriums put in place by public authorities to tackle the current distress. These measures affected the prudential framework in relation to the classification of loans in default, the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring, and their accounting treatment. In particular, the EBA has clarified that generalised payment delays due to legislative initiatives and addressed to all borrowers do not lead to any automatic classification in default, forborne or unlikeliness to pay (individual assessments of the likeliness to pay should be prioritized) and has clarified the requirements for public and private moratoria, which if fulfilled, are expected to help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring.

***Loss absorbing powers by the Relevant Resolution Authority under Law 11/2015 and the SRM Regulation***

The BRRD (which has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015) is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an "**institution**") so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRB established pursuant to the SRM Regulation, as the case may be and according to Law 11/2015, the Bank of Spain or the CNMV, or any other entity with the authority to exercise any such tools and powers from time to time (each, a "**Relevant Resolution Authority**") as appropriate, considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The four resolution tools are: (i) sale of business (which enables the Relevant Resolution Authority to direct the sale of the institution or the whole or part of its business on commercial terms); (ii) bridge institution (which enables the Relevant Resolution Authority to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control)); (iii) asset separation (which enables the Relevant Resolution Authority to transfer certain categories of assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only)); and (iv) bai-in. The bail-in includes the ability of the Relevant Resolution Authority to write down (including to zero) and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the bai-in) certain unsecured debt claims and subordinated obligations.

The "**Spanish Bail-in Power**" is any write down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) Royal Decree 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power to absorb losses and cover the amount of the recapitalisation, the sequence of any resulting write down or conversion shall be as follows: (i) CET1 items; (ii) the principal amount of Additional Tier 1 Instruments; (iii) the principal amount of Tier 2 instruments; (iv) the principal amount of other subordinated claims that do not qualify as AT1 capital or Tier 2 capital and (v) the principal or outstanding amount of "bail-inable liabilities" (*pasivos susceptibles de recapitalización interna*) in accordance with the hierarchy of claims in normal insolvency proceedings (with ordinary claims subject to the Spanish Bail-in Power after any subordinated claims against the Bank but before claims against the insolvency estate and claims with special privilege or general privilege against the Bank). The order of this sequence is consistent with the hierarchy of claims in normal insolvency proceedings prescribed by the Insolvency Law read in conjunction with Additional Provision 14 of Law 11/2015.

In addition to the Spanish Bail-in Power, the BRRD, Article 38 Law 11/2015 and the SRM Regulation provide for the Relevant Resolution Authority to have the further power to permanently write down or convert into equity capital instruments and certain internal eligible liabilities, at the point of non-viability (the "**Non-Viability Loss Absorption**") of an institution or a group. The point of non-viability of an institution is the point at which the Relevant Resolution Authority determines that the institution meets the conditions for resolution or that it will no longer be viable unless the relevant capital instruments are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable. The point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of Law 11/2015. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of any other Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

In accordance with Article 64.1(i) of Law 11/2015, the FROB has also the power to alter the amount of interest payable under debt instruments and other bail-inable liabilities of institutions subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period).

## Banking Foundations Act Overview

Following the Spanish government request for financial assistance to the EU and the International Monetary Fund for the recapitalization of certain Spanish financial institutions in 2012, it was agreed that Spanish authorities would take measures to: (i) strengthen the governance structure of the former savings banks and of the commercial banks controlled by them, (ii) clarify the role of former savings banks in their capacity as shareholders of credit institutions under the form of banks or regular foundations with a view to eventually reducing their stakes to non-controlling levels, and (iii) provide a roadmap for the eventual listing of banks which have benefited from State Aid as part of the restructuring process.

On 29 December 2013, this request to reform the Spanish financial sector was fulfilled with the adoption of Act 26/2013, of December 27, on savings banks and banking foundations (the "**Banking Foundations Act**"), whereby the Spanish government amended the savings banks regime and most of the Spanish savings banks (which historically comprised almost half of the Spanish financial sector) were transformed into banks through different integration processes. The Banking Foundations Act therefore applies to the Ibercaja Foundation, as a banking foundation holding a controlling shareholding in the Bank, although it does not apply to the Bank directly.

Pursuant to the Banking Foundations Act, if a banking foundation (or several banking foundations acting in concert) has a controlling shareholding in a bank it is forced to establish a reserve fund for eventual recapitalization needs of the Company. By virtue of Royal Decree 877/2015, of October 2, 2015 ("**Royal Decree 877/2015**") the foundations had initially a period of up to five years to build this reserve fund from the moment the Bank of Spain published Circular 6/2015, of November 17, developing Royal Decree 877/2015 ("**Circular 6/2015**") (which was published on November 20, 2015 and entered into force on November 21, 2015) or after acquiring a controlling shareholding in a bank. However, Royal Decree 536/2017 of May 26, 2017 ("**Royal Decree 536/2017**") extended that period to up to eight years. Under Royal Decree 536/2017, this deadline may be extended for one additional year at the request of the banking foundation, subject to the Bank of Spain's approval. Moreover, as a result of the COVID-19 pandemic and the adoption of limitations to dividend distributions to banking foundations (which generally are their main source of income), Royal Decree-law 19/2020 of May 26, established a one-year suspension of the eight-year period to build this reserve fund. According to Article 4.4 of Royal Decree 877/2015, the reserve fund is determined as a percentage of the RWAs of the bank controlled by one or several banking foundations. This percentage depends on the bank's total capital ratios subject to adjustments in relation to the stake owned by the banking foundation. In any case, the amount of the reserve fund shall not be less than 0.6% of the bank's RWAs, subject to the Bank of Spain's right to set a lower amount, in view of the individual circumstances of the banking foundation.

Notwithstanding the above, pursuant to Article 44.3 of the Banking Foundations Act, banking foundations are not required to build the reserve fund if they put in place a divestment plan including a detailed roadmap to be followed to decrease its controlling shareholding in the relevant bank within a period of up to five years from November 21, 2015 (i.e., the date on which Circular 6/2015 entered into force). Pursuant to Article 47 of the Banking Foundations Act, a breach of the obligation to create the reserve fund may be deemed as a very serious infringement and will be subject to the infringement procedure set out in Act 10/2014.

On 24 June 2022, the Ibercaja Foundation, the main shareholder of Ibercaja Banco received approval from the Bank of Spain for its 2022 Financial Plan, which included the provisioning of a reserve fund equivalent to 1.75% of the Bank's risk-weighted assets, which must be met by the end of 2025 at the latest. As of 31 December 2022, the amount endowed to the reserve fund was €155.5 million and the amount pending to be endowed was €160.3 million. Thus, the Ibercaja Foundation is no longer subject to the previous deadline (31 December 2022) to comply with the reduction of its stake in the Bank to below 50% of the capital (it currently holds 88.04%) provided for in the Banking Foundations Act.

### Code of Good Practices

On 24 November 2022, Royal Decree-Law 19/2022, of 22 of November 2022, came into force with the purpose of protecting certain mortgage debtors and prevent difficulties to make payments on their debt as a result of the rise in interest rates. Among other measures, Royal Decree-Law 19/2022 sets up a new Code of Good Practice which will be in force for a two-year period for the restructuring of the mortgage debt of mortgagors at risk of vulnerability due to rising interest rates, and amending the former Code of Good Practice established by Royal Decree-Law 6/2012.

The Bank acceded to the new Code of Good Practice on 7 December 2022 and will benefit individuals with mortgage loans secured by their first residence and a purchase price not exceeding €300,000 who request the novation of the loan no later than 24 November 2024 if such individual: (i) has a household income which does not exceed by 3.5 times the annual 14-payment IPREM (Public Income Index); (ii) has been subject to a mortgage burden increase of 1.2 times during the four years prior to the request for novation; and (iii) has seen its monthly mortgage payment exceed 30% of its household income.

Under these circumstances, the new Code of Good Practice contemplates either: (i) the extension of the maturity of the loan for up to seven years with the option of applying a grace period of 12 months for payment of principal (provided that the outstanding principal of the loan will accrue interest at a rate representing a reduction of 0.5% of the net present value of the loan and the extension cannot result in a reduction of mortgage monthly payments below what was being paid on 1 June 2022); or (ii) a conversion of the loan to fixed rate. The novation of the loan as a result of any of such alternatives may not result in the maturity exceeding 40 years.

### Temporary Banking Levy in Spain

On 29 December 2022, Spain enacted Law 38/2022 for the establishment of temporary levies on energy and credit insititutions and the creation of the temporary solidarity tax for high-net-worth individuals (*Ley 38/2022, de 27 de diciembre, para el establecimiento de gravámenes temporales energético y de entidades de crédito y establecimientos financieros de crédito y por la que se crea el impuesto temporal de solidaridad de las grandes fortunas, y se modifican determinadas normas tributarias*). This law creates a temporary levy for credit institutions operating in Spain with a total interest and commission income in the year ended 31 December 2019 equal to or greater than €800 million (on an individual or a consolidated basis). This bank levy will apply during the years 2023 and 2024 (unless the Spanish Government decides to make this levy permanent) and taxes, at a rate of 4.8%, the sum of the net interest income and commission income and expenses derived from the activity carried out in Spain. Amounts payable for the proposed levy will not be tax deductible in the taxable base for the purposes of the Corporate Income Tax (*Impuesto sobre Sociedades*). Moreover, the law expressly prohibits the direct or indirect pass-through of payments of the levy and failure to comply with this obligation would result in sanctions to the corresponding credit institution in the amount of 150 per cent. of the amount passed through. On 1 January 2023 the Bank recorded expenses for an amount of € 28 million under “other operating expenses” in its consolidated income statement in relation to the temporary levy to be paid by the Bank during 2023.

### The Spanish deposit guarantee scheme

The current Spanish deposit guarantee scheme (*Fondo de Garantía de Depósitos de Entidades de Crédito*, the “**FGD**”) was created (as a result of the consolidation of the former deposit guarantee schemes of banks, savings banks and credit cooperatives) by Royal Decree-law 16/2011, of October 14, as amended. Pursuant to Article 8 of such Royal Decree-law 16/2011, the FGD guarantees both (i) cash deposits, by means of the deposit guarantee division and (ii) securities deposits, by means of the securities guarantee division; in both cases up to €100,000 per customer and credit institution, which is the minimum insured amount for all EU member banks. For the purpose of the FGD’s guarantee, eligible deposits will be those credit balances held in accounts, including funds arising from transitory situations due to traffic operations and excluding those deposits mentioned in Article 4.4 of Royal Decree 2606/1996, which the institution is obliged to return under the applicable legal and contractual conditions, regardless of the currency in which they are denominated and provided that they are constituted in Spain or in another Member State of the European Union, including term deposits and savings deposits. The portion of these deposits that does not exceed €100,000 per customer and credit institution will be considered guaranteed deposits.

The FGD is funded by (a) annual contributions from member credit institutions; (b) extraordinary contributions from the institutions up to a maximum amount of 0.5% of the deposits to which the guarantee extends (unless the Bank of Spain authorizes a higher amount); (c) financing obtained in capital markets or by other mechanisms; and, additionally, (d) guaranteed payment commitments from the institutions. The Ministry of Economic Affairs and Digital Transformation (Ministerio de Asuntos Económicos y Transformación Digital), following a proposal from the Bank of Spain, is authorized to reduce the member banks' contributions when the FGD's equity is considered sufficient to meet its needs. Moreover, contributions will be suspended when the FGD's equity reaches 1% of the calculation base of the contributions of the member institutions as a whole.

On 16 April 2014, Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes ("**Deposit Guarantee Schemes Directive**") was adopted, aimed at eliminating certain differences between the laws of the Member States as regards the rules on deposit guarantee schemes to which those credit institutions are subject. The Deposit Guarantee Schemes Directive was transposed to Spanish national law through Act 11/2015 and Royal Decree 1012/2015 by amending, respectively, Royal Decree-law 16/2011 and Royal Decree 2606/1996. As the Deposit Guarantee Schemes Directive states that the scope of protection of deposit guarantee schemes shall be limited to the coverage of deposits or to funding early intervention or resolution measures, the FGD has been divided into (i) the deposit guarantee division, which funds shall be used to cover the responsibilities set out in the Deposit Guarantee Schemes Directive, and (ii) the securities guarantee division, which shall cater for the rest of responsibilities of the FGD.

Royal Decree 1012/2015 introduced a change in the methodology of calculation of the contributions to the new deposit guarantee division. The calculation base for the contributions was no longer determined by the total amount of deposits that may need to be covered by the deposit guarantee schemes, but rather by the volume of deposits that would become effectively covered by the deposit guarantee schemes. Likewise, this regulation sets out a cooperation regime between the deposit guarantee schemes of the Member States, in particular, in relation to the refund of deposits in branches established by banks in other Member States.

Due to the fact that the integration of deposit guarantee schemes into a single scheme for countries participating in the EU banking union is perceived as a "third pillar" of such EU banking union (the other two being the SSM and the SRM, both already in force), on January 26, 2021, the European Commission launched a targeted public consultation on technical aspects on a new review of the BRRD, the SRM Regulation and Directive 2014/49/EU of the European Parliament and of the Council of April 16, 2014 on deposit guarantee schemes. The consultation was open until 20 April 2021 and was split into two main sections: a section covering the general objectives of the review focus, and a section seeking technical feedback on stakeholders' experience with the current framework and the need for changes in the future framework, notably on (i) resolution, liquidation and other available measures to handle banking crises, (ii) level of harmonization of creditor hierarchy in the EU and impact on no creditor worse off principle, and (iii) depositor insurance. Further to this consultation, on 18 April 2023, the European Commission published the proposed amendments to BRRD which are part of the crisis management and deposit insurance ("**CMDI**") legislative package that also includes amendments to the SRM Regulation, and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (together, the "**CMDI Proposals**"). As of the date of this Registration Document, the proposal to amend BRRD is pending discussions by the European Parliament and Council.

The aim of the CMDI Proposals are to build on the objectives of the crisis management framework and to ensure a more consistent approach to resolution, so that any bank in crisis can exit the market in an orderly manner, while preserving financial stability, taxpayer money and ensuring depositor confidence. The CMDI Proposals include: (i) introducing equal preferential ranking on insolvency for all deposits; (ii) measures to make the resolution of small and medium-size banks clearer and simpler to implement; and (iii) provisions under which deposit guarantee schemes could be used for alternative resolution actions. In particular, under the CMDI Proposals and with respect to the preferential ranking of deposits, the current three-tier depositor preference ranking set out in Article 108(1) of BRRD would be replaced with a single-tiered preferential ranking for all deposits with the result that all deposits would rank above ordinary unsecured claims of the relevant bank.

Pursuant to Article 6 of Royal Decree-law 16/2011, annual contributions are calculated based on the amount of deposits guaranteed by each bank and its risk profile. Circular 5/2016, of 27 May, of the Bank of Spain on the calculation method for the contributions to be made by the participating entities to the deposit guarantee fund, as amended, sets out the applicable method to adjust the annual contribution calculated based on the amount of deposits guaranteed by each bank, in proportion to their risk profile.

As for the securities deposit, Royal Decree 948/2001, of August 3, regulated investor guarantee schemes (sistemas de indemnización de los inversores) related to both investment firms and to credit institutions. These schemes are set up through the Investment Guarantee Fund (*Fondo de Garantía de Inversiones*) for securities broker and broker-dealer firms and the FGD already in place for credit institutions.

As of 31 December 2022, the Group was a member of the FGD and thus was obliged to make annual contributions and extraordinary contributions to it. In 2022, the Group's total contribution to the FGD amounted to €57,434 thousand (€51,819 thousand in 2021).

# GENERAL INFORMATION

## Responsibility statement

Ibercaja Banco and the undersigned Mr. Jesús Sierra Ramírez, acting in the name and on behalf of Ibercaja Banco, in his capacity as General Secretary of Ibercaja Banco and acting under a general power of attorney granted by the Chief Executive Officer of the Company before the notary public of Zaragoza Mr. Francisco de Asís Pizarro Moreno on 11 April 2022 with number 1,439 of his records, accepts responsibility for the information contained in this Registration Document and declares, to the best of its knowledge, that the information contained in this Registration Document is in accordance with the facts and that the Registration Document contains no omissions likely to affect its import.

## Significant/material change and trend information

Since 31 December 2022 there has been no material adverse change in the prospects of the Bank.

Since 31 December 2022 there has been no significant change in the financial performance or in the financial position of the Group.

## Auditors

The consolidated and standalone annual accounts of the Bank have been audited for each of the years ended 31 December 2022 and 31 December 2021 by Ernst & Young, S.L., independent auditors.

Ernst & Young, S.L.'s office is at Calle Raimundo Fernández Villaverde 65, 28003 Madrid (Spain) and is registered with the Official Registry of Accounting Auditors (*Registro Oficial de Auditores de Cuentas (ROAC)*) under number S0530.

On 19 December 2019, the Group's general shareholders' meeting, with the prior favorable report of the Audit and Compliance Committee, approved the designation of Ernst & Young, S.L. as auditors for the years ended 31 December 2021, 2022 and 2023.

## Third party information

Information included in this Registration Document sourced from a third party (i.e. INE, Bank of Spain, Inverco, ICEA and BMKS) has been accurately reproduced, and so far as Ibercaja Banco is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## Approval of financial information

The 2021 Annual Accounts were approved by the General Shareholders' Meeting of Ibercaja Banco held on 30 March 2022.

The 2022 Annual Accounts were approved by the General Shareholders' Meeting of Ibercaja Banco held on 13 April 2023.

## Documents on display

Electronic copies of the bylaws (*estatutos sociales*) of Ibercaja Banco (as the same may be updated from time to time) may be inspected on Ibercaja Banco's website.

For avoidance of doubt, unless specifically incorporated by reference into this Registration Document, the information contained on the corporate website of Ibercaja Banco does not form part of this Registration Document.