

## Pillar III Disclosure 2023

# Content

<b>1. EXECUTIVE SUMMARY</b>	<b>7</b>
<b>2. REGULATORY CONTEXT OF THE GROUP</b>	<b>16</b>
2.1 – MACROECONOMIC CONTEXT	16
2.2 – THE IBERCAJA GROUP	18
2.3 – SHAREHOLDING AND FUNCTIONAL STRUCTURE	19
2.4 – FINANCIAL YEAR 2023 IN THE IBERCAJA GROUP	21
2.5 – REGULATORY FRAMEWORK	22
2.5.1 - INTRODUCTION	22
2.5.2 - LIQUIDITY	23
2.5.3 - SECURITISATION	24
2.5.4 – BANK RESTRUCTURING AND RESOLUTION	25
2.5.5 - SOLVENCY	26
2.5.6 – ESG RISKS	28
2.5.7- OTHER POLICY INITIATIVES	29
2.5.8 – SINGLE OVERSIGHT AND RESOLUTION MECHANISM	31
<b>3. PILLAR III GENERAL ASPECTS</b>	<b>33</b>
3.1 - INTRODUCTION	33
3.2 – GOVERNMENT BODIES	33
3.2.1 - BOARD OF DIRECTORS	34
3.2.2 - COMMITTEES OF THE BOARD OF DIRECTORS	38
3.2.3 - PROCEDURES TO ENSURE THE SUITABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS	46
3.2.4 - POLICY ON THE DEDICATION OF DIRECTORS	47
3.2.5 - TRAINING ACTIONS FOR THE BOARD OF DIRECTORS IN RISK AND REGULATORY MATTERS	47
3.2.6 - DIVERSITY IN GOVERNING BODIES	48
3.3 - CONSOLIDATION PERIMETER	49
3.4 - DIFFERENCES BETWEEN THE ACCOUNTING CONSOLIDATION METHOD AND THE REGULATORY CAPITAL METHOD	52
3.5 - IDENTIFICATION OF SUBSIDIARIES WITH OWN FUNDS BELOW THE MINIMUM CAPITAL REQUIREMENTS AND EXEMPTIONS FROM THE REQUIREMENTS	57
3.6 - FINANCIAL CONGLOMERATE	58
<b>4. COMPUTABLE OWN RESOURCES</b>	<b>60</b>
4.1 - RECONCILIATION OF REGULATORY CAPITAL AND STOCKHOLDERS' EQUITY ON THE CONSOLIDATED BALANCE SHEET	62
4.3 – COUNTERCYCLICAL CAPITAL BUFFER AND PRUDENT VALUATION ADJUSTMENTS	68
4.3.1. COUNTERCYCLICAL CAPITAL BUFFER	68
4.3.2. PRUDENT VALUATION ADJUSTMENTS	70
<b>5. MINIMUM REQUIREMENTS ON OWN RESOURCES</b>	<b>72</b>
5.1 - PROCEDURES APPLIED TO ASSESS THE ADEQUACY OF INTERNAL CAPITAL	73
5.2 - CAPITAL REQUIREMENTS FOR CREDIT, COUNTERPARTY AND DILUTION RISK	75
5.3 - SUPPORTING FACTOR APPLIED TO SME EXPOSURES AND CRITICAL INFRASTRUCTURE	76
5.4 - CAPITAL REQUIREMENTS FOR POSITION RISK	76
5.5 - CAPITAL REQUIREMENTS FOR FOREIGN EXCHANGE RISK	76



5.6 - CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	77
5.7 - CAPITAL REQUIREMENTS FOR CREDIT VALUATION ADJUSTMENT (CVA)	77
<b>6. RISKS</b>	<b>79</b>
6.1 – RISK MANAGEMENT POLICIES AND OBJECTIVES	79
6.2 - RISK MANAGEMENT POLICIES AND OBJECTIVES	81
6.2.1 – FRAMEWORK FOR ACTION AND MANAGEMENT	81
6.2.2 - GOVERNANCE STRUCTURE	83
6.2.3 - RISK MANAGEMENT, CONTROL AND MEASUREMENT STRATEGIES	85
6.2.4 - FUNCTIONS OF THE BOARD OF DIRECTORS	104
6.2.5 - FUNCTIONS OF THE INTERNAL AUDIT	105
6.2.6 - RISK INFORMATION REPORTING	107
<b>7. CREDIT RISK</b>	<b>109</b>
7.1 – ACCOUNTING DEFINITIONS AND METHODOLOGICAL DESCRIPTIONS	109
7.2 - CREDIT RISK EXPOSURE	117
7.2.1 - OVERVIEW OF PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS	117
7.2.4 - OVERVIEW OF NON-PERFORMING AND PERFORMING EXPOSURES BY MATURITY, GEOGRAPHIC AREA AND VARIATION IN NON-PERFORMING LOANS	121
7.2.5 - OVERVIEW OF FORBORNE EXPOSURES AND SECURITY INTERESTS OBTAINED THROUGH TAKEOVER AND ENFORCEMENT PROCESSES	123
7.3 - INFORMATION ON THE GROUP'S COUNTERPARTY CREDIT RISK	124
7.4 - IDENTIFICATION OF THE EXTERNAL RATING AGENCIES	132
7.5 - RISK MITIGATION TECHNIQUES AND THE EFFECT ON RISK EXPOSURES OF THE APPLICATION OF RISK REDUCTION TECHNIQUES	133
7.5.1 - GENERAL INFORMATION	133
7.5.2 - QUANTITATIVE INFORMATION	136
7.6 – SECURITISATIONS	139
7.6.1 - GENERAL DESCRIPTION AND OBJECTIVES	139
7.6.2 - RISKS OF THE GROUP'S SECURITISATION ACTIVITY	141
7.6.3 - FUNCTIONS PERFORMED IN THE SECURITISATION PROCESSES AND DEGREE OF INVOLVEMENT	143
7.6.4 - ACCOUNTING TREATMENT OF TRANSFERS OF FINANCIAL ASSETS	145
7.6.5 - ORIGINATED SECURITISATIONS	146
7.6.6 - CALCULATION OF RISK-WEIGHTED EXPOSURE AMOUNTS FOR SECURITISATION POSITIONS	147
<b>8. MARKET RISK</b>	<b>149</b>
8.1 – DEFINITION OF MARKET RISK	149
8.2 - MARKET RISK MANAGEMENT	149
<b>9. OPERATIONAL RISK</b>	<b>153</b>
9.1 - CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	154
9.2 - OPERATIONAL RISK MANAGEMENT OBJECTIVES AND JUSTIFICATION	154
9.3 - STRUCTURE AND ORGANISATION OF OPERATIONAL RISK MANAGEMENT	155
9.4 - OPERATIONAL RISK CATEGORIES	155
9.5 - METHODOLOGIES FOR MEASURING OPERATIONAL RISK	156
9.6 - LOSS DATABASE	156
9.7 - SELF-ASSESSMENTS	157
9.8 - OPERATIONAL RISK INDICATORS	158
9.9 - ACTION PLANS	158

<b>10. HOLDINGS AND EQUITY INSTRUMENTS NOT INCLUDED IN THE TRADING PORTFOLIO</b>	<b>160</b>
10.1 - CLASSIFICATION, VALUATION AND ACCOUNTING CRITERIA	160
10.2 - QUANTITATIVE INFORMATION	160
<b>11. STRUCTURAL INTEREST RATE RISK</b>	<b>163</b>
11.1 - CHANGES IN INTEREST RATES	165
<b>12. LIQUIDITY AND FINANCING RISK</b>	<b>169</b>
12.1 – REGULATORY LIQUIDITY RATIOS IN 2023	173
12.2 - LIQUIDITY AND FINANCING PERSPECTIVE	179
<b>13. ASSET ENCUMBRANCE</b>	<b>181</b>
13.1 – GENERAL INFORMATION	181
13.2 – QUANTITATIVE INFORMATION	182
<b>14. LEVERAGE</b>	<b>186</b>
14.1 - GENERAL INFORMATION	186
14.2 - BREAKDOWN OF TOTAL EXPOSURE MEASURE	186
14.2.1 - RECONCILIATION OF THE LEVERAGE RATIO WITH THE PUBLISHED FINANCIAL STATEMENTS	192
14.3 - INFORMATION ON QUALITATIVE ASPECTS	192
14.3.1 - PROCEDURES APPLIED TO MANAGE THE RISK OF EXCESSIVE LEVERAGE	193
14.3.2 - FACTORS THAT HAVE INFLUENCED THE LEVERAGE RATIO	193
<b>15. ESG RISKS</b>	<b>195</b>
15.1 – INTRODUCTION	195
15.2 – BUSINESS MODEL AND STRATEGY	196
15.3 – GOVERNANCE	201
15.3.1 – SUSTAINABILITY STRATEGY GOVERNANCE FRAMEWORK	201
15.3.2 – ESG RISK GOVERNANCE AND MANAGEMENT FRAMEWORK	204
15.3.3 – LINES OF FREQUENCY AND REPORTING	205
15.3.4 – REMUNERATIONS POLICY	206
15.4 – ESG RISK IDENTIFICATION AND MANAGEMENT PROCESSES	207
15.4.1 – ESG RISK IDENTIFICATION AND MANAGEMENT PROCESSES:	209
15.4.2 – ESG DATA	220
15.5 – LOANS SECURED BY COLLATERAL CONSISTING OF IMMOVABLE PROPERTY	228
15.6 – HARMONISATION PARAMETERS	230
15.7 – EXHIBITION WITH THE 20 MOST POLLUTING COMPANIES	231
15.8 – EXPOSURES SUBJECT TO PHYSICAL RISK	232
15.9 – GAR SUMMARY	235
15.10 – GAR ASSET MITIGATION ACTIONS	235
15.11 – MITIGATION ACTIONS GAR	241
15.12 – OTHER MITIGATION MEASURES	245
<b>16. REMUNERATIONS</b>	<b>248</b>
16.1 – BACKGROUND	248
16.2 - PURPOSE AND SCOPE OF THE REMUNERATION POLICY	248

16.3 - PRINCIPLES OF THE REMUNERATION POLICY	252
16.4 - MAIN CHARACTERISTICS OF THE REMUNERATION POLICY	253
16.5 - DECISION-MAKING PROCESS FOLLOWED TO ESTABLISH THE REMUNERATION POLICY FOR THE IDENTIFIED GROUP	254
16.6 - CHARACTERISTICS OF THE SENIOR MANAGEMENT REMUNERATION SYSTEM	256
16.6.1 - DETERMINATION OF OBJECTIVES	256
16.6.2 - PERFORMANCE ASSESSMENT	258
16.7 - PAYMENT WITH INSTRUMENTS AND RETENTION PERIOD	258
16.8 - DEFERRAL	259
16.9 - MALUS CLAUSES	260
16.11 - INCENTIVE PLAN (ILP)	262
16.12 - CHARACTERISTICS OF THE REMUNERATION SYSTEM OF THE MEMBERS OF THE GOVERNING BODIES	263
16.12.1 - REMUNERATION OF THE EXECUTIVE DIRECTOR: CHIEF EXECUTIVE OFFICER	263
16.12.2 - REMUNERATION OF DIRECTORS IN THEIR CAPACITY AS SUCH	264
16.13 - REMUNERATION RECEIVED	265
<b>ANNEXES</b>	<b>269</b>
ANNEX I: MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS (TEMPLATE EU CCA)	269
ANNEX II: OWN FUNDS AND PHASE-IN AND FULLY-LOADED CAPITAL REQUIREMENTS	273
ANNEX III: PHASED-IN AND FULLY-LOADED CAPITAL RATIOS	274
ANNEX IV: TEMPLATE IFRS 9-FL: COMPARISON OF INSTITUTIONS' OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 OR ANALOGOUS ECLs, AND WITH AND WITHOUT THE APPLICATION OF THE TEMPORARY TREATMENT IN ACCORDANCE WITH ARTICLE 468 OF THE CRR	275
ANNEX V: GEOGRAPHICAL DISTRIBUTION OF RELEVANT CREDIT EXPOSURES	277
ANNEX VI: CRR MAPPING	278
<b>INDEX OF TABLES</b>	<b>294</b>
<b>INDEX OF ILLUSTRATIONS</b>	<b>296</b>

02  
**1**

**EXECUTIVE  
SUMMARY**

## 1. Executive Summary

Pillar III Disclosure complies with the requirements set out in Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council (hereinafter CRR - Capital Requirements Regulation) on "Entity Disclosure", and with the further development of the EBA RTS/ITS guidelines and documents, under Pillar III of the Basel Committee Capital Accord.

Pillar III promotes market discipline through the development of a series of disclosure requirements that allow different agents to evaluate the Entity's risk exposure, risk assessment, management and control processes, the Group's capital adequacy and internal governance.

This report contains the information required by the current regulations in force:

- The regulatory framework, governance bodies, perimeter for the purposes of capital requirements, information disclosure policy and risk management policies and objectives.
- The Group's computable own resources and solvency level, the characteristics of the risk profile in its different types: credit, market, operational, equity investments or capital instruments not included in the trading book, structural interest rate, liquidity and securitisations.
- Leverage, unencumbered assets, ESG risks and remuneration policy.

The Ibercaja Banco Group (hereinafter Ibercaja or the Group) is among the ten largest Spanish banking group in terms of asset volume. Its main activity focuses on retail banking, carrying out its entire business in Spain.

The corporate purpose is the performance of all kinds of activities, operations, acts, contracts and services inherent to the banking business in general, in accordance with the legislation in force at any given time, including the provision of investment and ancillary services.

The Bank develops a "universal banking" model to meet all the financial needs of its clients. It has a wide range of banking and financial products and services, focusing particularly on first home mortgages, SME financing, asset management and lifesavings and risk insurance products.

Ibercaja reported a net profit of 304 million euros due to the great performance of recurring incomes in an environment characterised by rising interest rates, market volatility and inflationary pressures.

The main key indicators of the Ibercaja Group are detailed below:



Table 1: Template EU KM1 – Key metrics template

Key metrics template						
(thousands of euros)		Dec-2023	Sep-2023	Jun-2023	Mar-2023	Dec-2022
		a	b	c	d	e
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	2,398,322	2,351,134	2,345,175	2,321,829	2,322,796
2	Tier 1 capital	2,748,322	2,701,134	2,695,175	2,671,829	2,672,796
3	Total capital	3,248,322	3,201,134	3,195,175	3,171,829	3,172,796
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	18,609,328	17,997,827	18,133,504	17,891,984	18,045,437
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	12.89%	13.06%	12.93%	12.98%	12.87%
6	Tier 1 ratio (%)	14.77%	15.01%	14.86%	14.93%	14.81%
7	Total capital ratio (%)	17.46%	17.79%	17.62%	17.73%	17.58%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.15%	2.15%	2.15%	2.15%	2.15%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.21%	1.21%	1.21%	1.21%	1.21%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.61%	1.61%	1.61%	1.61%	1.61%
EU 7d	Total SREP own funds requirements (%)	10.15%	10.15%	10.15%	10.15%	10.15%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	-	-	-	-	-
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 11a	Overall capital requirements (%)	12.65%	12.65%	12.65%	12.65%	12.65%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.16%	7.35%	7.22%	7.27%	7.16%
<b>Leverage ratio</b>						
13	Total exposure measure	47,431,442	46,762,077	47,628,310	47,364,353	48,270,672
14	Leverage ratio (%)	5.79%	5.78%	5.66%	5.64%	5.54%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Liquidity Coverage Ratio*</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	7,724,632	8,580,006	9,991,508	11,547,218	12,857,746
EU 16a	Cash outflows - Total weighted value	3,880,469	3,829,312	3,717,090	3,745,920	3,700,314
EU 16b	Cash inflows - Total weighted value	538,151	526,820	519,395	500,560	477,509
16	Total net cash outflows (adjusted value)	3,342,318	3,302,491	3,228,411	3,245,360	3,222,805
17	Liquidity coverage ratio (%)	233%	261%	309%	357%	400%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	34,998,366	35,337,298	36,029,530	36,839,071	38,580,765
19	Total required stable funding	24,766,455	25,043,093	25,470,553	25,392,283	25,269,382
20	NSFR ratio (%)	141%	141%	141%	145%	153%

\* The LCR ratio is calculated as the simple average of observations at the end of each month over the previous twelve months. As for the KM2, it does not apply to the Group as it is not considered a G-SIB



The following sections cover the most relevant aspects, which are further developed later in the report.

**Consolidated Balance Sheet as of December 31, 2023 (in millions of euros)**

<b>ASSETS</b>		<b>LIABILITIES AND NET EQUITY</b>	
Cash, balance of cash equivalents in Central Banks and other deposits	1,999	145	Financial liabilities held for trading
Financial assets held for trading	25		
Non-trading financial assets mandatorily measured at fair value through profit or loss	1,486	42,400	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	444		
Financial assets at fair value through other comprehensive income	4,730	538	Derivatives - hedge accounting
Financial assets at amortised cost	42,693	-79	Changes in the fair value of hedged items in a portfolio with interest rate risk coverage
Derivatives - hedge accounting	155	7,576	Liabilities covered by insurance or reinsurance contracts
Investments in joint business and associates	80		Provisions
Other assets	140	197	Tax liabilities
Tangible assets	978	198	Other liabilities
Intangible assets	366	224	Own funds
Tax assets	1,276	3,302	
Non-current assets and disposal groups of assets classified as held for sale.	144	15	Other comprehensive income
	<b>54,516</b>	<b>54,516</b>	

**Equity and solvency ratios**

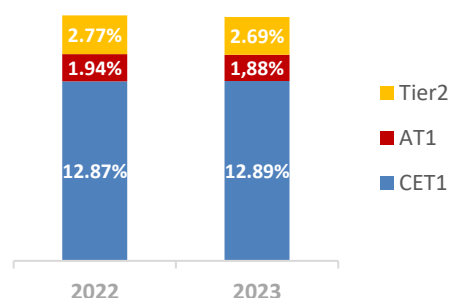
The Group's own resources are:

<b>Computable Own Funds</b>	
(thousands of euros)	Amount
Computable Own Funds 2023	3,248,322
Computable Own Funds 2022	3,172,796

In accordance with the regulations in force within the framework of the Basel Capital Accord for determining solvency, on December 31, 2023, the Ibercaja Banco Group complies with the minimum solvency ratios (Basel Pillar I) required by the regulations in force. Ibercaja Banco's ratios on a consolidated basis, CET1 of 12.89% and Total Capital of 17.46% (both phased-in), are 4.76 and 4.96 points, respectively, above the regulatory requirements established for 2024.

Based on the criteria foreseen for the end of the transitional period prior to the full implementation of Basel III, the CET1 *fully loaded* ratio was 12.70%.

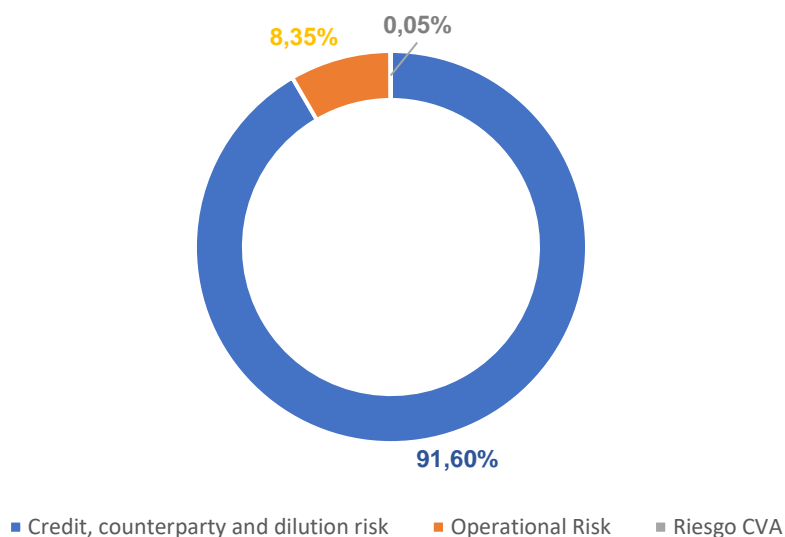
<b>Capital Ratios</b>	
	%
Common Equity Tier 1 ratio (CET1)	12.89%
Minimum required CET1	4.50%
Tier 1 Capital ratio (T1)	14.77%
Minimum required T1	6.00%
Total Capital ratio	17.46%
Minimum Total Capital requirement	8.00%



Annex III incorporates the capital ratios without applying transitional measures (fully-loaded).

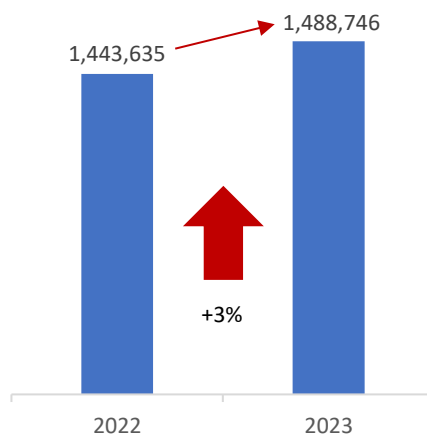
### Capital Requirements

During 2023, credit risk requirements accounted for 91.60% of capital requirements, operational risk requirements accounted for 8.35%.



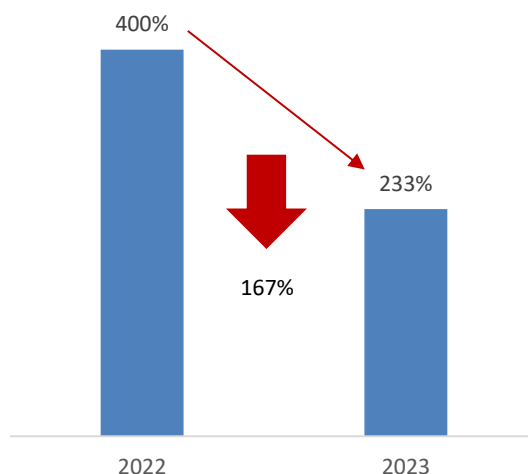
Minimum capital requirements	
(thousands of euros)	Amount
<b>Minimum capital requirements</b>	<b>1,488,746</b>
Capital requirements for credit risk, counterparty risk and incomplete trades	1,363,674
Market risk capital requirements	-
Operational risk capital requirements	124,361
Credit Valuation Adjustment Capital Requirement	711
<b>Risk-weighted assets</b>	<b>18,609,328</b>

The minimum capital requirement for Pillar I risks has been increased by 3% compared to 2022.

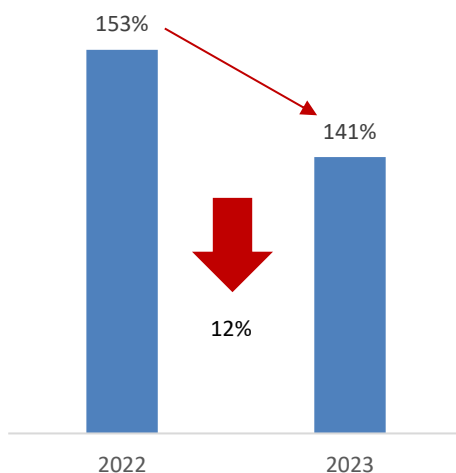


### **Liquidity Ratio**

The liquidity coverage ratio (LCR hereinafter), calculated as the simple average of month-end observations over the previous twelve months, has decreased in 2023 from 400% in December 2022 to 233% as of December 2023.

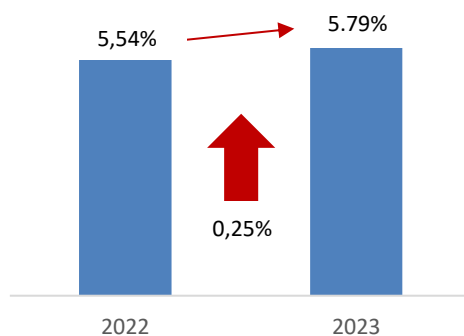


The net stable funding ratio (NSFR) has been reduced in 2023, from 153% to 141% this year.



### **Leverage ratio**

The leverage ratio has risen in 0.25% from 5.54% as of December 2022 to 5.79% as of December 2023.



### **Regulatory framework on own resources and supervision of institutions**

The current legislation on own funds and supervision on a consolidated basis of Spanish credit institutions consists of Regulation (EU) n°. 575/2013 of the European Parliament and of the Council (CRR) of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) n° 2019/876 together with the European Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and their prudential supervision, as amended by Directive (EU) 2019/878.

### **Pillar III information disclosure. Information of Prudential Relevance**

Ibercaja Banco is the head of a group of subsidiaries, which carry out activities of a different nature and which constitute the Ibercaja Banco Group. Regulation (EU) n°. 575/2013 of the European Parliament and of the Council, as amended by Regulation (EU) n° 2019/876 (CRR II), the Community Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended by Directive (EU) 2019/878 (CRD V) and its transposition in Bank of Spain Circular 2/2016, February 2, on supervision and solvency, are applicable at the consolidated level for the entire Group.

In accordance with part eight of chapter one of the CRR and article 85 of Law 10/2014, institutions must periodically publish relevant information for a proper understanding of their business profile, their exposure to different risks, the composition of their capital base and their risk management policies and objectives. This report includes the compliance with these requirements as of December 31, 2023 by the consolidable Group of Ibercaja Banco S.A. and has been published on 26 March 2024 on the Ibercaja Banco website ([Information of Prudential Relevance - Corporate Website | Ibercaja Banco](#)).

In the event that information is not published because the Entity reserves it or because it is not material, the specific reasons for its omission must be communicated and more general information that does not affect the confidentiality of the information must be provided instead. The Entity, in compliance with this standard, does not omit information due to unspecified materiality or confidentiality without being specified.

The areas responsible for the preparation of the Prudential Relevance Report and their functions are defined below:

- a) General Accounting: responsible for coordination, compliance with current regulations and comparison with the Group's various sources of information. It also provides quantitative and qualitative information on equity, capital requirements for the various types of risk (credit, counterparty, trading book, market, equity positions, etc.), credit risk mitigation, capital buffers and securitisations.
- b) Area Control Management: providing information on RAF, leverage, self-assessment of capital, unencumbered assets, interest rate structural risk and liquidity, and capital requirements for operational risk.
- c) Personnel Area Management: provides quantitative and qualitative information on remuneration of the Identified Collective.
- d) Sustainability and Reputation Area Management: provides information on social, environmental and governance risks.



- e) Financial Markets Directorate: provides qualitative information on counterparty risk, market risk and securitisations.
- f) Capital and Balance Sheet Strategy: provides qualitative information on liquidity risk and interest rate risk.
- g) General Secretariat: provides information on Governing Bodies and on remuneration policies for Governing Bodies and Senior Management.

In accordance with Standard 59 of Bank of Spain Circular 2/2016, the Group has commissioned an independent external party (PwC) to review the adequacy of the Prudential Relevance Report to the current regulatory requirements (Regulation (EU) n°. 575/2013-CRR). The conclusions of this review are presented to the Audit and Compliance Commission.

Ibercaja Banco S.A. and its Consolidated Group have a policy for the disclosure and verification of information with prudential relevance approved by the Board of Directors and with a minimum frequency of annual review.

This policy sets out the principles governing the adequacy of prudentially relevant information in the Entity. Among the principles included in the policy are: the frequency and content of the information to be disclosed; the consideration of information as material, significant, reserved or confidential; the verification of the information and the means of disclosure of the information. In accordance with this policy, this report has been prepared by General Accounting, reviewed by the Audit and Compliance Commission and approved by the Board of Directors.

Thus, in compliance with the requirements established in Part Eight of Regulation (EU) n°. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms and, specifically, with article 431 paragraph 3 and in line with the Policy for the disclosure and verification of information with prudential relevance, the Board of Directors of Ibercaja Banco, certifies that Ibercaja Banco, S.A. has disclosed the information required under Part Eight, in accordance with the formal policies and internal processes, systems and controls, the disclosed data being reviewed and validated by the units involved of Ibercaja Banco, S.A in its 2023 Prudential Relevance Report.

In this way, and to the extent of its procedures, the information disclosed in the Prudential Relevance Report for the 2023 financial year conveys a complete picture of its risk profile and adequately reflects its financial position and activity. Thus, it offers complete information in order to assess the risks it faces, its market strategy, its risk control, its internal organisation and its situation in order to comply with the minimum solvency capital requirements, thereby complying with the disclosure requirements established in the regulations in force.

In relation to the Prudential Relevance Report, the Board of Directors declares that, in accordance with the methodologies implemented by the Entity in the measurement of the risk profile, the overall risk profile of the Group is low. All material risks have an adequate or high control environment in terms of risk governance, management, control and audit. This rating is monitored and reported to the Board of Directors.

In preparing this document, the Group has considered:

- GL on materiality, ownership and confidentiality and frequency.

- Regulation (EU) n°. 2019/876 (CRR II) of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) n°. 575/2013
- Final ITS on disclosure by institutions of information referred to in Titles II and III of Part Eight of Regulation (EU) n°. 575/2013 (EBA/ITS/2020/04).
- Guidelines amending EBA/GL/2018/01 Guidelines on uniform disclosure of information under Article 473 bis of Regulation (EU) n°. 575/2013 (CRR) with regard to transitional provisions for mitigating the impact on own funds of the introduction of IFRS 9, to ensure compliance with the quick fix made in the CRR in response to the COVID-19 pandemic.
- Commission Implementing Regulation (EU) n°. 2022/631 of 13 April 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) n°. 2021/637 as regards the disclosure of exposures to interest rate risk on positions not held in the trading book.
- Commission Implementing Regulation (EU) n°. 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) n°. 2021/637 as regards the disclosure of environmental, social and governance risks

The Group's Prudential Relevance Report is structured in 16 sections and 6 annexes. The first section describes the most relevant magnitudes that are subsequently developed in the report. The second section describes the relevant events that have occurred in 2023 and have affected the Group and the regulatory environment. The third section describes the general aspects of the Group's Pillar III and all the information relating to the governing bodies and scope of consolidation. Sections 4 and 5 develop all the information relating to solvency, from qualitative to quantitative information, on the Group's capital and capital requirements. Sections 6 to 15 describe the Group's risk function and detail by section the aspects relating to credit, securitisation, operational, liquidity, interest rate, leverage risk and ESG risks. Section 16 contains information on remuneration policies.

The annexes include information on the main characteristics of capital instruments, own funds and phased-in and fully loaded capital requirements, phased-in and fully loaded capital ratios, Template IFRS 9-FL and a compliance map with the items in Part Eight of the CRR. An index of tables and an index of illustrations is provided at the end of the document.

The data collected in the report is expressed in thousands of euros, unless otherwise stated, with the data originally being in euro units. In this sense, subtotals may present deviations when the rounded base data is taken as a reference instead of the sum of its elements.

## 2

## REGULATORY CONTEXT OF THE GROUP



## 2. Regulatory context of the group

### 2.1 – Macroeconomic Context

#### Word economic scenario

A lower dynamism in the global economy within a context of persistent inflation, leading to a significant monetary tightening by major central Banks has been the events that characterized 2023. The IMF estimates that global GDP growth stood at 3.1%, slowing down from 3.5% in 2022. The moderation would come from advanced economies, growing at 1.6% in 2023 after 2.6% in 2022, while expansion in emerging markets would have remained stable at 4.1%.

Within advanced economies, the increase in GDP of the United States would have positively surprised, accelerating to 2.5% from 1.9% in 2022, and Japan's GDP would have also accelerated (to 1.9% from 1.0%). However, on the other hand, the growth of the Eurozone (0.5% from 3.4%) and other advanced economies such as Canada (1.1% from 3.8%) or the United Kingdom (0.5% from 4.3%) would have lost momentum.

Among emerging regions, there have also been dissimilar performances. In 2023, the growth of Asia accelerated (to 5.4% from 4.5%) as well as Europe (to 2.7% from 1.2%), while the growth of Latin America slowed down (to 2.5% from 4.2%), the Middle East and Central Asia (to 2.0% from 5.5%), and Sub-Saharan Africa (to 3.3% from 4.0%).

The acceleration of growth in emerging Asian countries owes much to China's recovery. After a 2022 marked by pandemic waves that led to business closures due to the maintenance of the COVID zero policy, and in which GDP barely grew by 3.0%, it increased by 5.2% in 2023. Despite the improvement, this increase still seems somewhat modest when compared to China's economic growth in the years before the pandemic (an average of 6.7% between 2015 and 2019). The shift towards a growth model more focused on domestic demand is facing challenges stemming from the implosion of the Chinese real estate market, reflected in a roughly 9.0% decline in residential investment, which has a ripple effect on overall domestic demand.

The United State economy surprised with a notable 2.5% year-on-year GDP growth in 2023, when a sharp slowdown was expected. Much of this performance was driven by the positive evolution of consumption, which in turn was fuelled by the high propensity of American families to spend the savings accumulated during the pandemic compared to those in other regions of the world. The savings rate in 2023 stood at a low 4%, lower than the pre-pandemic average of the two years prior (7%), following the high levels during the pandemic (14% from March 2020 to December 2021). The labour market remained robust with the unemployment rate staying at very low levels (3.6%, the same as in 2022) while job creation continued (3.1 million nonfarm payroll jobs). Price growth decelerated from 8.0% in 2022 to 4.1% in 2023, still well above the Federal Reserve's target. However, the slowdown was significant from the peak of 9.1% in June 2022 to 3.0% in June 2023. The underlying rate decelerated to a lesser extent, from 6.6% in September 2022 to 3.9% in December 2023.



GDP growth was lower in the Eurozone: 0.5% in 2023 compared to 3.4% in 2022. Although the energy crisis resulting from the Ukraine war had a less severe impact than expected, as the winter of 2022 to 2023 passed without the need for gas rationing, the low household consumption propensity in Europe translated into weak economic performance, particularly in Germany, where GDP fell by 0.3%. Nevertheless, the labour market recovery continued, and the unemployment rate dropped to 6.5% from 6.7% the previous year. As for prices, the deceleration of the CPI was insufficient, but it intensified in the last months of the year. On average, the CPI decreased from 8.4% in 2022 to 5.4% in 2023, but with a minimum of 2.4% in November 2023 compared to the maximum of 10.6% in October 2022.

## Monetary Policy and Financial Markets

In response to more persistent and intense inflationary pressures than expected, major central banks significantly tightened their policies. In addition to reducing the size of their balance sheets after years of expansion, they raised policy rates at an unprecedented pace, culminating the tightening cycle initiated in 2022. The Federal Reserve of the United States led the way by increasing rates from 0.25% at the beginning of 2022 to 4.5% by December 2022 and to 5.5% from July 2023 onwards. The reference rate of the European Central Bank rose from 0% in 2022 to 2.5%, and in 2023, it reached 4.5% from September. The deposit facility rate reached 4.0%, its highest level in the 25-year history of this reference. In this context, the 12-month Euribor, which had already risen from 0.5% to 3.0% in 2022, increased further to reach a peak of 4.2% in October 2023.

The rise in short-term interest rates and the reduced demand for government debt by central banks were two of the main reasons that pushed long-term rates to levels not seen in the last decade. The yield on ten-year US Treasury bonds reached a peak of 5.0% in October and averaged 4.0% in 2023, compared to an average of 3.0% in 2022. In the case of ten-year German bonds, the peak reached was 3.0%, with an average of 2.5% in 2023, up from 1.2% in 2022. Spain's risk premium fluctuated between 90 and 115 b.p., averaging 100 b.p., similar to the previous year. The Spanish ten-year bond yield reached 4.0%, with an average of 3.5% in 2023 compared to 2.2% in 2022.

After a catastrophic 2022 for most stock markets, which suffered from rising interest rates and uncertainty stemming from the war in Ukraine and inflation, 2023 saw a notable recovery, especially in the first part of the year and in the month of November. In 2023, the S&P 500 in the United States rose by 24.2%, the European Stoxx 600 by 12.7%, and the Ibex by 22.8%. In Europe, only two sectors saw declines during the year: basic resources by 6.5% and food by 6.7%, while increases were seen in distribution by 34.4% and technology by 31.7%.

## Spanish economy

Unlike the overall performance in the Eurozone, the Spanish economy surprised positively in 2023. Indeed, the historical growth series was revised upward, so the situation regarding activity levels prior to the pandemic was more positive than initially estimated. The GDP expansion was lower than in the two previous years, which were driven by the reopening of sectors most affected by the pandemic, but it reached 2.5%, comfortably exceeding the 0.5% in the Eurozone. This data, following the growth of 5.8% in 2022, 6.4% in 2021, and the 11.2% decline in 2020, implies that GDP surpassed pre-pandemic levels by 2.5%.

Regarding inflation, the best news was the normalisation of energy prices, especially electricity and gas, which had surged due to the gas price hike in 2022 resulting from the reduction in Russian supplies to Europe. Consumer prices for gas and electricity in Spain returned in 2023 to levels similar to those before the war in Ukraine and the pandemic. For fuels and gasoline, the moderation was somewhat lower, and by the end of 2023, they were still 30% more expensive than in 2019. The most inflationary spending category throughout 2023 was food, which rose by 11% year-on-year and 29% compared to 2019, particularly impacting low-income households due to its higher share in the consumption basket. On average for the year, the CPI slowed to 3.5% year-on-year from 8.4% in 2022.

The labor market started the year on a positive note but cooled down from June onwards, according to social security affiliation data. In the first five months, an average of over 69,100 jobs were created per month, compared to just 29,200 in the following five months. The EPA data were slightly more favourable, showing a 3.0% year-on-year growth in employment in 2023 and an eight-tenths decrease in the unemployment rate compared to the previous year, down to 12.1%.

In the real estate market, 2023 saw the expected shift in the cycle after reaching levels of property transactions that seemed unsustainable considering demographic and social trends. The decline in transactions reached 14% year-on-year in the first nine months of the year. However, unlike during the real estate bubble, the high level of transactions reached was not accompanied by an excess supply of housing, so the decline in transactions has not yet led to an adjustment in prices (+3.4% year-on-year in the first three quarters) or in the number of new constructions permits (+3.5% year-on-year in the same period).

## 2.2 – The Ibercaja Group

Ibercaja is a banking institution specialised in business for individuals and companies whose objective is to generate value for its customers, shareholders and society in general.

The Group has as its main activity retail banking, developing their entire business in the national territory. Their corporate purpose is to carry out all types of activities, operations, acts, contracts and characteristic services of the banking business in general, allowed by the current legislation at every moment, including the provision of investment and auxiliary services.

The Bank was created in 2011 following the spin-off and transfer to Ibercaja Banco of the financial business of the former Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, now transformed into the Fundación Bancaria Ibercaja, in accordance with the provisions of the Banking Foundations Act. In 2013, the Bank absorbed Banco Cajatres, an entity formed as a result of the spin-off and subsequent merger of the financial business of three former savings banks: Caja de Ahorros de la Inmaculada (currently *Fundación Caja Inmaculada*), Caja Badajoz (currently *Fundación Caja Badajoz*) and Caja de Ahorros Círculo de Burgos (currently *Fundación Caja Círculo*), which since that time have been transformed into foundations and are the Bank's current minority shareholders, together with Fundación Bancaria Ibercaja which is its majority shareholder.

Ibercaja Group, with a balance sheet of 54,516 million euros, is the tenth in terms of assets in the Spanish banking system. The Bank develops a "universal banking" model to meet all its customers' financial needs. It has a wide range of banking and financial products and services, focusing particularly on first home mortgages, SME financing, asset management and lifesavings and risk insurance products. At the national level, it has a market share of 2.4% in lending to households and non-financial companies, 3.5% in the segment of individual house purchases and 2.7% in household and corporate deposits, according to statistics published by the Bank of Spain.

The predominantly retail nature of the business is reflected in the balance sheet structure and the low-risk profile. Mortgage credit represents 60.80% of its regular credit (excluding temporary asset acquisitions) and retail deposits 81% of external funding.

At a national scope, Ibercaja holds a market share of 2.5% in lending to households and non-financial corporations, reaching in the individual home acquisition segment 3.5% and 2.4% in households and companies deposits.

Ibercaja owns its entire Financial Group, which is made up of subsidiaries specialising in the management of investment funds and pension plans, bank assurance, and consumer financing and renting services. Through them, Ibercaja offers a wide range of products specifically focused on retail clients and complementing traditional banking services. Ibercaja's Financial Group makes the Bank the fourth largest financial institution in Spain in terms of asset management and life insurance with 37,403 million euros in assets under management and technical provisions, reaching an aggregate market share in this range of products of 5.6%, highlighting investment funds with a market share of 6.5%.

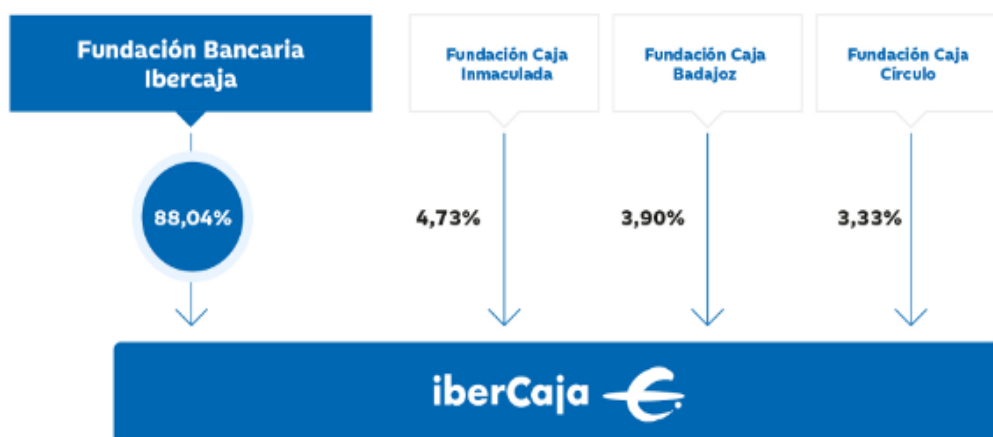
The assets under management and insurance contributes 32% of the Group recurring incomes and they suppose 53% of the resources of retail clients managed by the Entity, resulting in one of the most diversified savings and income generation mixes in the Spanish banking system.

The Entity exclusively operates in Spain and holds a leadership position in its traditional operating area (Comunidades Autónomas of Aragón and Rioja and the provinces of Guadalajara, Burgos y Badajoz), where 61% of its clients are located and 60% of its retail business volume come from. The market share in this territory, 29% in private sector deposits and 19% in credit, reaches 41% and 26%, respectively, in Aragón. It also has a significant presence in other areas of great economic relevance such as Madrid and the Mediterranean Arc (including the following Comunidades Autónomas: Cataluña y Comunidad Valenciana), which accumulate 18% and 12% of the clients and 18% and 12% of the Entity's business volume.

## 2.3 – Shareholding and functional structure

Ibercaja Banco is majority owned, with 88.04% of its capital, by the *Fundación Bancaria Ibercaja*. As a result of the acquisition in June 2013 of *Banco Grupo Cajates, S.A.U.*, the following are also shareholders of Ibercaja: *Fundación Caja Inmaculada* (4.73%), *Fundación Caja Badajoz* (3.90%) and *Fundación Bancaria Caja Círculo* (3.33%).

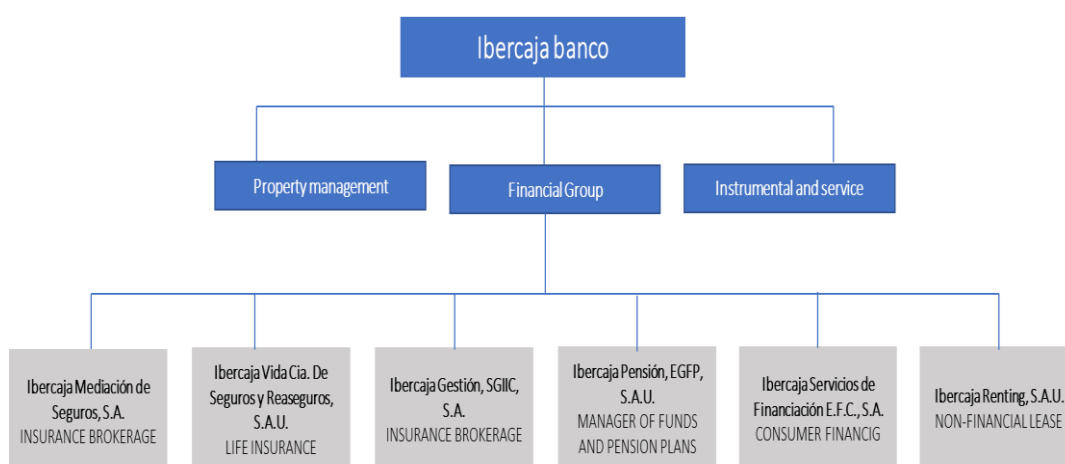
## Shareholder Structure



From an organisational point of view, the Bank is the head of a group of subsidiaries, the most important of which, from the point of view of both the diversification of the range of banking products and profitability, are those of the Financial Group, comprising companies specialising in mutual funds, pension plans, bank assurance and consumer financing and renting services.

Governance Bodies of the Bank approved a partial spin-off operation of Ibercaja Leasing and Financiación S.A., E.F.C., in favour of Ibercaja Banco S.A. As a result of this action, the leasing activity is carried out directly by the Bank, the renting service by a wholly-owned subsidiary newly created by the Bank, named "Ibercaja Renting, S.A.U.", and the company formerly known as Ibercaja Leasing y Financiación S.A., E.F.C. has changed its business name to Ibercaja Servicios de Financiación, E.F.C., S.A.U. being financial consuming its activity.

## Organisational Structure





## 2.4 – Financial year 2023 in the Ibercaja Group

2023 has been characterised by high geopolitical and macroeconomic uncertainty. This situation has negatively affected the business activity. Despite this complex environment, Ibercaja completed its Plan Estratégico Desafío 2023, comfortably achieving the main financial and operative objectives that it set as goals three years ago.

The Entity met the demanding business growth objectives in the priority strategic segments defined in the Plan (Corporate Banking, Individual Banking, Asset Management and Insurance), achieving market share gains in corporate lending (+34 b.p., from 2020 close), investment funds (+98 p.b., from 2020 close), pension plans (+25 b.p., from 2020 close), and life insurance (16 b.p., from 2020 close) and an 5.5% increase in the risk insurance portfolio over the year. All this having taken place in a highly competitive market context. In regard to digital transformation process, the number of digital customers of the Bank has already reached 914 thousand (+8.5% from 2020), with mobile banking app users totalling 676 thousand customers (+29.5% from 2020). Digital sales account for 41.9% of the total, being 33.9% at the beginning of the Plan.

Regarding financial objectives, Ibercaja Bank closed 2023 with one of the lowest non-performing asset ratios in the system (2.8%). This result, clearly below the strategic target (4%), was feasible after reducing their balance 49% from 2020. In terms of profitability, ROTE reached 11.6%, exceeding the strategic target, 9%, set at the beginning of the Plan and positioning itself well above the 0,9% result registered in 2020, a fiscal year marked by the pandemic. As for solvency, CET1 fully-loaded reached 12.7%, being a better result than what was considered at the beginning of the Plan, 12.5%. Thanks to solid development profitability and balance sheet, the Entity could keep the payout ratio in, at least, 60% over the execution of strategic Plan. In this regard, Fundación Bancaria Ibercaja has already covered 80% (260 million euros) of the total Reserve Fund required by the authorities. It has been possible thanks to dividends distributed by Ibercaja Banco over the past three fiscal years.

These commercial and financial transformational advances have come with the historical social sensitivity of the Entity. During the execution of the Plan, Ibercaja has actively taken part in it finding solutions for its clients (such as ICO Covid lines, Mortgage Good Practices Code, etc.). The effects of the Pandemic, the invasion of Ukraine, the recent and abrupt rise in interest rate, etc., have led Ibercaja to launch specific measures to reinforce financial services and attention to the elderly. In addition, the Entity has promoted and supported hundreds of partnerships with public and private institutions and associations. It has been made through collaboration and sponsorship agreements.

Throughout the 2021-2023 strategic cycle, Ibercaja has taken a significant step forward in its commitment to sustainability. It has achieved key milestones in integrating ESG factors into risk management and business operations. Thus, the Entity has made progress in many aspects: measuring and managing climate and environmental risks, implementing the sustainable business strategy, defining the ESG data model, and developing policies and governance frameworks for ESG risk governance. Also, the financed emissions footprint has been calculated, and intermediate decarbonization goals have been established in three sectors to comply with the Net Zero Banking Alliance (NZBA), of which Ibercaja has been a founding member since 2021.

Building upon the success of an excellent Plan Estratégico Desafío 2023, Ibercaja is working on its next Strategic Plan. This new Plan will be focused on creating long-term value, with the customer at the center of management, and with the challenge of maintaining the profitability leap that the Entity has achieved in the last triennium.

## 2.5 – Regulatory Framework

### 2.5.1 - Introduction

On October 27, 2021, the European Commission adopted the 2021 banking package, aimed to ensure that the regulatory framework governing the prudential regime applicable to credit institutions fosters their resilience to potential economic shocks. The transposition of these Basel reforms was planned in Europe for mid-2020, but the COVID-19 crisis delayed it.

The package consists of the following proposals, among others:

- i) A legislative proposal to amend the Capital Requirements Directive (CRD VI), transposed at national level through Royal Decree-Law 7/2021 and Royal Decree 970/2021, as well as Circular 3/2022, to be developed in section 2.5.2 of this report, Circular 2/2014 on credit institutions exercise of regulatory options under Regulation (EU) nº. 575/2013, and Circular 5/2012 on transparency of banking services and responsibility in granting loans.
- ii) A legislative proposal to amend the Capital Requirements Regulation (CRR III, which will replace the currently applicable CRR II).

On a general note, it is expected that starting on 1<sup>st</sup> January 2025, the proposals of CRR/CRD will be gradually incorporated starting from

The banking package is divided into three sections: (i) Implementing Basel III, (ii) contribution to the green transition and to the sustainability, and (iii) stronger supervision to ensure sound management of EU banks in order to protect financial stability.

The first part refers to the completion of the implementation of the Basel III reforms, which has the objective of improving cross-sectoral comparability by reducing the existing variability at the level of risk-weighted assets.

The Basel Committee's regulatory framework is based on three pillars: Pillar I establishes the minimum capital requirement and includes the possibility of using internal ratings and models for the calculation of risk-weighted exposure amounts. Pillar II establishes a system of supervisory review of capital adequacy based on risk profile and internal risk management. Pillar III refers to disclosure and market discipline.

In this regard, in June 2019, the regulatory framework applicable in the European Union was amended. Regulation (EU) nº. 575/2013 on prudential requirements for credit institutions and investment firms was amended by Regulation (EU) nº. 2019/876, which implies a change from CRR to CRR II. For its part, Directive 2013/36 on access to the activity of credit institutions and their prudential supervision was updated by Directive 2019/878, known as CRD V. This directive requires transposition into national law for its direct application, having been developed in Spain by Royal-Decree Law 7/2021 and Royal Decree 970/2021.

CRR II entered into force on June 28, 2021, excluding certain provisions whose period of entry into force extends from January 1, 2019, to June 28, 2023, notably the entry into force of the main changes in the areas of own funds, capital deductions, standardised credit risk and IRB and authorisations. CRD V entered into force on June 27, 2019, and applies to member states from 28 December 2020.

The final texts of the review of the capital framework and the resolution framework were published, incorporating the Basel standards in accordance with the European Commission's draft of the new CRR (CRR II) and the new CRD IV (CRD V) of November 23, 2016, such as the Fundamental Review of the Trading Book for market risk, the Net Stable Funding Ratio for liquidity risk and the SA-CCR for the calculation of the EAD for counterparty risk. Amendments were also introduced relating to the treatment of central counterparties, the MDA, Pillar II, the leverage ratio and Pillar III, among others. The most relevant new feature was the implementation of the TLAC Term Sheet issued by the FSB (Financial Stability Board) in the capital framework, obliging systemic institutions to comply with the TLAC requirements (or MREL at European level) in Pillar I, while non-systemic institutions only must comply with MREL in Pillar II, which the resolution authority will communicate on a case-by-case basis.

These latter developments were incorporated in the amendment of the BRRD, which was replaced by BRRD II. In addition, the BRRD II establishes, for banks whose total assets exceed 100 billion euros or those considered by the resolution authority to be systemic, a minimum subordination requirement of the higher of 13.5% of risk-weighted assets or 5% of the leverage ratio exposure. In all other cases, the subordination requirement will be determined on an ad-hoc basis by the resolution authority.

The final implementation of Basel III will culminate with the approval of the draft proposal for CRR III and CRD VI, published on October 27, 2021, by the European Commission. The current drafting proposes January 1, 2025, as a potential general effective date for CRR III.

The second part of the banking package aims to strengthen the resilience of the banking sector to environmental, social and governance (ESG) risks. Thus, in line with supervisory priorities, banking regulation will incorporate greater sustainability considerations and banks will be obliged to identify, disclose and manage these risks.

Finally, the second part of the banking package provides the supervisor with more robust tools to assess the suitability of management staff by assessing whether they have the necessary skills and knowledge to manage the institution. In addition, they are given powers to supervise fintech groups and the establishment of third country branches in the EU, harmonising European rules in these areas.

## 2.5.2 - Liquidity

The publication of the final version of the "Net Stable Funding Ratio: Disclosure Standards" framework in October 2014 introduced a set of stable funding requirements for short-term exposures against their regular sources of funding, avoiding potentially higher systemic stress. The NSFR is a minimum requirement that came into force in June 2021.

In addition, in June 2015, the Net Stable Funding Ratio (NSFR) disclosure standards were published. These requirements improve the transparency of regulatory funding requirements, reinforce the principles for the proper management and supervision of liquidity risk, strengthen market discipline and reduce uncertainty in the markets when applying the NSFR.

Following the prior consultations made in 2016, in 2017 the EBA published final proposals on the disclosure of the LCR Liquidity Coverage Ratio (LCR) and Asset Encumbrance aimed at making them more concrete.

The new regulatory package, which is articulated through CRR II and CRD V, implements several elements agreed in the Basel Committee and the FSB, including the Net Stable Funding Ratio (NSFR).

The Bank of Spain has published Circular 1/2022 to credit financial institutions regarding liquidity, prudential rules, and information obligations, which modifies Circular 1/2009 and Circular 3/2019. This document details the liquidity regulations applied to credit institutions and adapts the information obligations of credit entities in matters of solvency and shareholding structure to the activity, business model, size and relative importance of these institutions.

Additionally, in regard to the disclosure of liquidity requirements, ITS 2020/04 also contains a number of quantitative templates and qualitative tables that provide information on compliance with LCR and NSFR requirements.

### 2.5.3 - Securitisation

In December 2017, a new general framework for securitisation and a specific framework for simple, transparent and standardised (STS) securitisation were published. In addition, a new capital treatment for securitisations was established, which modifies the current CRR treatment, and a preferential capital treatment for securitisations that meet the STS criteria. The implementation of these regulatory frameworks is mandatory as of 1 January 2019, thus affecting this financial year.

In May 2018, the Basel Committee published the Capital treatment for short-term simple, transparent and comparable (STC) securitisations, as well as the criteria for identifying such securitisations in "Capital treatment for short-term simple, transparent and comparable securitisations" and "Criteria for identifying simple, transparent and comparable short-term securitisations".

In 2020, the Basel Committee published the technical amendment for the prudential treatment of securitisations of non-performing loans.

In 2021, Regulation (EU) n°. 2021/557 is introduced amending the general securitisation framework (Regulation (EU) n°. 2017/2402) by creating a specific framework for STS securitisation to contribute to the recovery from the COVID-19 crisis. The main objective was for the securitisation framework to provide an additional tool to foster economic recovery in the aftermath of the COVID-19 crisis.

The EBA has published its final RTS draft, specifying the requirements for originators, sponsors, original lenders and servicers relating to risk retention. On July 8 2022, the new law on covered bonds came into force in Spain, which transposes the European Directive and affects both existing covered bonds and future issuances.

In 2023, the EBA has published Regulatory Technical Standards (RTS). These standards amend Delegated Regulation (EU) 2019/1851 regarding the homogeneity of underlying exposures in securitizations. Additionally, Delegated Regulation (EU) 2023/2175 has been published to complement Regulation (EU) n°. 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards. This RTS provides further specification of the risk retention requirements applicable to originators, sponsors, original lenders, and managers.

In addition, regarding the disclosure of securitisations, the ITS 2020/04 also presents quantitative templates and qualitative tables to inform the public about securitisations.

## 2.5.4 – Bank Restructuring and Resolution

In 2014, Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 was adopted, defining the framework for the restructuring and resolution of European credit institutions and investment services, in order to harmonise post-crisis measures for financial institutions in Europe, while minimising the cost to the taxpayer.

In July 2016, the Commission published Delegated Regulation 2016/1075 on restructuring and resolution plans under the BRRD, which details: the content of restructuring plans, resolution plans and group resolution plans, the minimum criteria to be assessed by the competent authority with regard to restructuring plans and group resolution plans, the conditions for group financial support, the requirements relating to independent valuers, the contractual recognition of write-down and conversion powers, the procedure in relation to notification requirements and the notice of suspension and the content thereof and the operational functioning of the resolution colleges.

Over the last few years, the Basel Committee, and the Financial Stability Board (FSB) have continued with the steps started previously. In 2015, the standard for requiring a minimum loss absorbing capacity sufficient to recapitalise an institution in the event of resolution, i.e., Total Loss Absorbing Capacity (TLAC), was finalised for institutions classified as Global Systemically Important Banks (G-SIBs). In 2017, the FSB published the following:

- The Internal TLAC framework.
- Two relevant consultations aimed at, on the one hand, securing funding in resolution and, on the other hand, ensuring the successful execution of a bail-in.
- In November 2017 it updated the list of G-SIBs for 2019.

In 2019, the FSB issued a report on the implementation of TLAC in different jurisdictions, concluding that no changes were necessary.

During 2020, the FSB continued to monitor the implementation of Total Loss-Absorbing Capacity (TLAC) across jurisdictions. It is estimated that all G-SIBs are now compliant with their 2022 TLAC requirement.



The EBA published, in line with CRR II, ITS 2020/06 developing the reporting and disclosure requirements for MREL and TLAC requirements. The objective is to provide a higher degree of consistency between the international TLAC reporting and disclosure standards and the alignment between the MREL and TLAC standards. For reporting and disclosure, new quantitative templates are introduced and an existing qualitative template for collecting information is modified.

In relation to resolution issues, the changes related to the Daisy Chain were implemented on the 14<sup>th</sup> of November 2022, including a series of reforms related to the resolution framework with a special impact on Multiple Point of Entry banks, in which capital and liquidity are managed independently in the Entity's subsidiaries.

The Single Resolution Board (SRB) has published its operational guidelines on the identification and mobilisation of collateral in resolution, which complement the document of 'Expectations for Banks' and ease the understanding of the operational and legal requirements that banks must consider maximising the amount of assets that could be mobilised as collateral during and after resolution.

In addition, in 2023, the Final Report: "Final Draft Implementing Technical Standards amending the ITS on disclosures and reporting on MREL and TLAC with regard to the disclosures and reporting of information on daisy chains and prior permissions" has been published. These ITS introduce harmonized requirements following an integrated approach and, in the case of disclosure, aligned with Pillar III of Basel III. However, they are in draft version awaiting final publication.

## 2.5.5 - Solvency

The CRR II and the CRD V represent a further step in the transposition of Basel III into European law. The progressive adaptation of these regulations to the European framework places eligible capital and capital buffer requirements above the minimum regulatory levels, and therefore regulates the levels of capital and the composition of own funds that institutions must hold.

After the transposal at a national level of the CRD V in 2021 through Royal Decree-law 7/2021 and Royal Decree 970/2021, modifications in solvency and supervision have been included in the Spanish legal system, through Circular 3/2022 of March 30, from the Bank of Spain, which modifies Circular 2/2016 on supervision and solvency.

Article 434a of CRR II mandates the EBA to develop draft implementing technical standards (ITS) specifying the uniform disclosure formats and related instructions according to which the disclosures required by Part Eight, Titles II and III of CRR II are to be made with the objective of creating a single, comparable Pillar III framework. Following this mandate, the EBA has updated its strategy in relation to its policy on Pillar III disclosures by institutions by establishing in ITS 2020/04 a set of quantitative templates and qualitative tables to ensure consistency and homogeneity in the disclosure of information to allow for greater comparability across banks.

This revision of the frameworks for the calculation of capital requirements for credit, market and operational risk aims to ensure improved simplicity, comparability and risk sensitivity, as well as to reduce the variability of risk-weighted assets not justified by different risk profiles.

The final agreement on the capital framework entered into force in February 2022. However, the implementation will not be complete until 2027. This process will be gradual for capital floors. On the other hand, the Basel Committee announced that the implementation of the new market risk framework (FRTB) is in progress.

This final framework includes significant improvements over the proposals initially put forward by the Basel Committee, most notably:

#### **Floors:**

The level of capital floors has been set at 72.5% at the aggregate level for all risks, with a maximum impact limit of 25% of RWA per institution. The CRR III proposal foresees a gradual implementation by introducing a floor of 50% as of 1 January 2025, rising to 72.5% in 2030.

#### **Credit Risk:**

The revision to the standardised approach for the calculation of credit risk capital introduces the use of external ratings on a non-mechanical basis for exposures to banks and corporates and increased risk sensitivity for certain exposures.

The review of advanced approaches to the calculation of credit risk capital for low default portfolios includes the following:

- It sets limitations on parameter estimation across floors at exposure level.
- It standardises the methodology for estimating risk parameters.
- The treatment of risk mitigation techniques is reviewed.

#### **Credit Risk Valuation Adjustment (CVA):**

The revision of the credit risk adjustment (CVA) includes the elimination of internal models, and the standardised methods are revised to align them with the revised market risk framework.

#### **Operational Risk:**

In 2019, a standardised approach for the calculation of operational risk capital was introduced, which combines size with indicators of losses from past events. This new approach will replace the current internal AMA models and standardised methods and will be implemented in 2025.

In August 2020, the document containing revisions to principles for good practice in operational risk management was launched for consultation. In this consultation, the Committee has chosen to address aspects such as principles for operational risk management and principles for operational resilience.

It also recognises the increased potential for significant disruptions to banking operations due to pandemics, natural disasters, destructive cyber security incidents or technological failures.

## Leverage Ratio:

The final calibration of the leverage ratio is set at 3% for all institutions and, for systemic entities G-SIBs, an additional surcharge is set at 50% of the G-SIB buffer.

Along these lines, the Basel Committee published the final document on the treatment of the leverage ratio for derivatives cleared in Central Counterparty Clearing Houses, with the objective of maintaining linearity with the standardised approach to counterparty risk (SA-CCR).

With the postponement of the application of some provisions of CRR II to January 2023, the leverage ratio buffer requirements are delayed, and the possibility to exclude exposures to central banks from the leverage ratio calculation has also been introduced.

## 2.5.6 – ESG Risks

The regulatory framework on sustainability is still under development with several initiatives proposed both by the European Commission and the EBA. It is worth noting the final Pillar 3 disclosure framework, defined by the EBA, and approved in 2022, which includes obligations for the banking sector of any member state in terms of disclosure on climate risks (physical and transition), whose implementation will be gradual.

It is also noteworthy EBA's publication early in 2022 of ITS/2022/01, "*Final Technical Implementation Report on Prudential ASG Risk Standards in accordance with Article 449 of the CRR*".

This ITS proposes comparable quantitative disclosures related to climate change and physical risks, including information on exposures to carbon-related assets and assets subject to chronic and acute risks. It also includes disclosures on institutions support actions for their counterparts in the transition to a zero-carbon footprint economy. In addition, it includes the Green Asset Ratio (percentage of investment in entities that engage in environmentally sustainable activities, according to the EU Taxonomy Regulation), an indicator of great relevance in the banking sector.

Regarding the sustainability regulation, progress has been made in the development of this legal scope during 2023. It is worth noting the publication of Commission Delegated Regulation (EU) 2023/2486, which complements/modifies the following regulations:

- Regulation (EU) n°. 2020/852 of the European Parliament and of the Council establishes the technical criteria for determining under what conditions an economic activity will be considered to contribute substantially to the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, or the protection and recovery of biodiversity and ecosystems, and to determine whether such economic activity does not cause significant harm to any other environmental objectives.
- Commission Delegated Regulation (EU) 2021/2178 regarding the disclosure of specific public information about those economic activities.

In the same line, it is worth mentioning the publication of the Commission Delegated Regulation (EU) 2021/2139, which establishes additional technical selection criteria for determining the conditions under which an economic activity is considered to contribute substantially to climate change mitigation or adaptation, and to determine if that economic activity does not cause significant harm to any other environmental objectives.

In 2022 multiple initiatives were carried out, among which international initiatives stood out, such as the principles of management and supervision of ESG risks published by the Basel Committee on Banking Supervision in June 2022, and the new criteria in the Taxonomy Regulation, with the publication of Delegated Regulation 2022/1214. All of this applies to the banking sector as disclosure requirements for greater transparency.

On the other hand, the Bank for International Settlements (BIS) published, through the Basel Committee, "*Frequently asked questions on climate related financial risks*" at the end of 2022, which serves as a guide to the banking sector on climate risk. Later, the Basel Committee on Banking Supervision (BCBS) issued a consultation on the framework for disclosing financial risks related to climate in 2023. This work is part of the Committee's holistic approach to addressing financial risks related to climate for the global banking system. In this project, the Committee examines how a Pillar 3 disclosure framework for financial risks related to climate would further its mandate to strengthen banks' regulation, supervision, and practices.

Finally, as new features in 2023, it stood out the publication of Regulation (EU) n°. 2023/2631 of the European Parliament and of the Council, of November 22, 2023, on European Green Bonds and optional disclosure of information for bonds marketed as environmentally sustainable bonds and sustainability-linked bonds.

## 2.5.7- Other policy initiatives

In line with the sectoral trend towards digitalisation in the banking sector, both the banking regulator and supervisor are making progress in regulating and supervising the various risks. In particular, digitalisation and its risks are once again among the European Central Bank's supervisory priorities and the regulator has continued in 2023 to develop regulatory initiatives in this regard.

These initiatives include the following:

- Advancement of six months in the implementation of the European Regulation on Crypto Asset Markets (MiCA), to be launched in Spain in December 2025. This has been done in order to establish a stable regulatory and supervisory framework that provides legal certainty and protects investors in relation to the provision of crypto asset services.
- Proposal for a Regulation on Digital Operational Resilience, known as the DORA Regulation, which seeks to introduce a global regulatory framework at EU level by including rules on digital operational resilience aimed at financial institutions. Among the most relevant new features is that those technological service providers that are considered critical will be supervised directly by the supervisors of credit institutions. This Regulation is in force, but its application is scheduled for 2025.

- Publication of Regulation on digital marketplaces (DMA), which seeks to end unfair trading practices by online platforms by establishing new obligations and prohibitions that apply directly to market "gatekeepers". This Regulation has been applied since May 2023.
- Consultation published by the Basel Committee on Banking Supervision on the prudential treatment of banks' exposures to crypto-assets. The Committee's proposal is to implement the standards by January 1, 2025.
- Proposed Artificial Intelligence Regulation, the first legislation worldwide in this field. It focuses on high-risk systems, including systems used to assess the creditworthiness or credit rating of customers.

In line with the increasing importance of technological risks, the European Commission presented a new proposal on 20 July 2021 to adapt the current EU framework for the prevention of money laundering and terrorist financing to the new challenges related to technological innovation. A package of legislative proposals aimed at strengthening existing regulation in this field was presented as part of the Commission's commitment to protect citizens and the financial system through the elaboration of four legislative proposals:

- Proposal for a Regulation establishing a new European Union authority for the prevention of money laundering and terrorist financing (AMLA).
- Proposal for a Regulation on the prevention of money laundering and terrorist financing, including directly applicable rules in this regard.
- Proposal for a sixth Directive on the fight against money laundering and terrorist financing, which will contain provisions to be transposed in relation to national supervisory rules and rules on financial intelligence units.
- Publication of Regulation (EU) n°. 2015/847 of the European Parliament and of the Council of May 31, 2023, regarding the information accompanying fund transfers and certain crypto assets and amending Directive (EU) 2015/849.

Regarding transparency, in June 2022, the EBA published EBA/GL/2022/06, a Final report on Guidelines on the benchmarking exercises on remuneration practices, the gender pay gap and approved higher ratios under Directive 2013/3, which regulates, among other things, in remuneration matters, the presentation of qualitative disclosure templates to be included in the Pillar 3 Report.

In addition, the Implementing Regulation (EU) 2022/631 from the Commission on April 2022, was published, by which the technical standards of execution established in Implementing Regulation (EU) 2021/637 are modified regarding the disclosure of information on interest rate risk exposures related to non-trading book positions.



Finally, it is relevant to note that as of January 1, 2023, IFRS 17 "Insurance Contracts" entered into force in the European Union (EU), replacing IFRS 4 "Insurance Contracts". This has also led to significant changes in accounting principles that entities must apply for the recognition, measurement, presentation, and disclosure of insurance contracts, aiming to achieve greater consistency and increase comparability between entities. The impacts of the implementation of this standard on the estimation and presentation of financial and prudential information in the fiscal years 2022 and 2023, respectively, are detailed in Note 1.4 and Note 2.19 of the Consolidated Financial Statements for the year 2023 (Corporate Website Ibercaja Banco).

## 2.5.8 – Single Oversight and Resolution Mechanism

The first key element in the Banking Union is the Single Supervisory Mechanism (SSM), which assigns the role of direct banking supervisor to the European Central Bank in order to ensure that the largest European banks are subject to a single independent supervision with common rules.

In parallel to the intense supervisory agenda in the framework of the Supervisory Review and Evaluation Process (SREP), the SSM has continued to make a major effort, on the one hand, to harmonise supervisory policies across countries and, on the other hand, to make its expectations more transparent.

The second pillar of the Banking Union after the SSM is the Single Resolution Mechanism (SRM), which is responsible for preparing for the possibility of entry into resolution, i.e., bankruptcy, in order to ensure that the situation can be resolved in an orderly manner with minimal costs to taxpayers.

The SRM is working together with national resolution authorities to develop MREL (Minimum Requirement of Eligible Liabilities) policies. Institutions will have to comply with their MREL requirement after receiving the requirement from the SRM, within a transition period of no more than four years. Failure to comply could result in the institution being deemed unresolvable.

In addition to the above, the SRM also manages the Single Resolution Fund. The period of gradual mutualisation of the Single Resolution Fund will allow the transition from the National Resolution Funds, in place in several Eurozone countries until 2016, to the Single Resolution Fund, which will be fully implemented in 2024. The funding target of this fund is 1% of guaranteed deposits in 2024.

In November 2020, a reform of the European Stability Mechanism (ESM) was approved, which will have more supervisory powers in future bailouts. In particular, the ESM's competences are strengthened to give it greater supervisory powers in bail-out situations. In early 2021 the ESM member states signed the ESM Treaty reform agreement, which will enter into force when it is ratified by all 19 ESM member parliaments.

# 3

## **PILAR III GENERAL ASPECTS**

## 3. Pillar III General Aspects

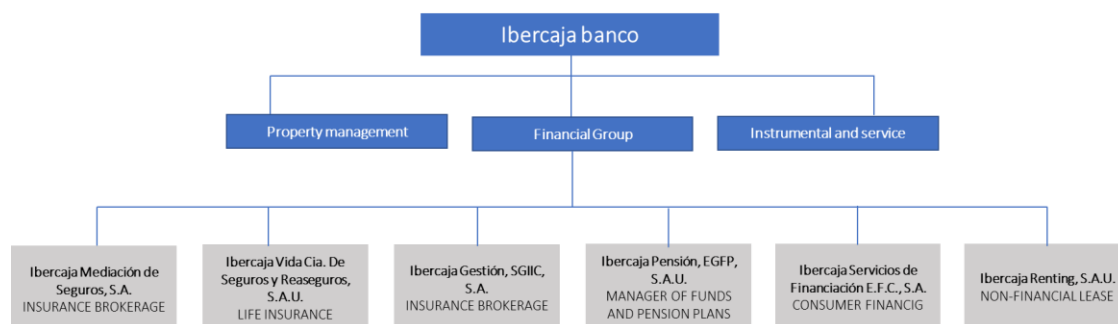
### 3.1 - Introduction

Ibercaja Banco, S.A. is a credit institution 88.04% owned by *Fundación Bancaria Ibercaja*, subject to the rules and regulations determined by the Spanish and European Union economic and monetary authorities.

The Bank is the head of a group of subsidiaries. The entities that make up the consolidable group carry out different types of activities. Of particular importance, both from the point of view of the diversification of the range of financial products and profitability, are those of the Financial Group, made up of entities specialising in mutual funds, savings and pension plans, insurance banking, consumer financing services and renting.

The most relevant companies that make up the consolidation perimeter are:

Illustration 1: Scope of consolidation



Its mission is to help manage the finances of families and businesses, offering a comprehensive and personalised service that helps them achieve their own goals. To this end, it seeks to offer solutions tailored to the financial needs of its almost three million customers.

Its activity is supported by an infrastructure of 892 offices located throughout Spain.

For further details on the Entity, please consult the Ibercaja Banco 2023 website ([Corporate Website | Ibercaja Banco](#)).

### 3.2 – Government Bodies

This section covers the provisions of letter (d) of the OVB requirement - Disclosure of Governance Arrangements.

The governing bodies of the Ibercaja Group, their composition and standards of operation are regulated by the Bylaws and the Regulations of the Board of Directors, the content of which is in accordance with Law 10/2014 of June 26, on the organisation, supervision and solvency of credit institutions and its implementing regulations, Royal Decree Law 1/2010 of July 2, which approves the revised text of the Law on Corporations and the Unified Code of Good Governance of CNMV listed companies. The composition and members of the different

governing bodies and the management team are detailed in the Corporate Governance Report.

During this fiscal year 2023, the composition of the Board of Directors has not changed compared to December 31, 2022.

A summary table of the composition of the Board of Directors and the Committees is shown below. In addition, the main governing bodies are detailed below, as well as the policies that ensure the suitability and diversity of the members of the Board of Directors, according to article 435.2 of the CRR.

Illustration 2: Governing bodies

Board of Directors					Committees									
					Dominical	Independent	Executive	External	Executive Commission	Audit and Compliance Commission	Appointments Commission	Remunerations Commission	Major Risk and Solvency Commission	Strategy Commission
Chairman	Mr. Francisco Serrano Gill de Albornoz								C					C
CEO	Mr. Víctor Manuel Iglesias Ruiz								M					
Secretary Non Counsellor	Mr. Jesús Barreiro Sanz								S	S	S	S	S	S
Members	Mr. Vicente E. Condor López								M	M			C	
	Mr. Jesús Tejel Giménez								M	C			M	
	Mrs. María Pilar Segura Bas										C	C	M	
	Mr. Luis Enrique Arrufat Guerra								M				M	M
	Mr. José Miguel Echarri Porta									M				M
	Mr. Félix Santiago Longás Lafuente									M	M	M		
	Mrs. María López Valdés										M	M		M
	Mrs. Natividad Blasco de las Heras									M			M	
	Mrs. María Luisa García Blanco										M	M		M

C

Chairman

M

Member

S

Secretary Non Counsellor

C Chairman  
M Member  
S Secretary Non Counsellor

### 3.2.1 - Board of Directors

The Board of Directors has the broadest powers for the management, administration and representation of the Bank and, except in matters reserved for the General Meeting, is the Bank's highest decision-making body. The Board has six committees: the Executive Commission, the Appointments Commission, the Remuneration Commission, the Audit and Compliance Commission, the Major Risks and Solvency Commission and the Strategy Commission.

Within the Board of Directors, only the Chief Executive Officer is an executive director and therefore forms part of the Senior Management of the Bank.



Table 2: Members of the Board of Directors

Board of Directors			
Position	Name	Categorisation	Date of last appointment
Chairman	Mr. Francisco Serrano Gill de Albornoz	Dominical	30/03/2022
CEO	Mr. Víctor Manuel Iglesias Ruiz	Executive	29/08/2019
Member	Mr. Vicente E. Condor López	Independent	09/04/2019
Member	Mr. Jesús Tejel Giménez	Independent	27/08/2021
Member	Mrs. María Pilar Segura Bas	Independent	27/10/2022
Member	Mr. Luis Enrique Arrufat Guerra	Dominical	27/10/2022
Member	Mr. José Miguel Echarri Porta	Dominical	28/10/2021
Member	Mr. Félix Santiago Longás Lafuente	Independent	27/08/2021
Member	Mrs. María López Valdés	Independent	27/10/2022
Member	Mrs. Natividad Blasco de las Heras	Dominical	27/10/2022
Member	Mrs. María Luisa García Blanco	Dominical	27/10/2022

\*Renewal process initiated, having carried out the suitability analysis by the Appointments Committee and its renewal proposal to the General Meeting in its session on February 21. The General Meeting is scheduled to be held on April 10.

In the 2023 Annual Accounts published on the corporate website ([Periodic Information – Corporate Website | Ibercaja Banco](#)) the powers of the Board of Directors in relation to risk management and control are developed.

Hereinafter the information on the knowledge and experience of the members of the Board of Directors:

Training		Experience
<b>Mr. Francisco Serrano Gill de Albornoz</b>	Licensed in Law from the University of Zaragoza. State Attorney on leave of absence	Chairman of the Board of Directors, of the Delegated Committee and of the Strategy Committee. State Attorney on leave of absence. He has been General Secretary - Deputy General Director of the Bank and Chief Risk Officer (CRO) prior to his appointment as President, depending on him the General Secretary, Risk Control, Legal Advice, Tax Advice, Regulatory Compliance, Service Customer Service and Security, at the same time that he held the positions of President of <i>Ibercaja Pension EGFP</i> , SAU and <i>Ibercaja Gestión S.G.I.I.C.</i> , S.A., as well as a member of the Board of the Henneo Group and <i>Aramon</i> on behalf of the Bank. Previously, he was CEO of <i>Banco Grupo Cajates</i> , S.A. piloting the merger by absorption of this Bank into Ibercaja Banco, S.A. The current President of the Bank began his professional career at Ibercaja as Head of the Legal Department of the then <i>Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja</i> on January 1 <sup>st</sup> , 2000, participating in numerous Internal Committees; in May 2007, he was appointed Deputy Director and Director of Legal Advice, which he made compatible with the Secretary of numerous councils of different Companies such as " <i>EBN Banco de Negocios, S.A.</i> ", " <i>Aramón Montañas de Aragón, S.A.</i> " among others.
<b>Mr. Víctor Manuel Iglesias Ruiz</b>	Licensed in Economics and Business Administration from the University of Zaragoza. Completed his training in several business banks in London.	Mr. Víctor Iglesias Ruiz was appointed member of the Board of Directors and Chief Executive Officer of Ibercaja Banco on January 28, 2015. Since 1988 he has been the Director of various strategic areas of Ibercaja Banco, highlighting, among others, the position of Deputy General Director, the Capital Markets, Credit Investments and, which integrated the management of the Branch Network Department, Marketing and Multichannel Banking, Corporate Banking and the Financial Group, and member of the Management Committee. In 2010 he was appointed member of the Council of Henneo (previously Heraldo group); He was also a member of the Strategy Committee of CASER and President of the Council of <i>Ibercaja Mediación</i> .
<b>Mr. Vicente Córdor López</b>	Licensed and Doctor in Economic and Business Sciences from the University of Valencia.	Mr. Vicente Condor López appointed independent director of the Bank on January 27, 2014. He has been a member of the Board of Directors (1998-2006) and Chairman of the Control Committee (2006-2008) of <i>Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja</i> , and a member of the Board of Directors of SODIAR (1998-2008), <i>Avalia</i> (2008-2012) and <i>Corporación de Empresas Públicas de Aragón</i> (2008-2012). He is Professor of Financial Economics and Accounting at the



University of Zaragoza. Certified Public Accountant and Auditor registered in the ROAC.

<p><b>Mr. Jesús Tejel Giménez</b></p>	<p>Licensed in Economics and Business Studies from the University of Zaragoza (Spain) and Certified Public Accountant and Diploma in General Management from IESE Business School.</p>	<p>Mr. Jesús Tejel Giménez was appointed independent director of the Bank on August 30, 2016. He is a member of the Association of Economists of Aragón (Gold Medal of the Association), Trustee of the ETNOR Foundation -Business Ethics- and of the Foundation for Stock Market and Financial Studies -FEBF. He was Managing Partner of the Aragón and Rioja Areas, and of the Valencian Community and Murcia of DELOITTE, S.L. until 2013. Certified Public Accountant registered in the Official Register of Auditors. Professor of Business Management in university degrees and MBAs taught by <i>EDEM Escuela de Empresarios</i>.</p>
<p><b>Mrs. María Pilar Segura Bas</b></p>	<p>Licensed in Economics and Business Studies from the University of Deusto (Bilbao).</p>	<p>Mrs. Pilar Segura Bas was appointed "External" director on August 30, 2017. Since 1980, she has held various posts and positions at the <i>Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (CAMPZAR)</i> until the segregation of its financial activity in favor of Ibercaja Banco, in October 2011: Head of the Analytical Accounting and Budgetary Department (1987-1999), Head of the Information Systems and Management Control Department (1999-2004) and as Director of Information and Control Systems Management (from June 2004 to September 2011). Subsequently, she was appointed Deputy General Director of the Entity (Control Department), a position she held until March 1, 2017. She has held management positions in various companies of the Ibercaja Group (Member of the Board of Directors of the management company <i>Ibercaja Gestión SGIC</i>, SA member and President of the insurance and reinsurance company <i>Ibercaja Vida</i>, President of the pension fund management company Ibercaja, Member and President of the Board of Directors of <i>Tipo Línea SA</i>, President of the mercantile <i>Servicios Financieros a Distancia IBD, SL</i> and <i>Ibercaja Servicios Inmobiliarios</i>, and member of the Board of Ibercaja Business Participations and Real Estate Management Salduvia).</p>
<p><b>Mr. Luis Enrique Arrufat Guerra</b></p>	<p>He holds a degree and a PhD in mathematics, completed an advanced course in international finance in 1987, the Executive Development Programme PDD at IESE (academic year 96/97) and the Senior Management Programme at Instituto de Empresa in 2005.</p>	<p>He has carried out his professional activity in <i>Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (CAMPZAR)</i>, until the segregation of its financial activity in Ibercaja Banco: Capital Markets Operator, Head of Treasury, appointed Deputy Director (May 2001), Head of Resources (from December 1997 to July 31, 2002), Deputy General Manager (June 2004), Marketing Director (July 2002 to October 2011). In January 2010 he was appointed Deputy General Manager and in October 2011 (with the segregation of CAMPZAR's financial activity in Ibercaja Banco) he became Head of the Financial Area, a position he held until February 2015, when he was appointed Deputy to the CEO.</p> <p>Additionally, he has held various management positions in companies of the Ibercaja Financial Group: <i>Ibercaja Pensión E.G.F.P.</i>, S.A., <i>Ibercaja Gestión S.G.I.I.C.</i>, S.A. and <i>Ibercaja Vida Compañía de Seguros y Reaseguros</i>, S.A.; real estate investees (Ibercaja Servicios Inmobiliarios and Cerro Murillo, S.A.). Outside the Ibercaja Group, he has been Chairman of the Board of Directors of Euro6000, S.A., Chairman of the Board of Directors of Viacajas and Member of the Board of Directors of <i>EBN Banco de Negocios</i>, S.A., as well as member of the Boards of <i>Ahorro Corporación</i>.</p>
<p><b>Mr. José Miguel Echarri Porta</b></p>	<p>Licensed in Law and Economics and Business Studies. University of Deusto, 1971 and Master's Degree in Strategy from IESE.</p>	<p>He was appointed as a proprietary director of the Bank on 28 October 2021, representing the <i>Fundación Caja Inmaculada</i>. Mr. José Miguel Echarri Porta is Vice-President of the <i>Fundación Caja Inmaculada</i>. He has developed his professional career in the private sector for twenty years, particularly in the banking, construction, industrial and education sectors. He is one of the founders of the <i>Instituto de Prospectiva Estratégica</i>, a company specialising in forecasting and strategy in social, economic, political and technological matters, where he held the position of Director until his retirement. He has participated as a speaker at several conferences and is the author of several publications such as "<i>España 2020, Reflexiones prospectivas</i>".</p>

<b>Mr. Félix Santiago Longás Lafuente</b>	<p>Licensed in Industrial Psychology (specialisation in Work and Organisation) from the National University of Distance Education..</p>	<p>Mr. Félix Long as Lafuente was appointed independent director of the Bank on August 30, 2016. He has held senior management positions in commercial companies in different companies with a sales volume of approximately 175 million euros and 1,000 employees (such as <i>Grupo Ágora</i>). He was Vice President of the Regional Confederation of Businessmen of Aragón (CEOE Aragón), President of its Economic Commission, President of the Association for the Progress of Management of Aragón (APD) and is a Director of the Economic and Social Council of Spain.</p>
<b>Mrs. María López Valdes</b>	<p>Licensed in Mathematics from the University of Zaragoza and Master in Business Administration (MBA) from IE Economic and Social Business School of Spain.</p>	<p>Founding partner and CEO of Bitbrain Technologies. Previously, she was a professor and researcher at the University of Zaragoza that she combined with research stays in Germany and the United States. She is a member of the board of trustees of the Aitiip Technology Center, advisory member of the plenary session of the Zaragoza Chamber of Commerce, Netexplo Expert, Observatory on digital innovation sponsored by UNESCO, member of the Think Tank of the More Business Ecosystem, Godmother in the Innovatia 8.3 program of the Institute of the woman. She combines her usual activity with her assistance as a visiting professor at different Business Schools such as ESADE, IE Business School and at Spanish public universities, teaching "Behavioral Economics, Consumer Neuroscience and Technological Innovation". She has received numerous recognitions on a personal level such as the ADEA Award for innovation or the ASTER Award for the best Entrepreneur and also more than fifteen national and international awards to Bitbrain Technologies such as: the Creative Business Cup, Ibero-American Award for Innovation, ICT Best company among others.</p>
<b>Mrs. Natividad Blasco de las Heras</b>	<p>Licensed in Business and Economic Sciences from the University of Zaragoza. PhD from the University of Zaragoza.</p>	<p>Member of the Board of Directors, of the Audit and Compliance Committee and of the Bank's Large Risk and Solvency Committee. Professor at the University of Zaragoza in the area of Financial Economics and Accounting. In addition, she is currently a Member of the Technical Advisory Committee (CAT) of the Ibex Indices since 2018. She was Chairman of the Economic and Social Council of Aragón. At an academic level, she has held the positions of Vice-Rector for Planning, Quality and Resources at the University of Zaragoza, Director of the Official Master's Degree in Accounting and Finance at the University of Zaragoza, Delegate of the University at the Defence University Center (General Academy Military of Zaragoza). Previously, he was part of the Control Commission of the Savings Bank and Monte de Piedad of Zaragoza, Aragón and Rioja, member of the Board of Directors of the Spanish Finance Association, of the Governing Council of the Technological Institute of Aragón, of the Governing Council of the Laboratory Subterráneo de Canfranc as well as a member of the Board of Directors of the Official College of Economists of Aragón. His research facet also stands out, publishing in highly renowned specialised magazines such as Financial Innovation, Quantitative Finance, Journal of Behavioral Finance among others.</p>
<b>Mrs. María Luisa García Blanco</b>	<p>Graduated in Law from the University of Córdoba and State Attorney on leave of absence.</p>	<p>Member of the Board of Directors, the Strategy Committee, the Remuneration Committee and the Appointments Committee of the Bank. State attorney on leave. She is currently a founding partner of the Salama-García Blanco law firm; Independent Director of the Board of Directors of Telefónica, SA, President of its Sustainability and Quality Committee and Member of its Regulation and Institutional Affairs, and Appointments, Remuneration and Good Governance Committees; President of the Committee of Experts of 65YMAS.COM; Arbitrator at the Spanish Court of Arbitration, the Madrid Court of Arbitration and the Civil and Mercantile Court of Arbitration -CIMA- and Member of the CIMA Governance and Control Commission. From 2002 to 2013, she was Deputy Director General of Constitutional and Human Rights, State Attorney-Head of the Department of Constitutional and Human Rights and Coordinator-head of the Spanish Delegation to the various United Nations Committees in Geneva and coordination activities and cooperation in the promotion and defense of human rights in Uruguay, Colombia, Chile and Guatemala. She was also Secretary of the Board of Directors of the State Society for Agrarian Infrastructures of the North (SEISA DEL NORTE) and Secretary of its Audit and Control Commission ; Director of the State Society for Agrarian Infrastructures (SEIASA), of the State Water Company of the Northern Basin (ACUANORTE) and of the State Water Company of the Basins of Spain (AcuaEs).</p>

Table 3: Composition of the Board of Directors

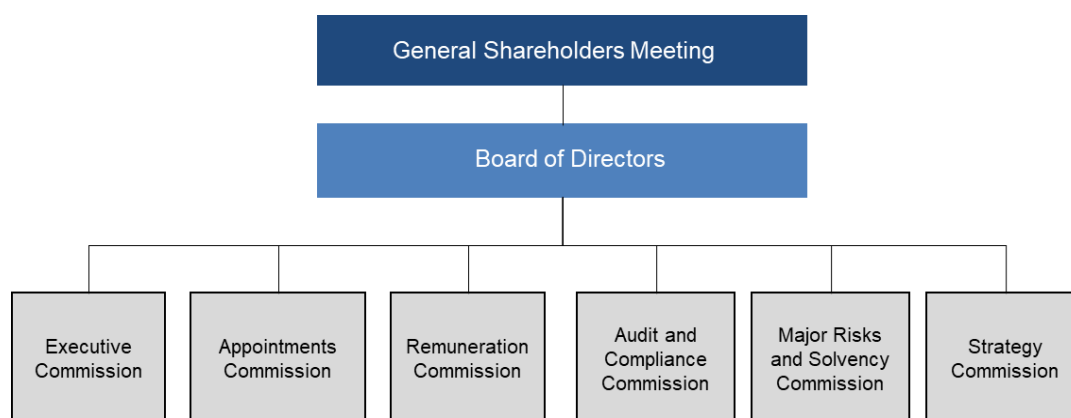
Composition	
Category	%
% Executive Directors	9%
% Dominical Directors	45.5%
% Independent Directors	45.5%
% Other externals	-
Number of meetings (2023)	18

All appointments of members of the Board of Directors have been favourably reported by the Appointments Committee. Currently, there are no Board Members who hold directorships or executive positions in other entities that are part of the Group.

### 3.2.2 - Committees of the Board of Directors

This section covers the provisions of letter (d) of the OVB requirement - Disclosure of Governance Arrangements and partially covers the provisions of letter (a) of the REMA Requirement - Remuneration Policy.

Illustration 3: Committees of the Board of Directors



#### Executive Commission

Illustration 4: Members of the Executive Commission

Position	Name	Categorisation
<b>Chairman</b>	Mr. Francisco José Serrano Gill de Albornoz	Dominical
<b>Member</b>	Mr. Víctor Manuel Iglesias Ruiz	Executive
<b>Member</b>	Mr. Luis Enrique Arrufat Guerra	Dominical
<b>Member</b>	Mr. Vicente E. Cóndor López	Independent
<b>Member</b>	Mr. Jesús Tejel Giménez	Independent

Table 4: Composition of the Executive Commission

Composition	
Category	%
% Executive Directors	20%
% Dominical Directors	40%
% Independent Directors	40%
% Other externals	-
Number of meetings (2023)	22

In accordance with the provisions of the Bylaws and the Regulations of the Board of Directors, the Executive Commission has been delegated the following powers by the Board of Directors:

- Acknowledge of and agree on proposals for the granting, modification or novation and cancellation of risk operations which, in accordance with the provisions of the Manual of Policies and Procedures for Risk Management in Credit Investment approved by the Board of Directors, are within its competence. Likewise, it will be aware of and resolve the proposals for the acquisition of assets by the Bank in or for payment of debts that must be submitted for its consideration in accordance with the Asset Management Policies and Manuals.
- Acknowledge and agree on matters relating to personnel (disciplinary proceedings, granting of leave of absence, etc.), except those cases in which the decision corresponds to the Chief Executive Officer or to the plenary session of the Board of Directors, as these are employees who report directly to the CEO.
- Acknowledge of and agree on matters related to the Bank's assets (real estate, expense records, purchase records, etc.) and investments and divestments in investee companies, which must be submitted to its consideration in accordance with internal policies and manuals, except those that by law correspond to the General Shareholders' Meeting.
- Grant, when appropriate, the powers that are necessary or convenient for the execution of the adopted agreements.

Its resolutions are valid and binding without the need for subsequent ratification by the plenary session of the Board. However, in those cases in which, in the opinion of the Chairman, the CEO or three members of the Commission and the importance of the matter so requires, the resolutions adopted by the Commission shall be submitted to the Board for ratification.

The Commission shall be validly constituted with the attendance, present or represented, of at least half plus one of its members, and shall adopt its resolutions by a majority of the votes of the directors who are members of the Commission, present or represented at the meeting, with the Chairman having the casting vote. The resolutions adopted shall be kept in a minute book, available to all members of the Board of Directors.

In the course of its regular meetings, the Executive Commission has had access to the reports of the Chairman and the CEO, which have reported, among other issues, the main macroeconomic magnitudes and the performance of the Bank's data: balance sheet and income statement; performance of the Bank's securities portfolio; customer funds and loans to customers; market shares; liquidity management; non-performing loans and coverage ratios; business volumes; and the results of the Group's subsidiaries. It also gave its opinion on the financing operations submitted for its consideration, as it is authorised or ratified by the Bank on the basis of the amount or the status of the applicants. It also ratified the transactions approved, rejected or ratified by the Credit Risk Committee, adopted various resolutions on the divestment of investments in investees and took cognisance of the disciplinary proceedings under the terms of labour legislation and the Collective Labour Agreement.

### Audit and Compliance Commission

*Illustration 5: Members of the Audit and Compliance Commission*

Position	Name	Categorisation
<b>Chairman</b>	Mr. Jesús Tejel Giménez	Independent
<b>Member</b>	Mrs. Natividad Blasco de las Heras	Dominical
<b>Member</b>	Mr. Félix Santiago Longás Lafuente	Independent
<b>Member</b>	Mr. José Miguel Echarri Porta	Dominical
<b>Member</b>	Mr. Vicente E. Cóndor López	Independent

*Table 5: Composition of the Audit and Compliance Commission*

Composition	
Category	%
% Executive Directors	-
% Dominical Directors	40%
% Independent Directors	60%
% Other externals	-
Number of meetings (2023)	8

The functions of the Commission are expressly gathered in the Regulations of the Board of Directors. In particular:

- Report to the General Meeting on issues raised by shareholders on matters within its competence.
- Monitor the effectiveness of internal control: the compliance function and internal audit.
- Supervise the process of preparing and presenting regulated financial information.
- Propose the appointment or re-appointment of the auditor.
- Establish the appropriate relationships with the external auditor in order to receive information on matters relating to its independence.
- Receive annual written confirmation from the external auditor of its independence from the Entity or its Group, issuing the corresponding report.



The Commission is chaired by an independent director, who must be replaced every four years and may be re-elected after a period of one year has elapsed since he left office. The Secretary of the Board of Directors shall act as Secretary of the Commission.

It shall be validly constituted with the attendance, present or represented, of at least half plus one of its members; and it shall adopt its resolutions by a majority of the votes of the directors who are members of the commission, present or represented at the meeting, with the chairman having the casting vote. The resolutions shall be kept in a book of minutes, available to all members of the Board of Directors.

The Commission shall meet as often as it is convened by agreement of the committee itself or its chairman and at least once per quarter. The Commission may also request the attendance of the Bank's auditor. One of its meetings shall necessarily be devoted to preparing the information to be approved by the Board and included in the annual public documentation.

During the year, the Commission was informed of the requirements and communications received from the supervisory bodies within the scope of its powers; it was informed of the transactions to be entered into with related parties; it was informed of the periodic reports of the regulatory compliance and internal audit functions, as well as the reports issued by the external auditor. In relation to financial reporting, it was aware of and supervised the process of preparing and presenting regulated financial information, reviewed the Bank's quarterly, half-yearly and annual financial statements, as well as the periodic financial information to be provided by the Board to the markets and supervisory bodies.

### Appointments Commission

*Illustration 6: Members of the Appointments Commission*

Position	Name	Categorisation
Chairman	Mrs. M <sup>a</sup> .Pilar Segura Bas	Independent
Member	Mr. Félix Santiago Longás Lafuente	Independent
Member	Mrs. María López Valdés	Independent
Member	Mrs. María Luisa García Blanco	Dominical

*Table 6: Composition of the Appointments Commission*

Composition	
Category	%
% Executive Directors	-
% Dominical Directors	25%
% Independent Directors	75%
% Other externals	-
Number of meetings (2022)	4

The Appointments Committee is responsible for reporting to the Board on proposals for appointments. In particular, it is responsible for:

- Assessing the suitability of directors.
- Submitting proposals to the General Meeting for the appointment, re-election or removal of independent directors.
- Communicate to the Board of Directors the proposals for the appointment of Directors and independent Directors for submission to the General Shareholders' Meeting, as well as the proposals for the re-election or removal of said directors by the General Shareholders' Meeting.
- Reporting on proposals for the appointment and removal of senior managers and persons with key functions and the basic terms of their contracts.
- Examining and organising the succession of the Chairman and Chief Executive Officer.
- Defining the criteria for the composition of the Board of Directors and ensure that the selection procedures for candidates reflect diversity of gender, experience and expertise and are not biased by any discrimination.
- Assessing the skills, knowledge and experience required on the Board of Directors, defining the roles and capabilities required of candidates, and assessing the time and dedication necessary for them to perform their duties.
- Reporting on proposals for the appointment and removal of senior executives that the chief executive proposes to the Board of Directors.

The Commission shall be composed of a minimum of three and a maximum of five non-executive directors, at least two of whom must be independent directors. The Commission will meet as often as it is convened by agreement of the Commission itself and at least once per quarter. The Chairman (who shall in any case be independent) shall have the casting vote in the event of a tie.

The resolutions shall be kept in a minute book, available to all members of the Board of Directors.

During the year, the Committee reported on the self-evaluation report of the Board of Directors. During this year, the Committee studied the proposals for modification and new approval of the succession policy, the competency matrix, the suitability and diversification policy for members of the Board of Directors, the suitability policy for holders of key functions, the manual for the development of the suitability and diversification policy for members of the Board of Directors and the manual for the development of the policy for holders of key functions for its adaptation to European regulations, guidelines and Guides with the objective of complying with the evaluation criteria used by the Supervisor, agreeing to report favourably on the proposal presented or in the case of the policy development manual for key function holders, agreeing to its approval. Likewise, the Commission reported on the suitability of the executive director for re-election.

## Remunerations Commission

Illustration 7: Members of the Remuneration Commission

Position	Name	Categorisation
Chairman	Mrs. M <sup>a</sup> .Pilar Segura Bas	Independent
Member	Mr. Félix Santiago Longás Lafuente	Independent
Member	Mrs. María López Valdés	Independent
Member	Mrs. María Luisa García Blanco	Dominical

Table 7: Composition of the Remuneration Commission

Composition	
Category	%
% Executive Directors	-
% Dominical Directors	25%
% Independent Directors	75%
% Other externals	-
Number of meetings (2023)	2

The Remuneration Commission is responsible for informing, advising and proposing the remuneration of directors, general managers or similar and of persons whose professional activity has a significant impact on the Entity's risk profile.

The Remuneration Commission will be made up of a minimum of three and a maximum of five non-executive directors, at least two of whom must be independent directors (and, in any case, its Chairman), appointed by the Board of Directors, taking into account the knowledge, skills and experience of the directors and the duties of the Commission. The Board of Directors also appoints its Chairman, who must in any case be an independent director. The secretary of the Board of Directors shall act as secretary of the Commission. During the financial year 2023, the Commission met two times.

The Commission shall be validly constituted when half plus one of the directors are present or represented. The Chairman shall have the casting vote in the event of a tie. The resolutions, which shall be adopted by a majority of the members of the Commission, shall be kept in a minute book, which shall be available to all members of the Board of Directors.

During the 2023 financial year, the Committee reported on the central and independent evaluation of the general remuneration policy, the degree of compliance with the variable remuneration objectives corresponding to the 2022 financial year and the establishment of the remuneration objectives for the 2023 financial year, the review of the general remuneration policy, of the review of the composition of the identified group. In addition, he reported the proposed agreement that the Board submitted to the Board on the maximum percentage of excess of variable remuneration over the fixed component.

## Major Risks and Solvency Commission

Illustration 8: Members of the Major Risks and Solvency Commission

Position	Name	Categorisation
Chairman	Mr. Vicente Condor López	Independent
Member	Mr. Jesús Tejel Giménez	Independent
Member	Mrs. Natividad Blasco de las Heras	Dominical
Member	Mrs. María Pilar Segura Bas	Independent
Member	Mr. Luis Enrique Arrufat Guerra	Dominical

Table 8: Composition of the Major Risks and Solvency Commission

Composition	
Category	%
% Executive Directors	-
% Dominical Directors	40%
% Independent Directors	60%
% Other externals	-
Number of meetings (2023)	14

The Commission's main function is to advise the Board of Directors on the current and future overall risk appetite of the Bank and its Group and its strategy in this area, and to assist the Board in monitoring the implementation of that strategy by senior management and to monitor the Bank's solvency levels and propose the actions it considers appropriate for their improvement.

It shall be composed of a minimum of three and a maximum of five directors, who do not perform executive functions and who possess the knowledge, ability and experience to understand and control the strategy and risk appetite of the Entity. At least one third of the members shall be independent and in any case its Chairman. The Commission shall adopt its resolutions by a majority of votes of the directors who are members of the Commission, with the Chairman having the casting vote in the event of a tie.

During 2023, the Commission reported to the Board of Directors on the evolution of the Bank's various financial and non-financial risk indicators, the review of the Risk Appetite Framework and its monitoring, the review and monitoring of the Capital and Liquidity Self-Assessment Reports, the review of the Bank's Recovery Plan, the review of the various aspects of Resolution, as well as other matters relating to the review of the strategic plan for divestment of non-performing assets and its monitoring, and the proposal for new debt issues.

## Strategy Commission

Illustration 9: Members of the Strategy Commission

Position	Name	Categorisation
Chairman	Mr. Francisco José Serrano Gill de Albornoz	Dominical
Member	Mrs. María López Valdés	Independent
Member	Mrs. María Luisa García Blanco	Dominical
Member	Mr. Luis Enrique Arrufat Guerra	Dominical
Member	Mr. José Miguel Echarri Porta	Dominical

Table 9: Composition of the Strategy Commission

Composition	
Category	%
% Executive Directors	-
% Dominical Directors	80%
% Independent Directors	20%
% Other externals	-
Number of meetings (2023)	8

The main function of the Commission is to inform the Board of Directors about the Bank's strategic policy, ensuring that there is a precise organisation for its implementation.

The Commission shall consist of a minimum of three and a maximum of five directors, who shall be appointed considering their knowledge, skills and experience of the directors as well as the duties of the Commission. The Board of Directors shall appoint its Chairman, and its secretary shall be the secretary of the Board.

The Commission shall meet as often as it is convened by resolution of the Commission itself or its Chairman, and at least quarterly. The Commission shall adopt its resolutions by majority vote of the directors forming part of the Commission, with the Chairman having the casting vote in the event of a tie. The resolutions adopted are recorded in the corresponding minute book, which is available to all members of the Board of Directors.

During the year, the Committee has carried out periodic monitoring of the Plan Estratégico Desafío 2023 approved by the Board of Directors, as well as quarterly monitoring of the budgetary evolution and the Capital Scorecard, as a fulfilment of the mandates contained in the afore mentioned Plan Strategic, notifying the Board of Directors of the conclusions obtained.

Information on the Group's corporate governance can be accessed via the corporate website ([Corporate Website | Ibercaja Banco](#)) in the section on Corporate Governance and General Remuneration Policy ([Corporate Governance and Remuneration Policy - Corporate Website | Ibercaja Banco](#)).



### 3.2.3 - Procedures to ensure the suitability of the members of the Board of Directors

This section covers the provisions of letters (a) and (b) of the OVB requirement - Disclosure of Governance Arrangements.

During the 2023 financial year, the Entity has approved the following policies within the framework of the suitability of the members of the Board of Directors:

- Succession Policy with an annexed competency matrix document.
- Suitability and diversity policy for the members of the board of directors.
- Suitability Policy for holders of key functions.
- Manual for the development of the Suitability and diversity Policy for members of the board of directors.
- Manual for the development of the Suitability Policy for holders of key functions.

The Entity has the entire regulatory framework listed above for the evaluation of the suitability and diversity of the members of the Board of Directors and the suitability of people with key functions, approved by the Board of Directors, and which have been updated and reviewed during the last review exercise and, where appropriate, update, on an annual basis. These policies define the criteria that the Entity will apply to evaluate the suitability of the members of the Board of Directors, general directors or similar, responsible for internal control functions and other relevant positions in the development of the Entity's activity, as well as such as diversity criteria.

In accordance with these Policies, which include the regulations in force at all times on these particulars, specifically, on the assessment of the suitability of the people who are going to be part of the Board of Directors, this assessment must take into account the commercial and professional honourability of the proposed director, his knowledge and experience, as well as his willingness to good governance of the Entity, with express mention of the necessary concurrence of the principle of independence of criteria (independence of ideas) to be assessed in the evaluation process. suitability. They also aim to ensure diversity in terms of age, gender and experience within the board.

One of the main duties of directors in these policies is that of diligence, with the obligation to attend the meetings of the governing bodies of which they form part, with the corresponding right to information. In this respect, the director's capacity for dedication to the exercise of his office should be assessed, establishing rules to limit the maximum number of directorships or executive positions he may hold in other companies (taking into account the applicable regulations). In this respect, the number of directorships held by directors in other companies is shown below.

Table 10: Number of directorships held by members of the management body in other companies

	Position	Number of companies in which he/she holds a position on the management body
Mr. Francisco Serrano Gill de Albornoz	Non-executive	1
Mr. Víctor M. Iglesias Ruiz	Non-executive	2
Mr. José Miguel Echarri Porta	Non-executive	1
Mrs. María Luisa García Blanco	Non-executive	2
Mrs. María López Valdés	Non-executive	1
Mr. Jesús Barreiro (secretary non-counselor)	Non-executive	1

The Policy also contemplates rules and procedures to ensure that directors are not affected by conflicts of interest or to act in the event that such a conflict should arise. The members of the identified group must be checked annually to ensure that they do not incur in supervening causes of incompatibility, without prejudice to the obligation of all of them to report such circumstances, in the hypothetical event that they should arise.

The succession policies, suitability assessment and manuals are available to the supervisory authorities.

### 3.2.4 - Policy on the dedication of Directors

This policy develops the criteria that guarantee the availability of the members of the Board of Directors for the good governance of the Entity and that they can dedicate sufficient time to the performance of their duties. Of particular note is the duty of diligence; the obligation to attend the meetings of the governing bodies of which they form part; the right to information and their obligations as directors; and the limitation on the maximum number of governing bodies of other entities of which they may form part.

### 3.2.5 - Training actions for the Board of Directors in Risk and Regulatory Matters

Based on article 435 of the CRR regarding the knowledge and powers of the Board of Directors, the Entity usually provides training sessions to members of the Board of Directors who actively participate in training sessions promoted by the Entity in those areas that, due to their relevance, novelty or potential impact on the financial sector, it is considered appropriate to impart.

During fiscal year 2023, a training program was carried out for all directors, in person, taught both internally and by external speakers. Specifically, thirteen training sessions were held on the following subjects: analysis of the financial evolution of Ibercaja in the sectoral context; four regulatory monitoring sessions: analysis of the Entity's profitability by management axes; the future of retail banking to 2023; technology at Ibercaja; a new global order; macroeconomic forecasts; Interest rate risk; sustainability and climate risk management; and the internal transfer rate.

### 3.2.6 - Diversity in Governing Bodies

This section covers the provisions of letter (c) of the OVB requirement - Disclosure of Governance Arrangements.

The Entity ensures at all times that its internal governance rules do not discriminate or contain implicit biases that prevent diversity (gender, age, geographical origin, etc.) in the selection of persons to be appointed as members of the governing bodies and senior management.

The Board of Directors agreed that at least 36% of the members of the Board of Directors must belong to the least represented gender. Percentage also included in the succession policy of the members of the Board of Directors, including its president and CEO.

On the other hand, in the Policy for evaluating the suitability and diversity of members of the Board of Directors of Ibercaja Banco approved by the Board of Directors and its development manual approved by the Appointments Committee to which reference has been made previously, a specific section, called "Diversity within the Board of Directors". When selecting candidates to be part of the Board of Directors, the following principles are taken into account to promote the diversity of its members:

- The candidate selection process will start from a prior analysis of the Entity's needs. In this year, the Board of Directors has approved the succession policy where this analysis is regulated.
- Care shall be taken to ensure that the number of independent directors is adequate in relation to the total number of directors, bearing in mind, in all cases, the regulatory requirements relating to the composition and positions to be held by this category of directors on internal committees of the Board of Directors.
- Care will be taken to ensure that the selection criteria take into account the diversity of knowledge, training, professional experience, age and gender, and that there is no implicit bias that could lead to discrimination (in particular on grounds of sex, ethnic origin, age or disability). Specifically, the policy includes:

- Academic and professional profile

For these purposes, knowledge in banking and finance, economics, law, accounting, audit, administration, financial regulation, information technology and quantitative methods will generally be considered relevant for the financial services sector.

- Gender

In the process of selecting a candidate, the criteria of gender diversity will be taken into account to guarantee a balanced presence of women on the Board of Directors. In this sense, this Policy aims for the least represented gender to reach, by January 1, 2023, at least thirty-three percent (36%) of the total members of the Board of Directors.

- Age

The existence of directors of different ages will be valued, so that the afore mentioned difference can serve to provide a positive variety in the perception and focus of the debate on the issues that must be analysed and agreed upon by the Board of Directors.

The Entity will ensure that the principle of equal opportunities is respected, that there is no discrimination based on gender, race, skin colour, ethnic or social origin, genetic characteristics, religion or convictions, belonging to a national minority, heritage, birth, disability, age or sexual orientation.

The aim is to promote a diverse and balanced composition as a whole, which, in addition to meeting the aforementioned requirements in terms of knowledge and experience, enriches analysis, debate and decision-making.

### 3.3 - Consolidation Perimeter

The information contained in this report refers to the Consolidated Group of credit institutions whose parent company is Ibercaja Banco S.A.

From the organizational point of view, the Bank is the head of a group of dependent entities among which stand out for their importance, both from the point of view of the diversification of the offer of banking products and profitability, those of the Financial Group, formed by companies specialized in investment funds, pension plans, banking insurance, consumer financing services and renting.

The main differences in terms of the accounting principles, policies and measurement bases applied in the preparation of the Group's consolidated financial statements for 2023 are described below, in accordance with Regulation (EU) nº. 575/2013, the provisions of Rule 3 of Bank of Spain Circular 4/2017 of 27 November and, taking into account the International Financial Reporting Standards adopted by the European Union (EU-IFRS) applicable at the end of 2023.

#### *Subsidiaries*

"Subsidiaries" are defined as entities over which the Entity has the capacity to exercise control, which is evidenced, generally but not exclusively, by direct or indirect ownership of more than 50% of the voting power of the investees or, even if this percentage is lower or zero, by the existence of other circumstances or agreements that give it control. In accordance with current legislation, control is understood to mean the power to direct the financial and operating policies of an Entity in order to obtain benefits from its activities.

In preparing the financial statements, the subsidiaries have been consolidated following the full integration method, as defined in current regulation. Consequently, all significant balances arising from transactions between fully consolidated entities have been eliminated in the consolidation process.

In addition, the participation of third parties in:

- the Group's equity is presented under "Minority interests" in the consolidated balance sheet.

- the consolidated results for the year are presented under "Profit for the Year Attributable to Minority Interests" in the consolidated income statement.

The consolidation of the results generated by subsidiaries acquired in a fiscal year is carried out taking into account only those corresponding to the period between the date of acquisition and the end of that fiscal year. At the same time, the consolidation of the results generated by subsidiaries disposed of in a fiscal year is carried out taking into account only those corresponding to the period between the beginning of the fiscal year and the date of disposal.

#### *Multi-group entities*

"Multi-group entities" are defined as companies over which, although not subsidiaries, there are contractual arrangements for joint control whereby decisions on relevant activities are made unanimously by the entities sharing control and having the right to their net assets.

Holdings in multi-group entities that are in turn consolidable by virtue of their activity are consolidated using the proportionate consolidation method for the purposes of applying solvency requirements. Interests in joint ventures that are not consolidable by activity are accounted for using the equity method.

#### *Associated entities*

"Associated entities" are considered to be those over which the Group has the capacity to exercise significant influence, although they do not constitute a decision-making unit with the investee and are not under joint control. In general, although not exclusively, this capacity is presumed to exist when an interest (direct or indirect) equal to or greater than 20% of the voting rights of the investee is held.

In the consolidated financial statements, associated entities are accounted for using the equity method in accordance with the applicable accounting framework.

If, as a result of losses incurred by an associate, its equity was negative, it would be shown in the consolidated balance sheet with a zero value, unless there is an obligation on the part of the Group to support it financially, in which case a provision for liabilities would be recorded under "Provisions" on the liability side of the balance sheet.

#### *Structured entities*

A structured entity is an entity that has been designed in such a way that voting and/or similar rights are not the decisive factor in deciding who controls it.

In those cases, in which the Group participates in or forms entities for the transfer of risks, or for the purpose of allowing access to certain investments, a determination is made as to whether control exists and, therefore, whether the entities formed should be consolidated, taking into account the following factors in particular:

- Analysis of the Group's influence on the Entity's activities that are relevant to determining its performance.
- Implicit or explicit commitments to provide financial support to the Entity.



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

These entities include so-called "asset securitisation funds", which the Group consolidates due to the existence of contractual financial support agreements (commonly used in the securitisation market). In securitisations carried out by the Group, the risks transferred cannot be removed from the assets side of the balance sheet and the issues of the securitisation funds are recorded as liabilities on the Group's balance sheet.

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

In accordance with the above criteria, the following is a detail of the companies comprising the group as of December 31, 2023:

- a) Subsidiaries of the Group consolidable for solvency purposes, to which the full consolidation method has been applied:

Table 11: Subsidiaries, full consolidation

Entity name	
Ibercaja Banco, S.A.	Cerro Goya, S.L.U.
Ibercaja Servicios de Financiación, E.F.C., S.A.U. (*)	TDA 3 Ibercaja Fondo Titulización
Ibercaja Gestión, S.A.U.	TDA 4 Ibercaja Fondo Titulización
Ibercaja Pensión, E.G.F.P., S.A.U.	TDA 5 Ibercaja Fondo Titulización
Ibercaja Mediación de Seguros, S.A.U.	TDA 6 Ibercaja Fondo Titulización
Badajoz Siglo XXI, S.A.U.	TDA 7 Ibercaja Fondo Titulización
Ibercaja Connect, S.L.U.	TDA ICO Ibercaja Fondo Titulización
Inmobinsa Inversiones Inmobiliarias, S.A.U.	Ibercaja Renting, S.A.U.
Residencial Murillo, S.A.U.	Pensum, Pensión por Consumo, S.L.
Ibercaja Gestión de Inmuebles, S.L.U.	Cerro Murillo, S.A.U. (in liquidation)
Ibercaja Banco, S.A.	

(\*) Change in entity name, previously Ibercaja Leasing, S.A.

- b) Subsidiaries or multigroup companies of the Group that are not consolidated for solvency purposes have not been fully consolidated and have been accounted for using the equity method:

Table 12: Subsidiaries or multi-group companies, equity method

Entity name
Ibercaja Vida, S.A.U.

- c) There are no multigroup companies to which the proportionate consolidation method has been applied.

Below is the detail of the significant holdings in insurance entities owned by the consolidated Group as of December 31, 2023 which, belonging to the economic group as defined in Bank of Spain Circular 4/2017, their underlying book value does not has been deducted directly from own resources but, for the purposes of calculating the minimum own resources requirements, it has been included weighting 100% in the risk-weighted assets, in accordance with the provisions of article 49 of the Regulation (EU ) nº 575/2013 and according to the authorisation of the Executive Commission of the Bank of Spain:

Table 13: Significant holdings in insurance companies

Entity name
Ibercaja Vida, S.A.U.

### **Changes in the scope of consolidation and corporate operations**

The changes in the scope of consolidation are presented below, as a result of the corporate operations carried out during 2023:

Table 14: Changes in the scope Companies liquidated in 2022

Changes in the scope	
Deregistration due to absorption 2023	Ibercaja Cajaragón, S.A.U
Registration due to incorporation 2023	Ibercaja Renting, S.A.U Pensumo, Pensión por Consumo, S.L.

## **3.4 - Differences between the accounting consolidation method and the regulatory capital method**

This section covers LIA requirement - Explanations of differences between accounting and regulatory exposure amounts.

The following table shows the reconciliation between the public balance sheet and the balance sheet for the purposes of the solvency rules for credit institutions (Prudential Balance Sheet) as of December 31, 2023. This is intended to show the transition between accounting information and prudential information.

Table 15: Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories								
(thousands of euros)  <i>Breakdown by asset classes according to the balance sheet in published financial statements</i>	a	b	c	d	e	f	g	
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items					
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds	
1 Cash, balances in cash at central banks and other demand deposits	1,999,017	1,999,016	1,999,017	-	-	-	-	-
2 Financial assets held for trading	24,884	24,884	-	24,884	-	-	-	-
3 Non-trading financial assets mandatorily measured at fair value through profit or loss	1,485,994	13,659	13,659	-	-	-	-	-
4 Financial assets designated at fair value through profit or loss	444,475	-	-	-	-	-	-	-
5 Financial assets at fair value through other comprehensive income	4,729,521	756,771	756,771	-	-	-	-	-
6 Financial assets at amortised cost	42,692,570	40,891,575	39,292,617	1,598,958	-	-	-	-
7 Derivatives - hedge accounting	154,553	154,553	-	154,553	-	-	-	-
8 Changes in the fair value of the hedged items in a portfolio hedging interest rate risk	-	-	-	-	-	-	-	-
9 Investments in joint ventures and associates	80,223	301,038	273,020	-	-	-	-	28,018
10 Assets covered by insurance or reinsurance contracts	804	-	-	-	-	-	-	-
11 Tangible assets	977,792	937,497	937,497	-	-	-	-	-
12 Intangible Assets	366,407	345,489	106,094	-	-	-	-	239,395
13 Tax assets	1,276,474	1,192,036	829,718	-	-	-	-	362,318
14 Other assets	140,016	199,905	199,905	-	-	-	-	-
15 Non-current assets and disposal groups classified as held for sale	143,750	143,751	143,751	-	-	-	-	-
16 <b>Total assets</b>	<b>54,516,480</b>	<b>46,960,174</b>	<b>44,552,049</b>	<b>1,778,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>629,731</b>

Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

(thousands of euros)		a	b	c	d	e	f	g
<b>Breakdown by liability classes according to the balance sheet in published financial statements</b>		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
1	Financial liabilities held for trading	145,070	14,126	-	14,126	-	-	-
2	Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-
3	Financial liabilities at amortised cost	42,399,639	42,623,594	-	4,796,594	-	-	37,827,000
4	Derivatives - hedge accounting	537,768	537,768	-	537,768	-	-	-
5	Changes in the fair value of the hedged items in a portfolio hedging interest rate risk	-79,093	-79,093	-	-	-	-	-79,093
6	Liabilities covered by insurance or reinsurance contracts	7,576,470	-	-	-	-	-	-
7	Provisions	197,245	197,244	20,354	-	-	-	176,890
8	Tax liabilities	197,564	127,691	43,593	-	-	-	84,098
9	Other liabilities	224,358	221,392	-	-	-	-	221,392
10	Liabilities included in disposal groups of items that have been classified as held for sale	-	-	-	-	-	-	-
11	<b>Total liabilities</b>	<b>51,199,021</b>	<b>43,642,722</b>	<b>63,947</b>	<b>5,348,488</b>	<b>-</b>	<b>-</b>	<b>38,230,287</b>

Columns a) and b) of the EU LI1 template show the differences between the book values reflected in the published financial statements and the book values under the scope of prudential consolidation. The Ibercaja Group companies included in the scope of prudential consolidation, for the purposes of calculating the solvency ratio by virtue of their activity, are consolidated using the full consolidation method.

Only the Group's insurance company, Ibercaja Vida, is not consolidable due to its activity and is accounted for using the equity method, consuming it as an equity exposure.

The EU LI3 template shows the companies that have different consolidation methods depending on the applicable regulations.

Table 16: Template EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

Outline of the differences in the scopes of consolidation (entity by entity)							
a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Ibercaja Vida, S.A.U.	Full consolidation			X			Insurance entity

Table EU LI2 provides a breakdown of the differences between the prudential exposure amounts and the prudentially consolidated carrying amounts. The main differences are justified by:

- The effect of prudent valuation adjustments, as provided for in Part Two, Title I, Chapter 2, Article 34 and Part Three, Title I, Chapter 3, Article 105 of the CRR for both trading book and non-trading book exposures measured at fair value in accordance with the applicable accounting framework, amounting to -1,724 thousand euros.
- The effect of the application of the specific compensation rules of part three, title II, chapter 4 of the CRR in the amount of -4,241,154 thousand euros.
- The impact on the exposure value under the prudential consolidation scope of the application of credit risk mitigation techniques, as defined in the CRR, amounting to -11,118 thousand euros.
- The effect of the application of the regulatory CCFs established in article 111 of the CRR in the amount of -3,727,119 thousand euros.
- Other differences increasing the prudential exposure by 31,853 thousand euros.



Table 17: Template EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Main sources of differences between regulatory exposure amounts and carrying values in financial statements					
(thousands of euros)	a	b	c	d	e
	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	46,330,445	44,552,050	-	1,778,395	-
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	5,412,435	63,947	-	5,348,488	-
3 Total net amount under the scope of prudential consolidation	40,918,010	44,488,103	-	-3,570,093	-
4 Off-balance-sheet amounts	13,136,620	4,638,595	-	8,498,025	
5 Differences in valuations	-1,724	-992	-	-731	
6 Differences due to different netting rules, other than those already included in row 2	-4,241,154	-	-	-4,241,154	
7 Differences due to consideration of provisions	-	-	-	-	
8 Differences due to the use of credit risk mitigation techniques (CRMs)	-11,118	-11,118	-	-	
9 Differences due to credit conversion factors	-3,727,119	-3,727,119	-	-	
10 Differences due to securitisation with risk transfer	-	-	-	-	
11 Other differences	31,853	31,122	-	731	
12 Exposure amounts considered for regulatory purposes	46,105,368	45,418,590	-	686,778	-

### 3.5 - Identification of subsidiaries with own funds below the minimum capital requirements and exemptions from the requirements

This section covers the LIB requirement - Other qualitative information on the scope of application.

Pursuant to Article 7 of Regulation (EU) n°. 575/2013, the competent authorities may exempt any subsidiary of an institution as well as the parent institution from complying individually and, where appropriate, on a sub-consolidated basis, with the minimum capital requirements for credit and dilution risk, counterparty risk, trading book position and settlement risk, foreign exchange and gold position risk, and operational risk; as well as internal corporate governance requirements, and limits on the concentration of large exposures, when both the subsidiary and the parent institution are subject to authorisation and supervision by the Bank of Spain and are included in consolidated supervision.

As there are no material, practical or legal impediments to the immediate transfer of equity or repayment of liabilities between the Group's subsidiaries and the Bank, and there is no indication that such impediments may exist in the future, the parent company and Ibercaja Financing Services requested the aforementioned exemption.

Ibercaja Financing Services, as a 100% owned subsidiary credit institution, has been exempted, according to a resolution of the Executive Committee of the Bank of Spain dated July 30, 2010, from individual compliance with the obligations on capital requirements and limits on large exposures and corporate governance. Likewise, Ibercaja Banco S.A. has also been exempted by the European Central Bank.

On December 31, 2023, all subsidiaries subject to minimum capital requirements at individual level and not included in the Group complied with the regulatory requirements.

The subsidiaries included in the consolidable group (Ibercaja Gestión and Ibercaja Pensión) also comply with the minimum capital requirements applicable to them in accordance with their specific regulations.

Table 18: Own Resources Ibercaja Gestión

Own Resources Ibercaja Gestión	
(thousands of euros)	2023 Data
Own Resources	15,837
Minimum Requirements Own Resources RRPP	10,138
Surplus	5,699

Table 19: Own Resources Ibercaja Pensión

Own Resources Ibercaja Pensión	
(thousands of euros)	2023 Data
Own Resources	20,244
Minimum Requirements Own Resources RRPP	11,107
Surplus	9,137

There are no legal or practical impediments to the transfer of own funds or repayment of liabilities between subsidiaries and their parent entity.

### 3.6 - Financial conglomerate

The Joint Supervisory Authority composed of the EBA, ESMA and EIOPA published on November 30, 2022, the 2022 list of financial conglomerates with a parent in the European Union. Where appropriate, the European Central Bank acts as coordinator and the Relevant Competent Authority is the Directorate General for Insurance and Pension Funds.

As a financial conglomerate, the Group must calculate the amount of additional own funds requirements of the conglomerate and the capital adequacy ratio to verify that it complies with the requirements.

Table 20: Template EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio

Financial conglomerates information on own funds and capital adequacy ratio		
(thousands of euros)	a	
	Dec-23	
1 Supplementary own fund requirements of the financial conglomerate (amount)		270,497
2 Capital adequacy ratio of the financial conglomerate (%)		14.93%

Below is a detail of the significant holdings in insurance entities owned by the consolidable Group on December 31, 2023 which, belonging to the economic group as defined in Bank of Spain Circular 4/2017, their underlying book value has not been deducted directly from equity but, for the purposes of calculating minimum capital requirements, has been included weighted at 100% in the risk-weighted assets, in accordance with the provisions of article 49 of Regulation (EU) n°. 575/2013 and as authorised by the Executive Commission of the Bank of Spain.

Table 21: Significant holdings in insurance companies

Entity name
Ibercaja Vida, S.A.U.

Finally, the amount of own funds instruments held in insurance and reinsurance companies that have not been deducted from own funds is detailed.

Table 22: Template EU INS1 - Insurance participations

Insurance participations			
(thousands of euros)	a		b
	Exposure value	Risk exposure amount	
1 Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	203,946	203,946	



# 4

## COMPUTABLE OWN RESOURCES



## 4. Computable Own Resources

The different levels of capital that make up the Entity's own funds, as well as the items that comprise them, are set out in Title I of Part Two of Regulation (EU) n°. 575/2013 of the European Parliament and of the Council. Bank of Spain Circulars 2/2014 and 2/2016 complete the adaptation of the Spanish legal system to Directive 2013/36 EU and Regulation (EU) n°. 575/2013 and specify the progressive implementation schedules to be used when computing certain items.

A distinction is made between 3 categories within the Group's computable equity:

- 1) **Common Equity Tier I instruments**, as defined in Part Two, Title I, Chapter 2 of Regulation (EU) n°. 575/2013 (CRR), are characterised as own resources components that can be used immediately and without restriction to cover risks or losses as soon as they occur, their amount being recorded free of any foreseeable tax at the time they are calculated. These elements show a stability and permanence over time, a priori, superior to additional Tier 1 capital instruments. As indicated in chapter 4.2 below, the Group's Common Equity Tier 1 instruments as of December 31, 2023, consist of:

- Equity.
- Retained earnings and other reserves, including revaluation reserves.
- The net profit for 2023 that the Bank plans to allocate to reserves.
- Valuation adjustments of financial assets at fair value with changes in other comprehensive income.

The following items are deducted:

- Valuation adjustments due to prudent valuation requirements.
- Intangible assets and goodwill recognised on the Group's balance sheet. This item takes into account the Quick Fix of the CRR bringing forward the date of application of the RTS on the prudential treatment of software asset.
- Deferred tax assets that are dependent on future income and do not receive the alternative treatment provided for in the applicable regulations for those arising from temporary differences, after applying the schedule provided for in CBE 2/2014 and EU 2016/445.
- Insufficient coverage of doubtful exposures in accordance with Article 47 quarter of Regulation (EU) n°. 575/2013 (CRR).
- Additional deductions from Common Equity Tier 1 capital in accordance with Article 3 of Regulation (EU) n°. 575/2013 (CRR).



2) **Additional Tier 1 capital instruments**, defined in Part Two, Title I, Chapter 3 of Regulation (EU) nº. 575/2013. These own funds are characterised by having, a priori, a higher volatility or lower degree of permanence than the elements considered as ordinary tier 1 capital instruments. As broken down in chapter 4.2 below, as of December 31, 2023, the Group's additional tier 1 capital instruments are composed of:

- Preferred shares.

3) **Tier 2 capital instruments**, defined in Part Two, Title I, Chapter 4 of Regulation (EU) nº. 575/2013. As broken down in chapter 4.2 below, as of December 31, 2023, the Group's tier 2 capital instruments are composed of:

- Subordinated debt.

### **Supervisory Review and Evaluation Process (SREP) and Capital Buffers**

The ECB has communicated the final results of the Supervisory Review and Evaluation Process (SREP) that sets the individual capital needs of each bank for 2024 based on business model, capital, liquidity and funding risk, governance and internal control. Ibercaja must maintain a Common Equity Tier 1 (CET1) phased-in ratio of 8.125% and a total capital ratio of 12.5%. This total capital requirement includes the minimum Pillar 1 requirement (4.5% CET1 and 8% total capital), the Pillar 2 requirement (1.125% for CET1 and 2% for total capital) and the capital conservation buffer (2.5%).

As of December 31, 2023, Ibercaja Banco's ratios on a consolidated basis, CET1 of 12.89% and total capital of 17.46%, were 4.76 and 4.96 points, respectively, above the requirements established for 2024.

In accordance with the Bank of Spain, Ibercaja does not have a countercyclical buffer requirement for 2023.

The following table shows the requirements in detail:

Table 23: Solvency requirements

Solvency requirements	
% over RWA's	
Min. CET1	4.50%
Min. Tier I	6.00%
Min. solvency ratio	8.00%
Capital Conservation Buffer	2.50%
Min. Pilar II CET1	1.125%
Min. Pilar II Total Capital	2.00%
Min. CET1 + Conservation Buffer + Pilar II (CET1)	8.13%
Min. Solvency Coef. + Conservation Buffer + Pilar II (TC)	12.50%

## 4.1 - Reconciliation of regulatory capital and stockholders' equity on the consolidated balance sheet

There are differences between regulatory consolidation and accounting consolidation, specifically between the information used in the calculation of computable own funds and the own funds in the published financial statements. Below is the reconciliation between the regulatory own funds and the accounting own funds according to the Template EU CC2 – Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements on ITS de la EBA 2020/04:

Table 24: Template EU CC2 – Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements			
(thousands of euros)	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash, balances in cash at central banks and other demand deposits	1,999,017	1,999,016
2	Financial assets held for trading	24,884	24,884
3	Non-trading financial assets mandatorily measured at fair value through profit or loss	1,485,994	13,659
4	Financial assets designated at fair value through profit or loss	444,475	-
5	Financial assets at fair value with changes in other comprehensive income	4,729,521	756,771
6	Financial assets at amortised cost	42,692,570	40,891,575
7	Derivatives - hedge accounting	154,553	154,553
8	Investments in subsidiaries, joint ventures and associates	80,223	301,038
9	Assets covered by insurance or reinsurance contracts	804	-
10	Tangible assets	977,792	937,497
11	Intangible assets	366,407	345,489 (e)
12	Tax assets	1,276,474	1,192,036
13	Other assets	140,016	199,905
14	Non-current assets and disposal groups classified as held for sale	143,750	143,751
15	Total Assets	54,516,480	46,960,174
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Financial liabilities held for trading	145,070	14,126
2	Financial liabilities at amortised cost	42,399,639	42,623,594
3	from which: subordinated liabilities	500,000	500,000 (h)
4	Derivatives - hedge accounting	537,768	537,768
5	Changes in the fair value of hedged items in a portfolio hedging against interest rate risk	-79,093	-79,093
6	Liabilities covered by insurance or reinsurance contracts	7,576,470	-
7	Provisions	197,245	197,244
8	Tax liabilities	197,564	127,691 (f)
9	Other liabilities	224,358	221,392
10	Total Liabilities	51,199,021	43,642,722

Shareholders' Equity				
1	Capital	214,428	214,428	(a)
2	Share premium	-	-	(a)
3	Issued equity instruments other than equity	350,000	350,000	(g)
4	Other equity items	-	-	
5	Accumulated earnings	742,305	882,588	(b)
6	Revaluation reserves	3,272	3,272	(c)
7	Other reserves	1,856,144	1,715,854	(c)
8	Profit attributable to the owners of the parent entity	304,396	304,396	(d)
9	(-) Dividends on account	-168,247	-168,247	(d)
10	Other accumulated global result	14,959	14,959	(c)
11	Minority interests [non-controlling interests]	202	202	
12	<b>Total Shareholders' Equity</b>	<b>3,317,459</b>	<b>3,317,452</b>	

References in table EU CC2 are to be read in conjunction with table EU CC1.

The following table shows the reconciliation between the computable own funds for prudential purposes and the own funds of the Audited Financial Statements, offering the comparison between 2022 and 2023:

Reconciliation of regulatory shareholders' equity to the audited financial statements		
(thousands of euros)	2023	2022(*)
Subscribed capital	214,428	214,428
Issued equity instruments other than equity	350,000	350,000
Retained earnings	742,305	678,673
Revaluation reserves	3,272	3,280
Other reserves	1,856,144	1,897,016
Profit attributable to the parent entity	304,396	181,871
Dividends on account	(168,247)	(101,072)
Equity on public balance sheet	3,302,298	3,224,196
Other comprehensive income accumulated	14,959	(18,201)
Minority interests	202	-
<b>Equity on the public balance sheet</b>	<b>3,317,459</b>	<b>3,205,995</b>
Intangible assets	(370,977)	(308,318)
Adjustment for prudent amortisation of intangible assets	106,094	58,211
Deferred tax assets	(269,504)	(270,802)
Common Equity Tier 1 adjustments due to prudential filters	(9,193)	(707)
Transitional adjustment first application IFRS9	23,008	66,031
Dividend distribution proposal	(14,391)	(20,200)
Insufficient coverage deduction for doubtful operations	(9,765)	(5,155)
Additional deductions ordinary Tier 1 capital	(24,200)	(24,200)
Equity instruments not computable as CET1	(350,000)	(350,000)
Convertible Contingent Obligations	(202)	-
Differences in public equity and for prudential purposes	(7)	(7)
<b>Total adjustments and deductions</b>	<b>(919,137)</b>	<b>(855,147)</b>
<b>Total Common Equity Tier 1 Capital (CET1)</b>	<b>2,398,322</b>	<b>2,350,848</b>
Equity instruments computable as AT1	350,000	350,000
Other transitional adjustments to additional tier 1 capital	-	-
<b>Total Additional Tier 1 Capital (AT1)</b>	<b>350,000</b>	<b>350,000</b>
<b>Total Tier 1 Capital (T1)</b>	<b>2,748,322</b>	<b>2,700,848</b>
Subordinated financing and others	500,000	500,000
<b>Total Tier 2 Capital (T2)</b>	<b>500,000</b>	<b>500,000</b>
<b>Total computable own funds</b>	<b>3,248,322</b>	<b>3,200,848</b>

(\*) Data restated due to the implementation of IFRS 17

## 4.2 - Equity details

The following table shows, information on the composition of the regulatory own funds according to the format of the Template EU CC1 – Composition of Regulatory Own Funds of the ITS of the EBA 2020/04:

Table 25: Template EU CC1 – Composition of Regulatory Own Funds

Composition of Regulatory Own Funds		
(thousands of euros)	a)	b)
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
1 Capital instruments and the related share premium accounts	214,428	(a)
of which: Instrument type 1	-	
of which: Instrument type 2	-	
of which: Instrument type 3	-	
2 Retained earnings	882,588	(b)
3 Accumulated other comprehensive income (and other reserves)	1,734,085	(c)
EU-3a Funds for general banking risk	-	
4 Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5 Minority interests (amount allowed in consolidated CET1)	-	
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	121,758	(d)
6 <b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,952,859</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
7 Additional value adjustments (negative amount)	-1,724	
8 Intangible assets (net of related tax liability) (negative amount)	-264,883	(e) minus (f)
9 Not applicable		
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-282,608	
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-7,469	(c)
12 Negative amounts resulting from the calculation of expected loss amounts	-	
13 Any increase in equity that results from securitised assets (negative amount)	-	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15 Defined-benefit pension fund assets (negative amount)	-	
16 Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17 Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	

19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20b	of which: securitisation positions (negative amount)	-	
EU-20c	of which: free deliveries (negative amount)	-	
EU-20d	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
21	Amount exceeding the 17,65% threshold (negative amount)	-	
22	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
23	Not applicable		
24	of which: deferred tax assets arising from temporary differences	-	
25	Losses for the current financial year (negative amount)	-	
EU-25 a	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
EU-25b	Not applicable		
26	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27	Other regulatory adjustments	2,147	
27a	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-554,537</b>	
28	<b>Common Equity Tier 1 (CET1) capital</b>	<b>2,398,322</b>	
29	<b>Additional Tier 1 (AT1) capital: instruments</b>		
30	Capital instruments and the related share premium accounts	350,000	(g)
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>350,000</b>	
	<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short	-	



	positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	-	
44	<b>Additional Tier 1 (AT1) capital</b>	<b>350,000</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,748,322</b>	
	<b>Tier 2 (T2) capital: instruments</b>		
46	Capital instruments and the related share premium accounts	500,000	(h)
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>500,000</b>	
	<b>Tier 2 (T2) capital: regulatory adjustments</b>		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
EU-54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	-	
58	<b>Tier 2 (T2) capital</b>	<b>500,000</b>	
59	<b>Total capital (TC = T1 + T2)</b>	<b>3,248,322</b>	
60	<b>Total Risk exposure amount</b>	<b>18,609,328</b>	
	<b>Capital ratios and requirements including buffers</b>		
61	Common Equity Tier 1 capital	12.89%	
62	Tier 1 capital	14.77%	
63	Total capital	17.46%	
64	Institution CET1 overall capital requirements	8.21%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	-	
67	of which: systemic risk buffer requirement	-	

EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-
EU-67b	Of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.21%
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	7.16%
<b>National minimum (if they differ from Basel III)</b>		
69	Not applicable	
70	Not applicable	
71	Not applicable	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	127,881
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	2,149
74	Not applicable	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	151,298
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

References in table EU CC1 are to be read in conjunction with table EU CC2.

### **Changes in Own Funds during the year 2023**

On January 25, 2023, Ibercaja Banco, S.A. issued preferred shares with a principal reduction mechanism for a nominal amount of 350 million euros. The Preferred Securities were issued at par and have a remuneration, to be paid quarterly, of 9.125% per annum until (but excluding) July 25, 2028. Thereafter, the remuneration will be reviewed every five years by applying a margin of 6.833% at the 5-year swap rate (5 year Mid-Swap Rate). In any case, the payment of said remuneration is subject to certain conditions and is also discretionary on the part of the issuer.

The Preferred Shares are perpetual, without prejudice to the fact that they could be amortized in certain circumstances at the option of the Company. Additionally, the nominal value of each of them may be reduced to an amount of 0.01 euros if the common equity Tier 1 capital ratio of the Ibercaja Group (Common Equity Tier 1 or CET1) is below 5.125%. This issue has been admitted to listing and trading on the AIAF Fixed Income Market.

On April 6, 2023, the early amortization of the preferred shares that were recorded in the balance sheet as of December 31, 2022 took place, with the nominal amount of 200,000 euros plus the interest accrued and not paid until the aforementioned date being paid for each outstanding security (excluded), in accordance with the terms and conditions of the issue prospectus.

On May 31, 2023, Ibercaja Banco, SA has established the economic terms of an issue of ordinary preferred obligations for an amount of 500 million euros eligible as an Admissible Liability in accordance with Law 11/2015, of June 18, on recovery and resolution of credit institutions and investment services companies, maturing on June 7, 2027, without prejudice to the fact that they could be amortized early at Ibercaja's option on June 7, 2026. The issue price was 99.72% and will accrue a fixed annual coupon of 5.62% until June 7, 2026. From this date they will accrue a fixed interest equal to the 1-year swap rate plus a margin of 2.45%.

## 4.3 – Countercyclical capital buffer and prudent valuation adjustments

### 4.3.1 Countercyclical capital buffer

The Entity must comply at all times with the combined capital buffer, one of whose components is the countercyclical capital buffer (CCyB). This buffer depends on the moment of the economic cycle in which each jurisdiction is and must be constituted when excessive growth occurs with the aim of reinforcing the solidity of the Entity so that it can be released when that growth slows down.

This requirement is calculated ad-hoc for each entity as a weighted average of the requirements set by the national competent authority, according to the buffers applicable in the jurisdictions in which the relevant credit exposures of the Entity are located.

Table 26: Template EU CCyB2 – Amount of Institution-Specific Countercyclical Capital Buffer

Amount of Institution-Specific Countercyclical Capital Buffer	
	a
1 Total risk exposure amount	18,609,328
2 Institution specific countercyclical capital buffer rate	0%
3 Institution specific countercyclical capital buffer requirement	0%

The Group, in accordance with Delegated Regulation (EU) n°. 1152/2014, includes in Spain the exposures of the trading portfolio or the credit exposures abroad since they represent less than 2% of the aggregate total of its risk-weighted exposures. These exposures are broken down in Annex V of this document.

Table 27: Template EU CCyB1 – Geographical Distribution of Credit Exposures Relevant for the Calculation of the Countercyclical Buffer

Geographical Distribution of Credit Exposures Relevant for the Calculation of the Countercyclical Buffer													
(thousands of euros)	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own funds requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit exposures - Market risk	Relevant credit risk exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total			
010	Breakdown by country:												
	Country: Spain	29,658,844	-	-	-	-	29,658,844	1,267,299	-	-	1,267,299	15,841,238	100%
020	Total	29,658,844	-	-	-	-	29,658,844	1,267,299	-	-	1,267,299	15,841,238	100%

### 4.3.2. Prudent valuation adjustments

Entities must calculate, for all their exposures accounted for at fair value, either with changes in the profit and loss account or in equity, additional value adjustments (AVA, hereinafter). Their application implies the transformation of fair values to prudent values, which must always be equal to or less than fair value in the case of assets and equal to or greater in the case of liabilities. These AVAs ultimately result in an adjustment to Common Equity Tier 1 capital.

The amount for the total AVA has been calculated in accordance with Article 5 of Chapter II of Delegated Regulation (EU) 2016/101, on prudent valuation, since the Group's portfolios are subject to the simplified approach. This amount is detailed in the table below:

Table 28: Template EU PV1 – Prudent Valuation Adjustments (PVA)

Prudent Valuation Adjustments (PVA)										
(thousands of euros)	a	b	c	d	e	EU e1	EU e2	f	g	h
Category level AVA	Risk category					Category level AVA-Valuation uncertainty		Total category level post-diversification		
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	-	-	-	-	-	-	-	-	-
2	Not applicable									
3	Close-out cost	-	-	-	-	-	-	-	-	-
4	Concentrated positions	-	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	-	-	-	-
8	Not applicable									
9	Not applicable									
10	Future administrative costs	-	-	-	-	-	-	-	-	-
11	Not applicable									
12	<b>Total Additional Valuation Adjustments (AVAs)</b>							<b>1,724</b>	<b>-</b>	<b>-</b>



# 5

## MINIMUM REQUIREMENTS ON OWN RESOURCES



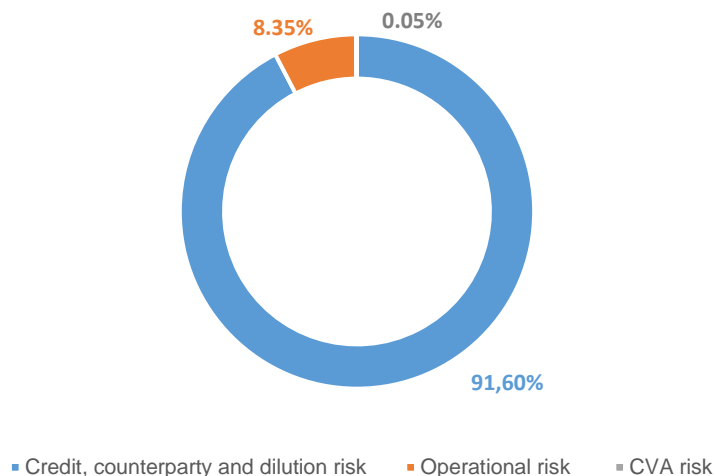
## 5. Minimum requirements on own resources

The following table shows the capital requirements in accordance with Part Three of Regulation (EU) n°. 575/2013 for each of the risk typologies, calculated as 8% of risk-weighted assets.

Table 29: Template EU OV1 – Overview of total risk exposure amounts

Overview of total risk exposure amounts			
(thousands of euros)	a	b	c
	Total risk exposure amounts (TREA)		Total own funds requirements
	Dec-23	Sep-23	Dec-23
1 Credit Risk (excluding CCR)	16,977,271	16,551,713	1,358,182
2 Of which the standardised approach	16,977,271	16,551,713	1,358,182
3 Of which the Foundation IRB (F-IRB) approach	-	-	-
4 Of which slotting approach	-	-	-
EU 4a Of which equities under the simple risk weighted approach	-	-	-
5 Of which the Advanced IRB (A-IRB) approach	-	-	-
6 Counterparty credit risk - CCR	77,539	54,833	6,203
7 Of which the standardised approach	15,977	15,292	1,278
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	15,884	13,389	1,271
EU 8b Of which credit valuation adjustment - CVA	8,887	5,083	711
9 Of which other CCR	36,791	21,069	2,943
10 Not applicable			
11 Not applicable			
12 Not applicable			
13 Not applicable			
14 Not applicable			
15 Settlement risk	-	-	-
16 Securitisation exposures in the non-trading book (after the cap)	-	-	-
17 Of which SEC-IRBA approach	-	-	-
18 Of which SEC-ERBA (including IAA)	-	-	-
19 Of which SEC-SA approach	-	-	-
EU 19a Of which 1250%/ deduction	-	-	-
20 Position, foreign exchange and commodities risks (Market risk)	-	-	-
21 Of which the standardised approach	-	-	-
22 Of which IMA	-	-	-
EU 22a Large exposures	-	-	-
23 Operational risk	1,554,518	1,391,281	124,361
EU 23a Of which basic indicator approach	-	-	-
EU 23b Of which standardised approach	1,554,518	1,391,281	124,361
EU 23c Of which advanced measurement approach	-	-	-
24 Amounts below the thresholds for deduction (subject to 250% risk weight)	383,618	434,568	30,689
25 Not applicable			
26 Not applicable			
27 Not applicable			
28 Not applicable			
29 Total	18,609,328	17,997,827	1,488,746

Illustration 10: Own funds minimum requirements



## 5.1 - Procedures applied to assess the adequacy of internal capital

This section covers OVC requirement – Information from the Internal Capital Adequacy Assessment Process (ICAAP information).

Basel's Pillar II aims to guarantee the appropriate relationship between the Group's risk profile and the own resources it holds.

To this end, the Group carries out a recurring capital self-assessment process, in which it:

- Applies a series of risk identification and measurement procedures.
- Determines the capital required to cover it. In addition to the minimum requirements, it maintains a level in line with the risks inherent in its activity, the economic environment in which it operates, the management and control it carries out of these risks, the governance and internal audit systems it has in place and its strategic business plan.
- Plans the capital in the medium term.
- Sets the capital target.

The Group uses the following perspectives in the ongoing capital self-assessment exercise, in which available, current and future capital is compared in relation to identified material risks:

- Economic perspective: using internal methodologies for quantifying capital requirements for the risks assumed.
- Normative perspective: quantifying the risks in accordance with the CRR regulation and considering the regulatory requirements of Pillar I, Pillar II, capital conservation buffers and capital guidelines set by the supervisor.

Both comparisons are made both at the time of measurement and in projected 3-year scenarios, in normal business situations, as well as in plausible adverse scenarios.

With the aim of planning the Group's future capital needs, projections have been made of capital sources and consumption derived from the evolution of the activity and the expected results with a three-year time horizon. The Group also estimates the projected capital levels under adverse scenarios.

The capital self-assessment process is carried out in accordance with the ECB Guidelines on the Internal Capital Adequacy Assessment Process (ICAAP).

The Bank's Board of Directors approves the "Capital Adequacy Statement" which is submitted to the supervisor. The self-assessment report is the basis for dialogue with the supervisor on the Bank's risk profile, capital adequacy, and medium-term plans.

Likewise, the capital strategy, the own funds held, the recurring profits, the corporate and internal governance and the risk management and control systems are appropriate to the activities that the Group carries out and the risks assumed.

The volume of the Group's own funds is higher than the minimum required to cover all the relevant risks, both the capital guidelines in the baseline scenario and the regulatory requirements of Pillar I and Pillar II, in the adverse scenarios. Additionally, the Group participates in the supervisory stress tests that the EBA/ECB carry out periodically and whose results are public, showing its capacity to continue operating in the face of very adverse situations. For all these reasons, the Group considers that the internal capital is sufficient to support not only current activities but also future ones.

## 5.2 - Capital requirements for credit, counterparty and dilution risk

The minimum capital requirements of the consolidable Group for credit risk as of December 31, 2023, calculated as 8% of the risk-weighted exposures for each of the categories to which the standard method has been applied, are shown below:

Table 30: Capital Requirements for Credit Risk

Capital requirements for Credit Risk		
(thousands of euros)	2023	2022
Central governments or central banks	79,489	75,428
Regional administrations and local authorities	-	-
Public sector entities and other non-profit public institutions	4,988	4,266
Multilateral Development Banks	-	-
International Organisations	-	-
Institutions	11,452	10,599
Corporates	374,540	322,102
Retail Customers	188,444	200,670
Exposures secured by real estate	496,570	508,044
Exposures in default	28,557	26,840
High-risk exposures	26,393	25,758
Covered Bonds	226	-
Exposures to institutions and companies with short-term credit ratings	887	3,797
Exposure to collective investment institutions (CIIs)	5,479	3,553
Equity exposures	37,998	40,505
Other exposures	108,205	109,652
Contribution to the default guarantee fund of a CCP	446	114
Securitisation positions	-	-
<b>Total capital requirements for credit risk</b>	<b>1,363,674</b>	<b>1,331,329</b>

The above-mentioned credit risk requirements include those corresponding to counterparty risk for the following amount:

Table 31: Capital Requirements for Counterparty Risk

Capital requirements for counterparty risk		
(thousands of euros)	2023	2022
Standard method	5,047	2,941
Simplified standard method	-	-
<b>Total capital requirements</b>	<b>5,047</b>	<b>2,941</b>

The Group has calculated the requirements according to the standard method for counterparty credit risk, in accordance with the provisions of Part Three, Title II, Chapter 6 of Regulation (EU) n°. 575/2013 (CRR).

### 5.3 - Supporting factor applied to SME exposures and critical infrastructure

In its fourteenth additional provision, Law 14/2013 of September 27, on support for entrepreneurs, defines a "support factor" between 0.7619 and 0.85 that is applied to credit risk-weighted exposures of small and medium-sized enterprises. The provisions of Article 501.2 of Regulation (EU) n°. 575/2013, on the prudential requirements of credit institutions and investment enterprises, will be taken into consideration for the application of that factor.

The above credit risk requirements include the reduction applied to exposures to small and medium-sized companies:

Table 32: SME exposures subject to supporting factor

SME exposures subject to supporting factor		
(thousands of euros)	2023	2022
Requirements for exposures applying the supporting factor	296,011	260,386
Requirements for exposures without applying the supporting factor	341,973	332,015
<b>Total supporting factor adjustment of capital requirements</b>	<b>-72,962</b>	<b>-71,629</b>

The Entity does not use the 0.75 support factor for exposures to entities that manage or finance physical structures or facilities, systems and networks that provide or support essential public services.

### 5.4 - Capital requirements for position risk

As of December 31, 2023, there are no capital requirements for position risk for the Group, as shown in the following table:

Table 33: Capital requirements for Position Risk

Capital requirements for position risk		
(thousands of euros)	2023	2022
Positions in debt instruments	-	-
Equity positions	-	-
<b>Total capital requirements</b>	<b>-</b>	<b>-</b>

### 5.5 - Capital requirements for foreign exchange risk

In accordance with the provisions of Article 351 of Regulation (EU) No. 575/2013, the Group's capital requirements as of December 31, 2023, for foreign exchange risk and gold position are zero, since the sum of the overall net positions in foreign currencies, gold and instrumental currencies, regardless of their sign, does not exceed 2% of total eligible capital.

## 5.6 - Capital requirements for operational risk

As of December 31, 2023, the operational risk requirements for the Group are as follows:

Table 34: Capital Requirements for Operational Risk

Capital requirements for Operational Risk		
(thousands of euros)	2023	2022
Basic indicator method	-	-
Standard method	124,361	111,302
Alternative standard method	-	-
Advanced methods	-	-
<b>Total capital requirements</b>	<b>124,361</b>	<b>111,302</b>

The Group has calculated the requirements under the Standardised Approach, upon meeting the requirements indicated in Article 320 of Regulation (EU) n°. 575/2013, as a simple average of the last three years of the aggregation, for each year, of the maximum value between zero and the sum of the relevant revenues of each of the business lines referred to in Table 2 of paragraph 4 of Article 317 of Regulation (EU) n°. 575/2013 multiplied by their corresponding weighting coefficients provided for in that table: Retail Brokerage, Retail Banking and Asset Management at 12%; Commercial Banking and Agency Services at 15%; Corporate Finance, Trading and Sales and Payment and Settlement at 18%.

## 5.7 - Capital requirements for credit valuation adjustment (CVA)

In accordance with Part Three, Title VI of Regulation (EU) n°. 575/2013 "credit valuation adjustment" means an adjustment to the mid-market valuation of the counterparty transaction portfolio. Such adjustment reflects the current market value of the counterparty credit risk towards the Entity.

As of December 31, 2023, the credit valuation adjustment risk requirements for the Group are as follows:

Table 35: Capital Requirements for CVA

Capital requirements for credit valuation adjustment (CVA)		
(thousands of euros)	2022	2021
Advanced method	-	-
Standard method	711	1,004
Based on the original exposure method	-	-
<b>Total capital requirements</b>	<b>711</b>	<b>1,004</b>

The requirements have been calculated by the standard method in accordance with Article 384 of Regulation (EU) n°. 575/2013.



# 6

## RISKS

## 6. Risks

### 6.1 – Risk management policies and objectives

This section covers the provisions of letter (e) of OVB requirement – Disclosure on governance arrangements and the provisions of letter (a) of OVA requirement – Institution risk management approach.

Ibercaja Group's risk management is based on the strategic principles detailed below:

- Maintenance of a medium-low Group risk profile while at the same time achieving profitability, liquidity and solvency objectives.
  - Maintain credit risk with low default rates, adequate coverage and avoiding undesirable impacts on the income statement.
  - Avoid risk concentration in any of its manifestations (individual, economic group, sectoral, etc.).
  - Prevent the materialisation of operational, compliance, legal or reputational risks through active and ongoing risk management.
  - Control capital volatility due to market risk materialisations.
  - To ensure the stability of the Group's net interest income and economic value in the face of interest rate fluctuations.
  - Maintain a liquidity position that ensures that payment obligations can be met.
  - Maintain appropriate levels of risk-adjusted returns to ensure the achievement of earnings targets.
  - Establish and maintain limits to vulnerable exposures to climate and environmental risks.
- Compliance with regulatory requirements at all times, as well as with self-required capital and liquidity targets.
  - By incorporating all regulatory ratios and the desired levels of capital and liquidity.
- Maintain good risk governance through effective involvement of Senior Management and the Board of Directors
  - By defining specific governance according to the level of risk assumed at any given time. This governance includes risk managers, senior management and the governing bodies.
- Foster a risk culture and facilitate a better understanding by the Entity of the level and nature of risks to which it is exposed.
  - The Risk Appetite Framework is fully integrated into the Group's risk management through the active involvement of first and second line and recurrent reporting to senior management and the governing bodies.

- Maintaining and fostering the trust of customers, investors, employees, suppliers and other stakeholders.
  - By incorporating key stakeholder metrics in such a way as to anticipate undesirable stakeholder levels.

This risk statement includes different key indicators representative of the material risks identified by the Entity, all of which forms the Risk Appetite Framework. This Framework establishes thresholds for each of the metrics that jointly determine the scope of the Group's risk appetite and tolerance profile.

The Risk Appetite Framework serves as the framework for the Group's risk management. The main objective of the Ibercaja Group's RAF is to establish a set of principles, procedures, controls and systems through which the Entity's risk appetite is defined, communicated and monitored. This process is coordinated by the Control Area Management with the participation of the management of the first risk-taking lines. The Risk Control Department is responsible for tracking the measurement results. Ultimately, the proposal to the Global Risk Committee of the action plans necessary to remedy excesses or non-compliance is the responsibility of the Control Area Department and the Risk Control Department, in collaboration with the management of the first risk-taking lines.

The relationship between the Risk Appetite Framework and the Strategic Plan, Capital Planning and the Group's Financing Plan is reflected in the following points:

- i. the Strategic Plan is defined for a long-term horizon, which has its financial projection in the Business Plan and is specified annually in the budget for each year;
- ii. the Business Plan establishes the projection of capital and liquidity;
- iii. the Risk Appetite Framework and the establishment of risk limits take into consideration the desired risk profile and the objectives of the Strategic Plan and the Business Plan;
- iv. the Group's Strategic Plan is analysed in order to identify those metrics that take on special relevance in the strategic objectives;
- v. in this way, it is verified that the profitability objectives are met within the defined time horizon, including the structure and quality of the balance sheet, and the regulatory and supervisory requirements of capital and liquidity;
- vi. any change considered in the Strategic Plan, Capital Planning, the Financing Plan or the budget will be analysed and may lead to a modification of the Risk Appetite Framework.

The Ibercaja Group's risk appetite is regarded as the level or profile of risk that it is prepared to take on and maintain, both in terms of type and amount as well as tolerance level, and it must be focused on achieving the strategic plan's goals in accordance with the action plans outlined therein. The objective in the management of the different risks is to achieve a risk profile within the desired risk appetite level, defined on the basis of the limits established, and the management measures considered most appropriate to achieve this are implemented.



In accordance with the methodologies implemented by the Entity to measure the risk profile, it is concluded that the Group's overall risk profile is medium-low. All material risks have an adequate or high control environment in terms of risk governance, management, control and audit. This rating is monitored and reported to the Board of Directors.

## 6.2 - Risk management policies and objectives

### 6.2.1 – Framework for action and management

This section covers the provisions of letter (e) of OVB requirement – Disclosure on governance arrangements.

The Board of Directors ensures that the risk management systems are in line with the Entity's risk appetite and strategy.

Likewise, the Risk Appetite Framework includes a statement of risk limits, risk tolerance and risk appetite, as well as the roles and responsibilities of the different governance and management bodies that supervise its implementation and are responsible of monitoring it.

The risk profile defined by the Board of Directors is characterised by:

- Being aligned with the strategic plan and capital planning.
- Being integrated into the Bank's risk culture, with the involvement of all levels of responsibility.
- Being flexible, capable of adapting to changes in business and market conditions, and therefore be subject to periodic review, at least annually.
- Being linked to information management systems.

The RAF takes a global view of the consolidated Group and considers all the risks that affect the development of the Group's activity and the achievement of its business objectives as described.

The Ibercaja Group's Risk Appetite Framework is based on strategic, corporate governance and risk management principles that together constitute the Group's Risk Appetite Statement. The risks considered are as follows: business and profitability risk, credit risk (which includes the subcategories of concentration risk, real estate risk and sovereign risk), operational risk (which includes the subcategories of reputational risk, legal risk and technological risk), interest rate risk, market risk, liquidity and financing risk, climate risk, insurance business risk and capital adequacy.

The risk appetite is expressed both in qualitative terms, through the principles contained in the Risk Appetite Statement, and in quantitative terms by establishing the limits that the Entity can assume in the different risks inherent to its activity. The Risk Appetite Framework sets the thresholds for each of the risk metrics aligned with the Entity's strategic objectives, whose definition and periodic review corresponds to the Board of Directors. The thresholds defined for each of the metrics come from the Risk Appetite Statement and the business objectives and jointly determine the scope of the Entity's risk appetite profile.

The limits' structure is articulated around the following axes:

#### MARKET RISK

- Market risk sensitivity
- Fixed income portfolio credit quality

#### INTEREST RATE RISK

- Economic Value Sensitivity
- Financial Margin Sensitivity

#### CREDIT RISK

- Delinquency
- NPA
- Cost of risk
- Stage 2
- Refinancing
- Concentration

#### OPERATIONAL RISK

- Operational losses
- Perception (reputational risk)
- Technological Risk (infrastructure availability and incidents)
- Exposure to clients at BCyFT risk

#### SOLVENCY: Own funds adaptation

- CET1; Tier 1; Total Capital
- Leverage
- MREL requirements
- Financial Conglomerate

#### BUSINESS RISK

- Cost effectiveness
- Income
- Efficiency

#### CLIMATE AND ENVIRONMENTAL RISK

- Exposure to sectors with high or very high transition risk, in credit investment portfolio and financial portfolio

#### LIQUIDITY RISK

- Financing structure
- Short-term liquidity
- Medium and long-term liquidity

The periodic measurement and monitoring of the indicators and their risk appetite limits contemplates the current and future evolution of the projected metrics in the context of the Entity's Business Plan, thus ensuring the integration of the strategy defined by the Entity and the plans and resulting annual budgets consistent with the declared Risk Appetite.

The risk appetite indicators contained in the RAF are subject to regular monitoring by Senior Management and Governing Bodies. A set of dashboards, limits and alerts have been established that are reported to the members of the Global Risk Commission (first and second level metrics), as well as to the Major Risks and Solvency Commission and the Board of Directors. On a monthly basis, the report analyses the main significant circumstances that may have affected management in the period, based on the evolution of the operational indicators and also those of the first level and their impact on the risk profile. In addition, the monitoring of all RAF metrics is reported quarterly, providing an analysis of the evolution of the profile for each of the risks in terms of risk appetite, tolerance or capacity, as well as the Entity's global risk profile.

In addition, the management policies and procedures manuals for each risk, which develop the disclosure procedures, are based on the principles and limits defined in the Risk Appetite Framework and are also reviewed and approved annually by the Board of Directors, in the case of the policies, and by the Global Risk Committee in the case of the procedures manuals.

The Risk Appetite Framework is consistent with the capital and liquidity planning of Basel's Pillar II, the objective of which is to ensure that the relationship between the risk profile of the Entity and its own resources and liquidity levels maintains stable. The Entity carries out a recurring process of self-assessment of capital and liquidity through the identification, measurement and aggregation of risks, determines the capital and liquidity necessary to cover them, plans the capital and liquidity in the medium term and establishes the capital and liquidity target that allows it to maintain an adequate buffer over the minimum legal requirements and supervisory guidelines.

The entry into force of the Single Supervisory Mechanism (SSM) in November 2014 entailed the adaptation of the European financial sector's risk policies and procedures, as well as its control environment. The "Supervisory Review and Evaluation Process" (SREP) is set up as the procedure for the ongoing assessment of institutions by the SSM. The internal Pillar II capital and liquidity adequacy assessment processes (also referred to as ICAAP & ILAAP) together with the stress tests carried out by the European Banking Authority (EBA) and the ECB are a key part of the SREP process.

In addition, the Ibercaja Group has a Recovery Plan, prepared in accordance with the Bank Recovery and Resolution Directive (Directive 2014/59, BRRD), as well as the guidelines and recommendations of the EBA, which lays the foundations for the process of restoring the Group's financial strength and viability, should a severe stress situation occur.

These management frameworks (RAF, ICAAP & ILAAP and Recovery Plan) are consistent with each other, are integrated into the existing risk management processes and are reviewed and approved by the Bank's Board of Directors on an annual basis.

The Risk Management System operates in an integral, continuous manner, consolidating such management by business areas, geographic areas and subsidiaries at the corporate level.

Finally, with regard to related party transactions and intragroup transactions, the Entity has internal policies and procedures for approving, supervising and controlling these operations, applying in all of them terms equivalent to those of transactions carried out under market conditions. Note 43 of the consolidated annual accounts for 2023 ([Periodic Reporting - Corporate Website | Ibercaja Banco](#)) contains a breakdown of the balances arising from these operations and transactions recorded in the consolidated balance sheet and consolidated income statement.

## 6.2.2 - Governance structure

This section covers the provisions of letter (b) of OVA requirement – Institution risk management approach.

The Entity has a robust organisational structure that ensures effective risk management and control. The governance structure provides adequate communication channels to transmit information and decisions to all levels of the organisation.

The governing bodies are structured as follows:

- The Board of Directors is the body responsible for establishing and supervising the information and risk control systems, for approving the Risk Appetite Framework, as well as the policies, manuals and procedures relating to risk management.



- The Major Risks and Solvency Commission has been delegated by the Board of Directors to carry out the functions of defining and supervising risk management. Its powers include proposing the establishment of limits by type of risk and business, reporting the Group's Risk Appetite Framework in a manner consistent with the Entity's other policies and strategic frameworks, assessing risk management in the Group, reviewing the risk control systems, periodically reviewing compliance with the risk appetite and proposing measures to mitigate the impact of the risks identified.
- The Strategy Commission is mainly responsible for informing the Board of Directors about the Entity's strategic policy, ensuring that there is a precise organisation for its implementation.
- The Audit and Compliance Commission, whose powers include the supervision of the effectiveness of internal control, internal audit and risk management systems, periodically reviewing them so that the main risks are properly identified, managed and disclosed.

In addition, the following Executive Committees have been set up with the participation of the Bank's Senior Management:

- The Global Risk Committee is responsible for defining and monitoring the Group's strategies and risk policies. The Committee's functions and responsibilities include: to periodically report to the Major Risks and Solvency Commission on the degree of compliance with the metrics established in the Risk Appetite Statement, proposing, where appropriate, the necessary action plans to remedy excesses or failures to comply; to submit the RAF proposal, the internal capital and liquidity adequacy assessment reports (ICAAP & ILAAP) and the Recovery Plan to the Major Risks and Solvency Commission for evaluation and analysis of their consistency with the Group's risk management policy and strategic plan; to evaluate and approve the action plans on situations of alert or excess, prior to their submission to the Major Risks and Solvency Commission; and to ensure that the Group has the appropriate procedures and means for identifying, measuring, following up and monitoring the risk profile.
- Among the functions of the Audit Committee is to be aware of the annual Operational Plan of the Internal Audit function that is presented to the Audit and Compliance Commission, to be informed periodically of the results of the internal audit reports and to promote the implementation of the improvement recommendations proposed to mitigate the weaknesses observed.

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

- First line of defence: configured by the Group's business and support units, which are the risk takers.

- Second line of defence: organisationally located in the Control Area Department, which is responsible for carrying out the internal control functions in risk management (CRO), acting independently of the business and support units. To perform its functions, it is configured through the Risk Control Department, which monitors and reports on risks, as well as reviewing the application of management policies and control procedures by the first line; the Regulatory Compliance Department, responsible for reviewing that operations are carried out in accordance with applicable legislation, regulations and internal policies; and the Customer Service Unit.
- Third line of defence: Internal Audit, as an independent function that provides an assessment and proposals for improvement of risk management and control processes.

During 2023, there have been no changes in the risk control, compliance and internal audit functions.

### 6.2.3 - Risk management, control and measurement strategies

This section covers the provisions of letters (f) and (g) of OVA requirement– Institution risk management approach and the provisions of letter (a) of ORA requirement – Qualitative information on operational risk and LIQA requirement – Liquidity risk management.

The Entity carries out internal stress tests applied both to the portfolios with exposure to the main material risks (credit, market, liquidity, interest rate, etc.) and to the main business variables, in order to have an evaluation of the impact of stressed scenarios to different degrees on the key parameters of solvency, asset quality, profitability and liquidity.

Its implementation takes as its starting point the internal generation of adverse medium-term scenarios. These scenarios are obtained from internal projection models of macroeconomic variables, for the generation of adverse macro scenarios; they take as a reference the stressed scenarios applied by the supervisor in liquidity stress, in combination with the internal behavioural models used in interest rate risk management, for the generation of adverse scenarios for liquidity risk; and based on internal models for launching financial market shocks, for the generation of adverse scenarios for market and sovereign risks.

The methodology for applying stress tests combines the use of internal statistical models with expert management assessment. These stress tests are applicable to the recurring capital and liquidity self-assessment processes, the basis for capital and liquidity planning, which are also used as an input in the Entity's Risk Appetite, being the reporting of conclusions raised to government bodies. Likewise, they are applicable in the evaluation of the financial projections and medium-term business plan and their specification in the annual budgeting.

The main policies and strategies for the most relevant risks, as described in Note 3 to the Consolidated Financial Statements, are presented below ([Periodic Information - Corporate Web | Ibercaja Banco](#)).

## Credit risk

It is defined as the possibility of incurring losses arising from the failure of borrowers to meet their payment obligations, as well as losses in value due to the deterioration of their credit quality.

### ○ *Strategies and policies for credit risk management*

Credit risk management is aimed at facilitating the growth of lending in a sustained and balanced manner, guaranteeing at all times the soundness of the Entity's assets and financial position, with the objective of optimizing the return/risk ratio within the tolerance levels set by the Board of Directors on the basis of the defined management principles and action policies.

The Board of Directors approves the management framework, strategies, policies and limits for the management of this risk, subject to a report from the Major Exposures and Solvency Commission, as documented in the "Credit Risk Management Framework" and "General Governance Policy for Credit Risk Models" as well as the various manuals and policies that are developed on the basis of these. The Board of Directors is responsible for authorizing risks that exceed the competence of the operational circuit.

### ○ *Credit risk granting, monitoring and recovery policies*

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

#### a) In the area of **credit risk granting**, the following policies are established:

- Risk classifications for groups of borrowers, through the establishment of prior exposure limits, in order to avoid inappropriate risk concentrations.
- Criteria for the admission of new operations and limits to the powers of concession according to the customer segment to be financed.
- Methodology of analysis of operations according to their typology and belonging to the different segments.
- Internal credit rating models integrated into the decision systems for the different areas of the retail business.
- Necessary requirements to provide legal certainty to each operation.
- Risk mitigation techniques.
- Pricing policies according to the credit quality of the customers.

The credit risk management structure presents a decentralised operation granting scheme, which is based on a formally established delegation of powers set forth in the risk manuals.

The Bank has established in its "Manual of Admission Policies" risk granting policies in accordance with Law 2/2011, of March 4, on Sustainable Economy, Order EHA/2899/2011, of October 28, on transparency and protection of banking services customers and Bank of Spain Circular 5/2012, of June 27, on transparency of banking services and responsibility in the granting of loans and credits the general framework of Annex 9 of Circular 4/2017 and in accordance with the provisions of the Guidelines on Loan Origination and Monitoring EBA/GL/2020/06 published in May 2020.

In the granting of loans, the manual contemplates as fundamental criteria the reasonableness of the proposal, the analysis of the borrower's payment capacity and the prudent valuation of the guarantees. In the case of real estate guarantees, they are always appraised by independent third parties (appraisal companies authorised by the Bank of Spain).

With regard to transparency and protection of banking services customers, the Group carries out the following actions:

- The current rates (interest rates, commissions and expenses) applied to the different financial products are displayed in the branches.
- The Bank of Spain is informed quarterly of the current rates.
- The customer is given a document with the contractual conditions prior to signing. Subsequently, a copy of the contract is given to the customer.
- Annually, in January, the customer receives a personal communication detailing the interest, commissions and expenses applied during the previous year to the different products contracted.

Internal Audit, as part of the controls carried out at the offices, is in charge of ensuring compliance with the established policies and procedures.

#### **b) Risk monitoring**

In the area of credit risk monitoring, the main objective is to identify in advance possible deteriorations in the risk quality of the borrowers, in order to adopt corrective measures and minimise the negative impact that would result from the entry into default of the exposure, or its classification in Stage 2.

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

Part of the credit risk monitoring carried out in the Entity, including the classification and estimation of coverage of exposures, is based on the provisions of Annex IX: Analysis and Coverage of Credit Risk, of Bank of Spain Circular 4/2017 of November 27. This regulation establishes that entities must have policies for the evaluation, monitoring and control of credit risk that require the utmost care and diligence in the study and rigorous evaluation of the credit risk of transactions, not only at the time they are granted, but also during its life. Within the scope of this Circular, the Entity considers as individually significant borrowers those with which the exposure exceeds 3 million euros.

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

The fundamental principles, procedures and tools on which the monitoring function relies to carry out its work effectively are set out in the Entity's Credit Risk Monitoring Policy.

### c) **Recovery**

Comprehensive risk management is completed with recovery policies aimed at avoiding or minimizing possible losses through specific recovery circuits depending on the amount and type of transaction and with the intervention of different internal and external managers to adapt the necessary actions to each situation.

#### o *Three lines of defence of credit risk*

The first line of defence is configured around the business units located in the Bank's Distribution Network, in the Corporate Banking Department and the Financial Department, as originators of the operations, as well as the Credit Risk Committee responsible for risk management in the areas of admission, follow-up and recovery and in whose field also resides the construction of internal models.

The second line of defence is located organisationally in the Control Area Department and for the development of this function it has the Risk Control and Regulatory Compliance directorates, and the Customer Service Department is also part of this Department. The Credit Risk Control tracks the indicators to monitor the evolution of the Entity's risk profile, performs evaluation reviews of the adequacy and sufficiency of the control environment in the procedures established in the first lines with the issuance of reports and recommendations, as well as the independent reporting of its conclusions to Senior Management and Governing Bodies. The Regulatory Compliance function ensures that credit risk operations are carried out in accordance with applicable laws, regulations and internal policies. Among others, proper compliance with internal procedures respecting the principles of information and transparency towards customers, as well as the prevention of money laundering and financing of terrorism. Likewise, it submits independent reporting to Senior Management and Governing Bodies.

The Internal Audit function, as the third line of defence, integrates into its Annual Operating Plan the review of functions and procedures for both the first and second lines of credit risk, with the issuance of reports with recommendations for improvement, proposals to mitigate the weaknesses observed, also raising independent reporting to Senior Management and Governing Bodies.

### Country risk

It is defined as the possibility of incurring losses arising from a country's failure to meet its payment obligations on a global basis due to circumstances other than normal commercial risk. It comprises sovereign risk, transfer risk and the remaining risks arising from international financial activity.

Countries are classified into six groups in accordance with Bank of Spain Circular 4/2017, based on their rating, economic evolution, political situation, regulatory and institutional framework, payment capacity and experience.

In relation to sovereign risk, the Entity has established maximum limits for public debt issued by European Union States and other States also based on their rating.

### Operational risk

It is defined as the risk of loss resulting from an inadequacy or failure of internal processes, personnel and systems, or from external events, thus contemplating risk subcategories such as behavioral risk, ICT risk or model risk, among others.

#### ○ *Strategies and policies for operational risk management*

The Board of Directors approves the strategies, policies and limits for managing this risk, following a report from the Major Risks and Solvency Commission, as documented in the "Operational Risk Management Framework".

For the concretion of risk appetite statement regarding operational risk (avoiding the materialisation of operational, compliance, legal or reputational risks through active and constant management thereof) a set of first level metrics, with their corresponding risk limits, have been selected and revised and are considered relevant in the area of management and control.

The Group currently has a model for managing and evaluating this risk, which basically covers the following points:

- General aspects: definition of operational risk, risk categorisation and assessment.
- Methodologies applied for the identification, evaluation and measurement of operational risks.
- Scope of application of the methodologies and personnel involved in the management of this risk.
- Indicators, limits and tolerance thresholds.



- Generation of stress scenarios.
- Management support models (management, control and mitigation of operational risk): information derived from the above methodologies and implementation of measures aimed at mitigating this risk.

The scope of application of the operational risk management and assessment model extends to the business and support units of Ibercaja Banco, as well as to the Group's companies.

Its application and effective use in each of the units and subsidiaries is decentralised. The Risk Control Division, through the Non-Financial Risk Control Unit, coordinates risk measurement, monitoring, analysis and communication with the units and subsidiaries.

Likewise, the Non-Financial Risk Control Unit incorporates into its activity those aspects related to Environmental Risk that affect the Operational Risk area.

○ *Management, control and measurement procedures*

The Group, in application of the model adopted for operational risk management, uses a combination of the following methodologies, which are supported by specific IT tools:

- Qualitative methodology, based on the identification and expert assessment of operational risks and existing controls in processes and activities, together with the collection and analysis of risk indicators. During fiscal year 2023, 642 operational risks have been reviewed and self-assessed, concluding from this process, a medium-low risk profile.
- Quantitative methodology based on the identification and analysis of actual losses incurred in the Group which are recorded in the database established for this purpose (BDP).

The quantification of the real losses recorded in the loss database in 2023 shows that the total annual amount of losses (net of direct recoveries and insurance) for operational risk events is 25,081 thousand euros corresponding to 10,539 events, of which 1,218 events for 10,496 thousand euros derive from losses related to floor clauses (return of interest for 7,373 thousand euros). If the provisions associated with these losses due to floor clauses are discounted, and also considering the extraordinary provisions for operational risk made throughout the year, the total net annual amount of losses amounts is 9,308 thousand euros.

Excluding the aforementioned extraordinary impact due to floor clauses, the actual operating losses are reduced in relation to the capital requirements, consistent with the overall result of the aforementioned qualitative assessment.

The advances in the operational risk management and control processes resulting from the established policies, allow the Entity to calculate, from December 2010, the capital consumption for Operational Risk under the Standard Approach, in accordance with the provisions of Regulation (EU) n°. 575/2013.

## Interest rate risk

Interest rate risk is defined as the current or future risk to the Entity's capital or earnings resulting from adverse fluctuations in interest rates affecting its investment portfolio positions.

The sources of interest rate risk are gap, base and optionality risk. In particular, gap risk arises from the different timing structure of interest rate-sensitive balance sheet instruments, which arises from differences in the timing of their repricing or maturity; base risk arises from the different reference index used for repricing interest rate-sensitive asset and liability instruments; and optionality risk arises from implicit or explicit options, which arise when either the Entity or the customer has the option to alter future cash flows if it is beneficial to them.

### ○ *Strategies and policies for interest rate risk management*

The objective of interest rate risk management is to contribute to maintaining current and future profitability at appropriate levels, while preserving the Entity's economic value.

The Board of Directors establishes the strategies, policies and limits for the management of this risk, following a report from the Major Risks and Solvency Committee, documented in the Policies and methodological manuals for the management and control of interest rate risk.

### ○ *Measurement and control procedures*

The Group manages the risk exposure deriving from its portfolio transactions, both at the time they are contracted and during subsequent monitoring and incorporates into its analysis horizon the expected evolution of the business and expectations regarding interest rates, as well as management and hedging proposals, simulating different behavior scenarios.

The tools available to the Entity make it possible to measure the effects of interest rate variations on net interest income and economic value, to simulate scenarios based on the hypotheses of interest rate and commercial activity evolution and to estimate the potential impact on capital and results derived from abnormal market fluctuations so that their results are considered in the establishment and review of risk policies and limits as well as in the planning and decision-making process.

In relation to optionality risk, there are behavioral models that establish the essential assumptions on the sensitivity and duration of demand savings transactions, since their maturity date is not contractually established, as well as on early loan repayments, early cancellation of time deposits, and duration of non-performing assets, all based on historical experience for different scenarios.

Likewise, the effect that interest rate variations have on the financial margin and economic value is controlled through the establishment of exposure limits. The limits allow interest rate risk exposure to be kept within levels consistent with approved policies.

## Liquidity and funding risk

It is defined as the possibility of incurring losses due to not having or not being able to access sufficient liquid funds to meet payment obligations.

○ *Strategies and policies for liquidity risk management*

The management and control of liquidity risk is governed by the principles of financial autonomy and balance sheet equilibrium, ensuring business continuity and the availability of sufficient liquid resources to meet the payment commitments associated with the cancellation of liabilities on their respective due dates without compromising the capacity to respond to strategic market opportunities.

Additionally, with the aim of limiting significant concentrations in certain products or lines, the Entity's main policy is the diversification of available sources of financing (short, medium, and long term), to wholesale market financing, to both secured and unsecured financing, or by type of instrument.

The Board of Directors establishes the strategies, policies and limits for the management of this risk, subject to a report from the Large Exposure and Solvency Committee, as documented in the Liquidity Risk Management Policy and the Liquidity Risk Control Policy.

The strategies for raising funds in the retail segments and the use of alternative sources of short, medium and long-term liquidity provide the Group with the necessary resources to meet the solvent demand for credit derived from commercial activity and to maintain cash positions within the management parameters established in the Risk Appetite Framework and the Liquidity Policies.

The Entity has an organisation for liquidity management that allows:

- Compliance with the principle of involvement at the highest level, which ensures the participation of the Board of Directors and Senior Management.
- The involvement of the three lines of defence.

The Board of Directors establishes the strategies, policies, limits and appetite for risk following a report from the Major Risks and Solvency Committee, with the Global Risk Committee being responsible for monitoring the management, monitoring and control of liquidity risk.

○ *Management, control and measurement procedures*

The measurement of liquidity risk considers the estimated cash flows of assets and liabilities, as well as the guarantees or additional instruments available to ensure alternative sources of liquidity that may be required. Liquidity risk management is done centrally with a conglomerate vision, ensuring that each subsidiary complies with its own different regulatory requirements, with its specific requirements, metrics and liquidity limits, consistent with the Entity's risk appetite.

It also incorporates the expected evolution of the business and expectations regarding interest rates, as well as management and hedging proposals, simulating different behavior scenarios. These procedures and analysis techniques are reviewed as often as necessary to ensure their correct functioning.

Short, medium and long-term forecasts are made to ascertain financing needs and compliance with limits, which take into account the most recent macroeconomic trends, due to their impact on the evolution of the different assets and liabilities on the balance sheet, as well as on contingent liabilities and derivative products. Similarly, liquidity risk is controlled through the establishment of tolerance thresholds compatible with the approved policies.

In addition, the Entity is prepared to face possible crises, both internal and in the markets in which it operates, with action plans that guarantee sufficient liquidity at the lowest possible cost.

The methodologies for the identification, measurement, management and monitoring of financing positions include the analysis of current and forecast cash flows of assets, liabilities and memorandum account items, including contingent liabilities.

The information is available at an individual and consolidated level and allows the liquidity position to be assessed in the short, medium and long term, including the classification of all assets and liabilities by maturity dates and the effects on the liquidity position of the positions of out of balance.

Regulatory ratios and internal metrics are periodically reported in accordance with the Entity's Risk Appetite Framework and are contrasted with the approved liquidity risk tolerance thresholds and limits.

Liquidity risk management is carried out both in normal market situations and in extraordinary stress scenarios originating from internal causes or from the market situation, calculating its potential impact on the liquidity position so that its results are considered in the establishment and review of policies and limits to liquidity risk.

In the construction of the stress scenarios, the Entity takes into account the most relevant aspects based on the nature of the business and its vulnerabilities, including, among other situations, the disappearance of wholesale financing, significant withdrawals of funds by retail clients, erosion of assets liquid assets, demand for replacement of guarantees, contingent obligations, credit rating reductions, etc.

It is further reported, among others:

- Capacity to issue covered bonds.
- Available liquid assets, both eligible and ineligible, and encumbered assets.
- Retail deposits segmented according to their stability and degree of linkage.
- Concentration of the main depositors.
- Intraday liquidity.

The Entity has a Contingency Plan to deal with an unexpected liquidity reduction within a normal situation.

The Global Risk Committee is informed at least quarterly of the situation of the different Risk Appetite metrics and the one in charge of assessing the need to activate contingency plans, analysing the proposed measures aimed at reducing risk, taking appropriate corrective measures, prioritising them according to the time of implementation and their cost.

The catalogue of measures assesses their viability in the event of stress, execution times, risks, external and systemic impact, and the action and communication plan.

- *Liquidity risk hedging and reduction policies and strategies for monitoring their effectiveness*

The Entity has liquidity risk mitigation measures that are generally used in management. Thus, the Global Risk Committee has at its disposal the adoption of measures in the retail area (strengthening the attraction of stable liabilities, slowing down the pace of investments, transfer of off-balance sheet resources [funds, insurance, plans...], self-financing of commercial activity, etc.) or in the wholesale area (recourse to the wholesale market, diversification of maturities of wholesale financing, diversification of issues and financial instruments, etc.).

These measures and the action plans in which they fit are subject to periodic review and contrast to guarantee their effectiveness and operational viability at least once a year. Additionally, and continuously from the Finance Department, the ability to access capital markets is evaluated, including volumes and indicative costs for each instrument.

With regard to action plans, the Global Risk Committee, after analysing all available information, shall be responsible for taking corrective measures, if necessary, including their escalation to the Governing Bodies, in the event of stress situations.

- *Statements approved by the management body concerning liquidity risk*
  - a) Regarding the adequacy of the liquidity risk management systems established in relation to the Entity's profile and strategy.

The Risk Appetite Framework is consistent with the internal liquidity adequacy assessment process (ILAAP) that ensures the appropriate relationship between the funding profile and the Group's liquid asset holdings.

To this end, the Group has developed a self-assessment methodology, based primarily on the metrics and thresholds defined and approved in its RAF to determine inherent and residual liquidity risk. In addition, the control environment is evaluated in accordance with the SREP methodology, assessing the areas of governance, risk appetite and the internal risk management and control framework. As a result of the above, the liquidity risk profile of the Ibercaja Group is at a low level as of December 2023, with ample availability of liquid assets. Thus, the relationship between the Group's funding profile and the availability of liquid assets is adequate.

The Entity carries out a recurring internal liquidity assessment process (ILAAP) to ensure an adequate relationship between its liquidity and funding risk profile and its available liquid assets. The "Liquidity Adequacy Statement" is approved annually by the Board of Directors, concluding that the Entity's liquidity strategy, the liquid assets held, the corporate and internal governance and the risk management and control systems are adequate for the activities that the Entity develops, and the risks assumed.

The following reasons justify the Liquidity Adequacy Statement:

- The level of liquid assets available to the Group makes it possible to manage and control short and medium-term liquidity needs, avoiding misalignments in the business model.
  - The LCR and NSFR ratios are well above the requirements established by the regulator.
  - Prudent liquidity policy, based on financing the lending activity with retail resources, with limited recourse to the wholesale markets.
  - Comfortable liquidity position and a reduced dependence on wholesale financing.
  - Diversified wholesale financing in different financial instruments.
  - Emission maturity schedule evenly spread over the different time frames.
  - High capacity for issuing mortgage and territorial bonds.
  - Degree of over-collateralisation, measured as outstanding mortgage bonds over eligible portfolio, far exceeding the legal minimum.
  - The volume of liquid assets is greater than the minimum necessary to cover all relevant risks and face prolonged adverse scenarios.
- b) Statement on the general profile of the liquidity risk of the Entity associated with the business strategy.

Ibercaja Banco has traditionally been characterised by adopting a prudent liquidity risk management policy, based on a clear vocation to finance the growth of the lending activity with retail resources, with limited recourse to the wholesale markets. This circumstance has allowed the Group to maintain a comfortable liquidity position and a reduced dependence on wholesale financing.

A buffer of unencumbered high-quality liquid assets is available as insurance against liquidity stress scenarios.



This buffer consists of a core of high-quality liquid assets, government debt or similar instruments, designated to protect the Group against the most severe stress scenarios as evidenced by the level of the LCR ratio on December 31, 2023, which stands at 247%, well above the minimum requirements set at 100%.

The size of the liquid asset buffer is set in line with the risk tolerance level set by Ibercaja in the RAF.

Along the same lines, the "Available liquidity over assets" ratio reached 23.73% on December 31, 2023.

For lower intensity but longer duration scenarios, a portfolio of unencumbered eligible assets is available, which can be converted into cash without incurring excessive losses or discounts.

Long-term obligations are also met through a variety of stable funding instruments, as shown by the net stable funding ratio (NSFR) of 141% as of December 31, 2023, well above the minimum requirement of 100%.

Based on the liquidity situation analysed in the previous chapters and the assessment of inherent and residual risk, the Ibercaja Group does not consider it necessary to have additional liquidity buffers.

See other ratios and key figures supporting the liquidity risk profile in chapter 12 of this report.

### ESG Risks

ESG refers to environmental, social and governance factors with a potential impact on the balance sheet of financial institutions. ESG risk management helps to identify opportunities and threats that can positively or negatively influence institutions:

- Environmental risks ("E") are linked to exposures to legal entities that could potentially be affected by, or contribute to, the negative impacts of environmental trends. This categorisation includes climate risks, understood as those deriving directly or indirectly from the effects of climate change and considered relevant due to their high probability of occurrence and potential severe impact.
- Social risks ("S") measure potential indirect adverse financial or reputational impacts on society arising from the provision of services that do not respect human rights or the health and safety of its employees, among other factors.
- Governance risks ("G") arise from negative financial or reputational impact resulting from weaknesses on the part of commercial counterparties or investees, such as transparency, market conduct, anti-corruption policies, tax compliance or other behaviour considered ethical by stakeholders.

The Entity, committed to the integration of ESG risks, is making progress in analysing the risks arising from climate change and environmental deterioration, their impact on customers and on its financial activity, for gradual integration into risk management procedures, in compliance with supervisory expectations.

Ibercaja identifies ESG risks, and especially climate and environmental risks, as risk factors that are likely to impact prudential risks through its counterparties and/or invested assets via certain transmission channels.

In order to advance in the understanding of climate risks and their transmission channels to prudential risks, the development of the climate risk map is a fundamental pillar because it allows progress in the understanding and comprehension of the characteristics and particularities of climate risks, the identification of the main climate risks affecting the Ibercaja Group and progress in the establishment and consolidation of the risk management model based on three lines of defence in the Entity.

In 2023, Ibercaja has updated the climate risk map, working in coordination with the first lines of prudential risks and the Second Line, using a qualitative methodology with a top-down approach.

Furthermore, aware that other non-climate ESG factors may also be fundamental to maintaining the value capacity of any organisation, Ibercaja has begun to review in 2023 the potential positive or negative impact of environmental, social or governance factors on the financial results or solvency of the Entity.

To this end, it has developed three ESG risk maps that provide an overview of the prudential risks most subject to environmental, social or governance factors independently and for different time horizons (short, medium and long term).

Particularly, in the area of reputational risk, Ibercaja has continued to work on its integration, identification, management and control: the risks defined in 2022 in the reputational risk map have been analysed and updated to include the reputational risks derived from greenwashing, which have been assessed by the first lines of defence in 2023.

In addition, the Entity continued to develop the operational risk map, analysing, in addition to physical risks in the area of climate and environmental risks, those related to the risk of transition with a Group approach, such as bad greenwashing practices. In 2023, it also continued to analyse the impact of physical risks on its own property.

Regarding social risks, and in accordance with the United Nations Principles of Responsible Banking, Ibercaja's priority is to attend to the needs of its customers, which is why, at all times and of its own free will, it seeks the best solutions to help them in the most difficult situations.

A greater level of detail on this integration is provided in Section 15, ESG Risks.

### [Exposure to other risks](#)

#### **Exposure to Market and Counterparty Risk**

- *Strategies and policies for managing market and counterparty risk*

- Market risk

Market risk is defined as the possibility of incurring losses by maintaining positions in the markets as a result of an adverse movement of financial variables or risk factors (interest rates, exchange rates, share prices, etc.), which determine the value of such positions.

The Entity manages market risk in an attempt to obtain an adequate financial return in relation to the level of risk assumed, taking into account certain levels of global exposure, exposure by type of segmentation (portfolios, instruments, ratings), portfolio structure and return/risk objectives. In its management and control, sensitivity analyses and stress scenario simulations are applied to estimate its impact on results and equity.

The scope of application of the operational risk management and assessment model, following a report from the Major Risks and Solvency Commission, documented in the "Ibercaja Banco Market Risk Policy" and in the "Market Risk Control Policy".

For the management of market risk, there are policies for the identification, measurement, monitoring, control and mitigation, as well as transaction policies regarding trading, revaluation of positions, classification and valuation of portfolios, cancellation of transactions, approval of new products, relations with intermediaries and delegation of functions.

- Counterparty risk

It is defined as the possibility of non-payment by counterparties in financial transactions (fixed income, interbank, derivatives, etc.).

The Board of Directors approves the strategies, policies and limits for the management of this risk, following a report from the Major Risks and Solvency Commission, as documented in Ibercaja Banco's "Risk Lines Manual".

For the management of counterparty risk, the Entity has policies for identification, measurement, monitoring, control and mitigation. In addition, the Ibercaja Banco "Risk Lines Manual" establishes the criteria, methods and procedures for the granting of risk lines, the proposal of limits, the process of formalisation and documentation of the transactions, as well as the procedures for monitoring and controlling the risks for financial entities, public administrations with a rating and listed and/or rated companies with a rating, with the exception of real estate developers.

The risk lines are basically established based on the ratings assigned by the credit rating agencies, the reports issued by such agencies and the expert analysis of their financial statements.

For the granting of transactions related to counterparty risk to the aforementioned entities, the Financial Area Department and the Governing Bodies are responsible for managing the assumption of risk, in accordance with the limits established for the credit lines.

The Entity uses specialised tools for the management, control and measurement of counterparty risk in order to consider the risk consumption of each product and gather under the same application the risk calculation at Group level.

○ *Management, control and measurement procedures*

a) Market risk

The portfolios exposed to Market Risk are characterised by their high liquidity and the absence of materiality in the trading activity, which means that the Market Risk assumed by the trading activity is insignificant overall.

The Entity monitors the evolution of the expected loss of the management portfolio given a confidence level of 99% and a time horizon (1 day or 10 days) as a result of variations in the risk factors that determine the price of financial assets through the VaR (value at risk) indicator.

VaR is calculated using different methodologies:

- The parametric VaR assumes normality of the relative variations of the risk factors for the calculation of the expected loss of the portfolio given a confidence level of 99% and a time horizon (1 day or 10 days).
- The diversified parametric VaR takes into account the diversification offered by the correlations of risk factors (interest rates, exchange rates, share prices, etc.). It is the standard measure.
- The non-diversified parametric VaR assumes no diversification between these factors (correlations equal to 1 or -1 as the case may be) and is useful in periods of stress or changes in risk factor correlations.
- The Historical VaR Simulation uses the relative changes made in the last year in the risk factors to generate the scenarios in which the potential loss of the portfolio is assessed given a 99% confidence level and a time horizon.
- The VaR Shortfall measures, given a VaR calculated at 99% and with a time horizon of 1 day, the expected loss in the 1% of the worst results beyond the VaR. It provides a measure of losses in the event of a VaR breakout.
- In any case, the impact in absolute terms of VaR is relativised on equity.

Thus, on December 31, 2023, VaR measurement shows the following values:

(thousands of euros)	Diversified parametric VaR	Parametric VaR vs Own Resources.	Non-diversified Parametric VaR	Non-diversified parametric VaR vs Own Resources.	Historical VaR simulation	Historical VaR simulation vs Own Resources	Shortfall VaR	Shortfall VaR vs Equity
Confidence level.: 99%								
Temp. horizon: 1 day	(6,732)	0.21%	(26,336)	0.81%	(6,414)	0.20%	(7,844)	0.24%
Temp. horizon: 10 days	(21,287)	0.66%	(83,278)	2.56%	-	-	-	-

The calculation of VaR on December 31, 2022, showed the following values:

(thousands of euros)	Diversified parametric VaR	Parametric VaR vs Own Resources.	Non- diversified Parametric VaR	Non- diversified parametric VaR vs Own Resources.	Historical VaR simulation	Historical VaR simulation vs Own Resources	Shortfall VaR	Shortfall VaR vs Equity
Confidence level.: 99%								
Temp. horizon: 1 day	(4,676)	0.15%	(35,301)	1.11%	(8,169)	0.26%	(8,169)	0.26%
Temp. horizon: 10 days	(14,786)	0.47%	(111,631)	3.52%	-	-	-	-

In addition, and complementing the VaR analysis, stress tests have been performed to analyse the impact of different risk factor scenarios on the value of the portfolio being measured.

#### b) Counterparty risk

The limits authorised by the Board of Directors are established by investment volume weighted by the credit quality of the borrower, the term of the investment and the type of instrument.

In addition, the legal limits on concentration and large exposures are observed in application of Regulation (EU) n°. 575/2013.

The monitoring systems ensure that the risks consumed are always within the established limits. They incorporate controls on variations in ratings and, in general, on the creditworthiness of borrowers.

Counterparty risk mitigation techniques include netting contracts, guarantee contracts, portfolio reduction in the event of adverse credit events, reduction of risk lines in the event of rating downgrades or negative news about a company, and timely monitoring of the companies' financial information.

With those entities with which a risk compensation and guarantee contribution agreement is agreed, in accordance with the requirements of the Bank of Spain, the risk may be computed by the resulting net position.

#### Exchange Rate Risk Exposure

It is defined as the possibility of incurring losses arising from adverse fluctuations in the exchange rates of the currencies in which the Entity's assets, liabilities and off-balance sheet transactions are denominated.

The Entity does not hold significant speculative foreign currency positions. The Entity does not hold significant open positions in foreign currencies of a non-speculative nature.

The Entity's policy is to limit this type of risk, generally mitigating it when it arises by arranging symmetrical asset or liability transactions or through financial derivatives that allow it to be hedged.

## Exposure to Reputational Risk

Reputational risk is defined as the current or future risk to the entity's profits, equity or liquidity, derived from a negative perception of its stakeholders (customers, employees, society in general, regulators, shareholders, suppliers, counterparties, investors, market analysts...) that may adversely affect the Group's ability to maintain its activity or establish new business relationships.

The management of this risk aims to protect one of the Group's main intangible assets, its corporate reputation, avoiding the occurrence of events that could negatively impact its image and the perception of its stakeholders.

Reputational risk is immediately tied to the other risk due to the amplifying effect that it may have on them. The operational risk that is managed as if it were simply another operational risk and has the ability to affect the entity's business reputation makes up a significant portion of this risk. Within this risk category, the Group manages and assesses the regulatory risk or non-compliance with regulations (imposition of sanctions, particularly in the event that they were made public), using controls, processes, and procedures designed to ensure compliance with regulations, whether internal or external, as applicable.

In addition, and as a key control function, in order to mitigate the risk of suffering possible negative impacts from regulatory breaches, the Group has a regulatory compliance verification function, with supervisory powers in particularly relevant areas such as the prevention of money laundering and the financing of terrorism, investor protection in the marketing of financial instruments and the provision of investment services (MIFID), rules of conduct in the Securities Markets, regulations on reporting suspicious transactions of market abuse, etc.

As part of its preventive approach to reputational risk management and control, a series of indicators have been identified as part of the Reputational Scorecard. This scorecard is composed of RAF level indicators and management indicators. These indicators measure, among other aspects, the impact and scope of mentions in digital channels, the perception and expectations of the main stakeholders, mentions in the media, the positioning of the brand and the perception of employees, and are reported monthly by the Reputation and Sustainability Division to the Non-Financial Risk Control Unit for monitoring and control.

The Group attaches the utmost importance to corporate reputation management as a method for preventing, avoiding and/or managing possible reputational risks, and for its positive impact on value generation. For this reason, every six months the Reputation and Sustainability Department presents to the first lines of management and those responsible for monitoring and controlling reputation, the analysis of the evolution of the RepTrak indicator for measuring reputation, identifying and sharing with them the strong points, areas for improvement, possible reputational risk areas and action plans for improving reputation.

The action plans as well as the monitoring of the reputation scorecard are presented to the Reputation and Sustainability Committee for oversight and approval.

The Group integrates reputational risk management into overall risk management in accordance with the Reputational Risk Management Framework, approved by the Board of Directors. This defines the possible risks by which the Ibercaja Group may be affected, as



well as the processes and procedures adopted for their management, mitigation, control and subsequent monitoring.

In addition, as an important part of the management process, a reputational risk map is drawn up annually using a qualitative methodology, in line with that defined in the Entity's operational risk management framework. Thus, the reputational risk map consists of identifying reputational risks classified by their nature into: risks arising from operational risk and pure reputational risks (including reputational risks arising from climate and environmental events). The map identifies risk managers and mitigating factors.

In 2023, Ibercaja continued to work on the integration, identification, management and control of reputational risk, always aligned with operational risk given the strong link between the two. In this process, the risks defined in 2022 in the reputational risk map have been analysed and updated to include a specific mention of the reputational risks arising from greenwashing as defined in EBA/REP/2023/16. These risks have been assessed by frontline managers in the 2023 risk assessment campaign.

The Group considers support through awareness-raising and training to be an important factor in the reputational risk management process. For this reason, specific training has been provided to those responsible for monitoring and controlling reputational risks. This training took the form of a training pill and is available to interested parties for any queries or doubts they may have on the Entity's training platform.

In the process of improving reputation, several internal and external levers have been activated in order to, on the one hand, reinforce the corporate culture, the relationship model and essential behaviours of the people who form part of Ibercaja, as they are the main ambassadors of the Institution's reputation and image and, on the other, to reinforce Ibercaja's reputation with its stakeholders, knowing their expectations and needs and disclosing accordingly, with transparency, all the actions and progress of the Entity, in addition to the objectives fulfilled with the commitments voluntarily acquired with the 2030 Agenda, Global Compact, Principles of Responsible Banking, Net Zero Banking Alliance, among others.

In addition to measuring, managing and controlling reputational risk, the Group continues making progress in strengthening the image and enhancing the reputation of the Entity by fostering a culture of reputational risk management and through transparent disclosure of its commitment to stakeholders.

### **Regulatory Compliance Department**

The functions performed in the Regulatory Compliance Unit in relation to risk control and review, in general:

- Perform the internal control competencies attributed to the regulatory compliance function in the regulations of credit institutions and entities that provide investment services.
- Ensure compliance with regulations on matters within its competence, which may affect the development of the activity of Ibercaja, and non-compliance with which may cause risks of sanction by regulators and reputational risks for the Entity.

- Ensure the correct application of the procedures established in the regulations on transparency and customer protection (both for banking products and in the field of investment services) -customer compliance-.
- Ensure the proper application of the procedures related to the Customer Care Service in accordance with the provisions of Order ECO/734/2004, of March 11, on customer care departments and services and the customer ombudsman of financial institutions, and Order ECC/2502/2012, of November 16, which regulates the procedure for submitting complaints to the complaint's services of the Bank of Spain, the National Securities Market Commission and the Directorate General of Insurance and Pension Funds.
- Carry out, in collaboration with the Customer Service Department, the Legal Department and the Marketing and Digital Strategy Department and the Branch Network Department, a systematic evaluation of complaints in order to identify and correct their origin and mitigate possible associated risks.
- Ensure that the development and updating of the Entity's Policies and Manuals are in line with current regulations, the guidelines and agreements adopted by the Entity's governing bodies, as well as the consistency and absence of inconsistencies between them.
- To verify, in coordination with the various competent Departments and Units, the correct identification and compliance with their legal obligations within the scope of their respective competencies, supervising the effective application of the procedures and controls established for such purpose, particularly in matters of prevention of money laundering, tax matters, protection of personal data, protection of consumers and users, and the provision of services in the area of the securities market.
- Coordinate the implementation and monitoring of the Entity's criminal risk prevention model, as well as the application by the Departments and Units involved of high-level and specific controls in the Entity's different areas of activity.

Specifically, the Regulatory Compliance area has the following specific functions:

- Functions referring to Information and Office Services:
  - Prepare, in coordination with the Regulations Unit, the instructions and guidelines referring to matters within its competence, proposing their publication and ensuring their permanent updating.
  - Collaborate with the Internal Consultation System for the efficient resolution of user queries regarding matters within its competence.
- Functions related to Training:
  - Collaborate with the Personnel Area Management and with the Legal Department in the preparation and definition of contents of training programs for directors and employees in the field of regulatory compliance in the securities market environments, prevention of money laundering and financing of terrorism.

- Prepare and periodically supervise the effective implementation of the Regulatory Compliance Program approved by the Entity's governing bodies.
- Submit to senior management and the governing bodies, through the General Secretary, the corresponding periodic reports within the scope of its competencies, as well as the periodic reports on the degree of monitoring of the Regulatory Compliance Program, assisting them in the establishment of improvement or updating plans when appropriate.
- Act as interlocutor, within the scope of its competencies, with supervisory bodies (Bank of Spain, European Central Bank, SEPBLAC, CNMV), including the control of the coordination of responses to requirements and the review of compliance with recommendations.

Relating to the scope of control of regulatory monitoring, the Regulatory Compliance Unit has the following functions:

- Study and monitor regulatory standards (in particular the EBA Guidelines or any other body or authority with competence in banking matters) and supervisory standards and criteria in the area of internal governance of the institution, transparency and rules of conduct in the provision of banking and investment services to customers, as well as risk management and control.
- Analyse the impact that the aforementioned regulations and criteria may have on the entity's internal policies and manuals, sending the necessary reports to the units involved for their consideration.
- Ensure that the Regulatory Programmes Unit, which reports to the Directorate of Organisation, together with the various Area Directorates and competent Units, undertake the projects and actions required to adapt to the new provisions in force in the aforementioned areas, based on the impact map and the corresponding GAP analysis that these Directorates have carried out.
- Periodically inform the Regulation and Supervision Committee of the follow-up of the projects of adaptation to the new regulatory provisions that are most relevant for the Entity in the area of its competencies.

## 6.2.4 - Functions of the Board of Directors

This section covers the provisions of letter (c) of the OVA requirement – Institution risk management approach

The Board of Directors is the body responsible for ensuring a robust risk culture, establishing the strategic lines of risk management and control, and approving the policies, manuals and procedures related to risk management. Among its competencies in relation to risk management and control are the following:

- Establish and approve the Ibercaja Group's Risk Appetite Framework (RAF) following a report from the Major Risks and Solvency Commission and review it at least annually or whenever necessary depending on the circumstances.

- Evaluate and supervise the risk profile and its adequacy to the established framework and the Group's strategy and approve the capital and liquidity self-assessment reports (ICAAP & ILAAP).
- Approve and periodically review the strategies and policies for the assumption, management, supervision and reduction of the risks to which the Group is or may be exposed, including those presented by the macroeconomic situation in which it operates in relation to the phase of the economic cycle.
- Actively participate in the management of the material risks contemplated in the solvency regulations and ensure that the organisation has adequate resources for such management.
- Ensure that the necessary action plans and corrective measures are established for the management of excess limits.
- To establish and supervise the Group's risk information and control systems, subject to a report from the Major Risks and Solvency Commission.
- To ensure that all aspects of capital planning are integrated into management in line with the scenarios used in the Strategic Plan, the Risk Appetite Framework and the Funding Plan.

In this regard, the Major Risks and Solvency Committee has informed the Board of Directors that the Risk Appetite Framework of the Ibercaja Banco Group and the Risk Appetite Statement are consistent with the other policies and strategic frameworks of the Ibercaja Banco Group.

## 6.2.5 - Functions of the Internal Audit

### Internal Audit Department

Within the framework of the Ibercaja Group, the scope of the internal audit is total, thus influencing the parent company and its dependent subsidiaries, so that no activity, information system or internal control system may be excluded from its scope of action.

The general functions of the Internal Audit area in the area of risks are as follows:

- To propose, through the Audit and Compliance Commission, for approval by the Board of Directors, the Internal Audit Charter of the Ibercaja Group, which will establish the position of the Internal Audit Function in the organisation, its responsibilities, the way in which these are to be developed; and the procedure for reporting the results of its verifications to the Board of Directors and Senior Management.
- To plan, coordinate and develop the Strategic Plan and the Annual Operating Plan of the Internal Audit Department.

- To propose to the Audit and Compliance Commission the Strategic Plan and the Annual Operating Plan of the Internal Audit Department, and to report periodically on the degree of monitoring.
- To ensure the quality of the methodologies, actions and reports of the Internal Audit functions.
- To permanently evaluate the adequacy and proper functioning of the governance framework, internal control information systems and risk management systems inherent to the activities of the Entity or its Group, proposing, with a preventive approach, recommendations for their improvement.
- To inform the Chief Executive Officer, Senior Management and the Internal Audit Committee of the main conclusions and recommendations resulting from the internal audits carried out, as well as the degree of implementation of these recommendations.
- To report periodically to the Board of Directors, through its Audit and Compliance Commission, on the results of the verification work carried out by Internal Audit and the degree of implementation of the recommendations.
- To participate in the dialogue with the regulatory or supervisory bodies, within the scope of its functions, and to coordinate with them the scope and content of the Internal Audit reports required by the aforementioned bodies.
- Functions related to the protection of technological and information assets:
  - To ensure the correct administration and control of the technological and informational assets assigned to the Area or dependent Units and of the data deposited or managed in such applications, databases or other tools.
- Functions related to the ownership and quality of the data within the scope of the functions of the area:
  - Collaborate in the correct functional description of the data, files or reports assigned to the Area or dependent Units, defining rules that allow him/her to perform an effective control of their quality level and to establish tolerance and error thresholds.
  - Perform the correct data entry according to the established procedures, identifying improvements that minimise the operational risk.
  - Analyse data quality errors, registering incidents in the corporate database if they are not and define remediation and improvement plans to achieve the required quality levels. Collaborate in the supervision and/or execution of those remediation plans determined in the Data Governance framework.
- Functions related to information demand:
  - Control the informational demand of the Area or Dependent Units, prioritizing the attention according to the contribution of value for the Entity and the available budgetary framework, documenting in a complete way the required needs and certifying the result of the requests of the Area or Dependent Units.

- Functions related to operational risk:
  - Manage the Operational Risk implicit in the Area's functions, identifying and assessing the possible operational risks associated with them, promoting continuous improvement systems and complying with the Operational Risk Management Framework.

## 6.2.6 - Risk Information Reporting

This section covers the provisions of letters (d) and (e) of OVA requirement – Institution risk management approach.

Ibercaja Group has determined, for each of the significant risks identified in the Risk Appetite Framework, a list of metrics that reflect and manage the Group's risk profile and business model.

In this way, each area director is aware of the current situation of the relevant risks and channels this information to the corresponding units and risk takers, thus facilitating the integration of the Risk Appetite Framework into the Entity's risk culture.

The metrics are also divided into:

- First-level metrics: high-level indicators with thresholds, monitored periodically by the Global Risk Committee, the Major Risks and Solvency Commission and the Board of Directors.
- Operational limits: Risk management and control limits required to ensure compliance with the risk appetite defined by the Group. The operating limits are developed in the corresponding risk management policies and procedures manuals. The monitoring of these limits is carried out by the Global Risk Committee and is submitted to higher bodies in those cases where it is deemed necessary.



# 7

## CREDIT RISK

## 7. Credit risk

### 7.1 – Accounting definitions and methodological descriptions

This section covers CRB requirement – Additional disclosure related to the credit quality of assets.

Credit risk management is aimed at facilitating the growth of lending in a sustained and balanced manner, always guaranteeing financial and equity solidity of the Entity, with the objective of optimizing the risk / return ratio within the tolerance levels set by the Board of Directors based on the management principles and action policies defined.

The Board of Directors approves the management framework, strategies, policies, and limits for the management of this risk, following a report from the Major Risks and Solvency Commission, documented in the "Credit Risk Management Framework" and "Risk Models Management Framework" as well as the various manuals and policies developed on the basis thereof. The Board of Directors is responsible for authorizing risks that exceed the competence of the operating circuit.

The monitoring and accounting treatment of credit risk carried out in the Entity is based on the provisions of IFRS 9 and Annex IX of Bank of Spain Circular 4/2017 of November 27 and its subsequent amendments.

#### Definition of the classification categories

Credit exposures are classified, based on credit risk, into:

- Normal risk (stage 1): a transaction shall be understood to be in this stage when there has been no significant increase in risk since its initial recognition. If 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.
- Normal risk under special surveillance (stage 2): in the event that a significant increase in risk has occurred since the date on which it was initially recognised, without impairment having materialised, the transaction will fall within this stage. 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.
- Doubtful risk (stage 3): a transaction will be classified within this stage when it shows effective signs of impairment as a result of one or more events that have already occurred and that will materialise in a loss. In this case, the amount related to the valuation adjustment for losses will reflect the expected losses due to credit risk over the expected residual life of the financial instrument. Its classification may occur:

- Due to the holder's default: transactions with an overdue amount of principal, interest or contractually agreed expenses, generally more than 90 days old, unless they should be classified as defaulted. This category also includes guarantees granted when the guaranteed party has defaulted on the guaranteed transaction. Also included are the amounts of all the transactions of a holder when the transactions with amounts overdue in general, as indicated above, of more than 90 days old, are greater than 20% of the amounts pending collection.
- For reasons other than the holder's delinquency: transactions in which, without meeting the circumstances to classify them as write-offs or doubtful due to delinquency, there are reasonable doubts as to their full repayment under the contractually agreed terms; as well as off-balance sheet exposures not classified as doubtful due to delinquency whose payment by the Group is probable and their recovery doubtful.

To determine the existence of reasonable doubt as to the total repayment of these transactions, the Entity performs an analysis of indicators in transactions that do not present amounts overdue more than 90 days, which may or may not automatically classify the transaction as stage 3.

- Write-off risk: transactions for which, after an individualised analysis, it is considered that there is no reasonable expectation of recovering all or part of them, due to a notorious or unrecoverable deterioration of the solvency of the transaction or of the holder. The Entity considers in any case that there is no reasonable expectation of recovery for the following cases:
  - The risks of customers who are declared in insolvency proceedings for which it is recorded that the liquidation phase has been declared or is about to be declared, unless they have effective collateral covering at least 10% of the gross carrying amount of the transaction.
  - Doubtful risks for reasons of default with an age of more than four years or before reaching this age, when the amount not covered by effective guarantees has been maintained with a credit risk coverage of 100% for more than two years, except for those balances that have effective collateral covering at least 10% of the gross book value of the transaction.

In the above situations, the Group removes from the balance sheet any amount recorded together with its provision, without prejudice to any actions that may be taken to attempt to collect it until the rights to receive it have been definitively extinguished, whether due to expiration of the statute of limitations, forgiveness, or other causes.

### Refinancing and restructuring

The credit risk management policies and procedures applied by the Group guarantee a detailed monitoring of borrowers, highlighting the need to make provisions when there is evidence of deterioration in their solvency. Therefore, the Group establishes the required loan loss provisions for those transactions in which the borrower's situation so requires before formalizing the restructuring/refinancing transactions.

For refinanced transactions, the algorithm establishes their initial classification based on their characteristics, mainly the existence of financial difficulties in the borrower and the existence of certain clauses such as extended grace periods; subsequently, the algorithm modifies the initial classification based on the cure periods established.

The refinancing, restructuring, renewal and renegotiation policies established by the Group are detailed in Note 3.5.5.2 to the Consolidated Financial Statements ([Periodic Information - Corporate Website | Ibercaja Banco](#)).

### Determination of hedges

Once the accounting classification of the borrower and consequently of its operations has been determined, the hedges for credit risk losses are calculated. These hedges can be obtained by individual or collective analysis.

The criteria for the selection of portfolios for the development of internal models in the collective evaluation of impairment, have followed the principles of significance and complexity, and offer results adequate to the reality of the operations in the current economic environment.

In the event that internal methodologies are not developed in the Bank for collective estimates, the estimates prepared by the Bank of Spain are used as an alternative solution based on its experience and the information it has on the Spanish banking sector.

The Group applies the criteria described below for the calculation of credit risk loss hedges:

The amount of the hedges for impairment losses is calculated based on whether there has been a significant increase in credit risk since the initial recognition of the transaction, and whether an event of default has occurred. Thus, coverage for impairment losses on transactions is equal to:

- The expected credit losses in twelve months, when the risk of the occurrence of an event of default on the transaction has not increased significantly since initial recognition (Stage 1).
- Expected credit losses over the life of the transaction if the risk of the occurrence of an event of default on the transaction has increased significantly since its initial recognition (Stage 2).
- Expected credit losses over the life of the transaction when an event of default has occurred in the transaction (Stage 3).

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

The application of different scenarios to reflect the effect of the non-linearity of losses leads to the estimation of the necessary hedges for different scenarios, including those that are unlikely but plausible. Specifically, 3 macroeconomic scenarios have been considered, a central scenario, an adverse scenario, and a favorable scenario, which have been defined at Group level, with probabilities of occurrence of 60%, 35% and 5% respectively, with the current lack of confidence over the direction of the economy. The projections of these scenarios are based on 3-year time horizons, with the more relevant variables considered being the evolution of GDP, the unemployment rate and housing prices, among others.

The Group has also estimated prepayment rates for different products and segments based on observed historical data. These prepayment rates are applied in the determination of the expected loss of the exposures classified in Stage 1 and Stage 2. In addition, the amortisation schedule agreed upon for each transaction is applied.

On the other hand, a coverage percentage of 0% is applied to transactions identified as having no appreciable risk (basically those carried out with central banks, public administrations and companies and financial entities, all of them belonging to the European Union or to certain countries considered to be risk-free) (based on the historical analysis of these transactions and the backtesting analyses performed), except in the case of transactions classified as doubtful, in which an individualised estimate of the impairment is made. In the estimation process, the amount required to hedge the credit risk attributable to the holder on the one hand and the country risk on the other is calculated. When there are simultaneous reasons for hedging the holder's credit risk and country risk, the strictest hedging criteria are applied.

The Group considers as exposure metrics for hedging the current balances drawn down and the estimate of the amounts expected to be disbursed in the event of default on off-balance sheet exposures by applying a Credit Conversion Factor (CCF).

For transactions classified as doubtful, an estimate is made of the expected losses, understood as the difference between the current exposure amount and the estimated future cash flows.

Subsequently, these cash flows are discounted at the current effective interest rate of the financial asset (if its contractual rate is fixed) or at the effective contractual interest rate at the discount date (when this is variable).

The following sections describe the Group's different methodologies:

#### Individualised estimates of hedges

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



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

The Group has developed a methodology for estimating these hedges, calculating the difference between the carrying amount of the asset and the present value of future cash flows expected to be collected (excluding future credit losses not incurred), discounted at the current effective interest rate of the financial asset. Likewise, the calculation of the present value of the estimated future cash flows of a collateralised financial asset shall reflect the cash flows that could result from the enforcement of the collateral, less the costs of obtaining and selling the collateral, regardless of whether the enforcement of the collateral is probable or not, through the application of a haircut on the collateral.

The following methods are established for the calculation of the recoverable value of assets evaluated at an individual level:

- Generation of cash flows from the borrower's own activity (Going Concern): this will be applied to borrowers for whom it is estimated that they will be able to generate future cash flows from the development of their own business that will allow repayment of part or all of the debt contracted. Additionally, it is possible that such cash flows may be complemented with potential sales of non-essential assets for the generation of the aforementioned cash flows.
- Foreclosure of guarantees (Gone Concern): will be applied for those borrowers who do not have the capacity to generate cash flows with the development of their own business, and the only way to recover the investment is the foreclosure and subsequent liquidation of their assets.
- Mixed approach: individual analysis of the borrower in which the two previous approaches are combined, executing secondary guarantees (non-essential).

The Group incorporates the application of macroeconomic scenarios in its methodology for calculating provisions for individually significant borrowers, through the incorporation of an add-on calculated from the Group's internal models.

#### Collective estimation of hedges

The Group estimates expected credit losses collectively in those cases in which they are not estimated on an individual basis.

The criteria for the selection of portfolios for the development of internal models have followed the principles of significance, complexity and offer results appropriate to the reality of the operations in the current economic environment.

The Group has carried out a prior study of the transactions subject to collective hedge calculation. As a result of this study, the Group has selected the following portfolios for the development of internal methodologies:



- Home purchase,
- Credit cards, and
- Corporates

The following portfolios are excluded from using internal models:

- Consumer,
- Self-employed,
- Developers.

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

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

- The impairment estimation process considers all credit exposures, except those without appreciable risk and not doubtful, for which impairment estimation methods are used based on data and statistical models that aggregate the average behavior of entities in the banking sector in Spain. The Group recognises an impairment loss equal to the best estimate by internal models available, considering all relevant information available on the conditions existing at the end of the period over which it is calculated. The Group has identified the following transactions with no appreciable risk for the estimation of credit risk coverage:
  - Transactions with central banks.
  - Transactions with Public Administrations of European Union countries, including those derived from reverse repurchase loans of securities representing public debt.
  - Transactions with Central Governments of countries classified in Group 1 for country-risk purposes.
  - Transactions in the name of deposit hedge funds and resolution funds, provided that their credit quality is comparable to those of the European Union.
  - Transactions in the name of credit institutions and financial credit establishments of European Union countries and, in general, of countries classified in Group 1 for country-risk purposes.
  - Transactions with Spanish mutual guaranteed companies and with public bodies or companies of other countries classified in Group 1 for country-risk purposes whose main activity is the underwriting or guaranteeing of credit.

- Transactions with non-financial companies that are considered to be in the public sector.
- Advances on pensions and payrolls corresponding to the following month, provided that the paying entity is a public administration and that they are domiciled in the entity.
- Advances other than loans.
- In order to make a collective assessment of impairment, financial assets are grouped according to the similarity of their credit risk characteristics (such as type of product, purpose of financing, trade identifier, collateral, etc.) in order to estimate differentiated risk parameters for each homogeneous group. This segmentation is different according to the estimated risk parameter and makes it possible to obtain a more accurate calculation of expected losses by considering the different elasticities of the risk parameters to the cycle and maturities. The segmentation takes into account the historical experience of losses observed for a homogeneous group of assets (segment), once conditioned to the current economic situation, which is representative of the unreported incurred losses that will occur in that segment. This segmentation discriminates risk, is aligned with management, and is used in the Group's internal models with various uses contrasted by the internal control units and the supervisor. Finally, it is subject to recurrent back-testing and frequent updating and revision of estimates to incorporate all available information.

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

- Probability of Default (PD): probability that impairment of an asset (corresponding to a borrower or homogeneous set of borrowers) will occur over a certain time horizon (appropriate to the period of identification/emergence of impairment).
- Probability of recovery: percentage of recovery on the asset, in the event that the impairment event occurs (determined by the previous parameter, probability of impairment).
- Collateral discount: percentage of loss in value of collateral.
- Exposure at the time of default: risk exposure that the Group will have at the time of the impairment of the borrower (from which the aforementioned probability of impairment is determined).

Based on the descriptions set out in Note 2.3. of the Consolidated Financial Statements for 2023 ([Periodic Information - Corporate Website | Ibercaja Banco](#)), the following accounting criteria are considered within the Group:

- A financial asset or other exposure involving credit risk is considered to be impaired and its book value is written down when there is objective evidence that events have occurred that give rise to:

- In the case of debt instruments (loans and advances, and debt securities), a negative impact on future cash flows that were estimated at the time the transaction was entered.
- In the case of other exposures involving credit risk, other than debt instruments, a negative impact on the future cash flows that would be expected in the event of drawdown of the loan commitment and the cash flows expected to be received if the commitment is drawn down, or in the case of financial guarantees granted, on the payments that the Entity expects to make.
- Impairment losses for the period on debt instruments are recognised as an expense under "Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss and net gains or losses on modification" in the consolidated income statement. For debt instruments classified as financial assets at amortised cost, such impairment losses are recognised against an allowance account that reduces the carrying amount of the asset, while for debt instruments classified at fair value through other comprehensive income, impairment losses are recognised against "accumulated other comprehensive income".
- Hedges for impairment losses on exposures involving credit risk other than debt instruments are recorded on the liability side of the balance sheet as a provision. Impairment losses for the period for these exposures are recorded as an expense in the consolidated income statement.
- Subsequent reversals of previously recognised impairment loss hedges are recorded immediately as income in the consolidated income statement for the period.

Further information on accounting descriptions and methodologies can be found in the aforementioned note to the Consolidated Financial Statements for 2023 ([Periodic Information - Corporate Website | Ibercaja Bank](#)).

To calculate the requirements for credit risk, the Entity uses the definition of default contained in the EBA/GL/2016/07 Guidelines published by the European Banking Authority on the application of the definition of default in accordance with article 178 of Regulation (EU) No. 575/2013. The ranking will be determined based on the following factors:

- a) the debtor maintains amounts past due for more than 90 days with respect to any significant credit obligation to the entity, the parent company or any of its subsidiaries. An overdue credit obligation is considered to be any amount of principal, interest or commissions that has not been paid on the date it was due.
- b) the Entity considers that there are reasonable doubts, through the activation of probable non-payment indicators, about the payment of all of its credit obligations to the entity itself, the parent company or any of its subsidiaries, without resorting to actions such as the execution of guarantees.

For retail exposures, the definition of default is applied first at the level of a specific credit facility, rather than relative to a borrower's total obligations.

The Entity applies the double threshold of importance of overdue credit obligations established by the competent authorities in Regulation (EU) 2018/1845, so that credit obligations overdue for more than 90 days will only not be considered in default when they do not exceed both thresholds:

- a) the sum of all the amounts in respect of which the debtor is in arrears with the credit institution, its parent company or any of its subsidiaries is equal to:
  - i. for retail exposures, 100 euros,
  - ii. for other exposures, 500 euros;
- b) the amount of the credit default obligation is equal to 1% of the total amount of exposures to that debtor on the balance sheet of the credit institution, its parent company or any of its subsidiaries, excluding equity exposures.

The definition of what constitutes a restructured exposure used for the purposes of applying Article 178(3)(d) of the CRR, as specified by the EBA Default Guidelines pursuant to Article 178 of the CRR matches the definition of restructured and refinanced exposures that is included in Annex V of Commission Implementing Regulation (EU) 2021/451.

## 7.2 - Credit risk exposure

### 7.2.1 - Overview of performing and non-performing exposures and related provisions

The following table corresponds to EU CR1 template as of December 31, 2023, showing the Entity's nonperforming exposures, performing exposures and related provision.

Table 36: Template EU CR1 - Performing and non-performing exposures and related provisions.

Performing and non-performing exposures and related provisions																	
(thousands of euros)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o		
	Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received			
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures		
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
005	Cash balances at central banks and other demand deposits	1,750,955	1,750,955	-	-	-	-	-	-	-	-	-	-	-	-		
010	Loans and advances	29,891,969	28,594,605	1,297,364	693,390	172,448	480,402	-170,094	-77,738	-92,356	-282,370	-14,519	-264,734	-	22,225,491	390,444	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	583,508	583,508	-	178	-	178	-1	-1	-	-	-	-	-	36,911	-	
040	Credit institutions	787,415	787,415	-	-	-	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	979,880	979,830	50	649	-	648	-226	-223	-3	-357	-	-357	-	712,472	272	
060	Non-financial corporations	7,467,057	6,930,856	536,201	288,437	60,586	207,307	-84,677	-49,527	-35,150	-132,533	-6,579	-122,969	-	3,353,838	135,547	
070	Of which SMEs	4,089,245	3,658,132	431,113	212,191	35,989	169,604	-47,881	-23,250	-24,631	-105,785	-3,325	-101,148	-	2,470,111	106,250	
080	Households	20,074,108	19,312,996	761,112	404,127	111,862	272,269	-85,190	-27,986	-57,204	-149,479	-7,940	-141,407	-	18,122,270	254,625	
090	Debt securities	11,398,918	11,398,918	-	-	-	-	-398	-398	-	-	-	-	-	1,626,274	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
110	General governments	11,185,038	11,185,038	-	-	-	-	-	-	-	-	-	-	-	1,619,178	-	
120	Credit institutions	142,084	142,084	-	-	-	-	-	-	-	-	-	-	-	-	-	
130	Other financial corporations	24,333	24,333	-	-	-	-	-145	-145	-	-	-	-	-	-	-	
140	Non-financial corporations	47,463	47,463	-	-	-	-	-253	-253	-	-	-	-	-	7,096	-	
150	Off-balance-sheet exposures	4,192,793	4,088,541	104,252	52,655	17,957	29,321	10,670	6,377	4,293	9,684	700	8,955		1,476,955	25,102	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
170	General governments	108,260	108,260	-	1	-	1	-	-	-	-	-	-		-	3,544	-
180	Credit institutions	30	30	-	-	-	-	-	-	-	-	-	-		-	-	-
190	Other financial corporations	116,353	116,279	74	1	-	1	3	3	-	-	-	-		-	139	-
200	Non-financial corporations	2,571,143	2,494,044	77,099	49,525	17,385	27,230	9,220	5,372	3,849	8,881	674	8,181		1,014,786	24,378	
210	Households	1,397,007	1,369,930	27,078	3,127	572	2,089	1,446	1,003	444	803	26	774		458,485	724	
220	Total	47,234,635	45,833,019	1,401,616	746,045	190,405	509,723	-181,162	-84,513	-96,649	-292,054	-15,219	-273,689	-	25,328,720	415,546	

## 7.2.2 - Overview of exposures according to their weighting in the standardised approach

The EU CR5 template, included below, provides information on exposures according to their weighting using the standardised approach.

Table 37: Template EU CR5 – Standard approach

Standard approach																	
Exposure classes	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1 Central governments or central banks	13,258,557	-	-	-	-	-	-	-	-	616,197	-	130,662	-	-	-	14,005,417	14,005,417
2 Regional government or local authorities	990,430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	990,430	990,430
3 Public sector entities	658,207	-	-	-	60,844	-	82,315	-	-	-	-	-	-	-	-	801,366	719,051
4 Multilateral development banks	4,491	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,491	4,491
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	303,725	-	-	385,254	-	98,733	-	-	-	-	-	-	-	-	787,712	679,880
7 Corporates	-	145,011	-	-	6,236	-	43,276	-	-	4,380,017	22,639	-	-	-	-	4,597,180	4,284,079
8 Retail exposures	-	-	-	-	-	-	-	-	3,859,838	-	-	-	-	-	-	3,859,838	3,859,838
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	17,482,082	654,412	-	-	-	-	-	-	-	-	18,136,494	18,136,494
10 Exposures in default	-	-	-	-	-	-	-	-	-	283,864	34,422	-	-	-	-	318,286	318,286
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	214,651	-	-	-	-	214,651	214,651
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	14,953	-	-	39,989	-	-	-	-	-	54,942	-
14 Units or shares in collective investment undertakings	107,250	-	-	-	944	-	3,815	-	2,356	13,716	-	-	-	2,147	-	130,228	130,228
15 Equity exposures	-	-	-	-	-	-	-	-	-	499,998	-	2,524	-	-	-	502,522	502,522
16 Other items	435,088	-	-	-	-	-	-	-	-	1,370,646	-	-	-	-	-	1,805,734	1,805,734
17 TOTAL	15,454,023	448,736	-	-	453,278	17,482,082	897,504	-	3,862,193	7,204,427	271,712	133,186	-	2,147	-	46,209,291	45,651,100



## 7.2.3 - Overview of exposures (by maturity and quality by activity)

Below is the EU CQ5 template as of December 31, 2023, showing by sector, the credit quality of loans and advances to non-financial corporations.

Table 38: Template EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

Credit quality of loans and advances to non-financial corporations by industry							
(thousands of euros)	a	b	c	d	e	f	
	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		Of which non-performing		Of which loans and advances subject to impairment			
			Of which defaulted				
010	Agriculture, forestry and fishing	353,437	17,401	17,401	352,145	-11,735	-
020	Mining and quarrying	19,073	415	332	19,073	-306	-
030	Manufacturing	1,850,697	59,553	59,521	1,850,697	-51,339	-
040	Electricity, gas, steam and air conditioning supply	148,721	3,004	3,004	148,721	-2,423	-
050	Water supply	102,633	1,563	1,407	102,633	-1,049	-
060	Construction	1,052,768	56,382	54,611	1,051,151	-30,870	-1,617
070	Wholesale and retail trade	1,754,971	55,040	55,013	1,754,971	-42,253	-
080	Transport and storage	481,138	11,858	11,354	481,138	-7,856	-
090	Accommodation and food service activities	133,445	15,124	14,753	133,445	-13,220	-
100	Information and communication	109,615	6,446	6,446	109,615	-3,456	-
110	Financial and insurance activities	539,635	5,219	5,219	539,635	-7,582	-
120	Real estate activities	359,977	18,399	12,827	359,977	-14,356	-
130	Professional, scientific and technical activities	348,623	13,972	13,949	348,623	-6,927	-
140	Administrative and support service activities	248,476	8,800	8,620	248,476	-4,775	-
150	Public administration and defense, compulsory social security	75,094	-	-	75,094	-	-
160	Education	27,133	1,147	1,147	27,133	-514	-
170	Human health services and social work activities	70,373	1,299	1,299	70,373	-1,146	-
180	Arts, entertainment and recreation	35,139	11,456	11,456	33,861	-6,361	-1,278
190	Other services	44,549	1,358	1,334	44,548	-8,145	-
200	Total	7,755,496	288,437	279,694	7,751,308	-214,314	-2,896

The maturities of the exposures as of December 31, 2023, included in the EU CR1a template, are detailed below:

Table 39: Template EU CR1-A - Maturity of exposures

Maturity of exposures						
(thousands of euros)	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1 Loans and advances	4,907	4,101,490	3,877,284	20,283,692	1,865,522	30,132,895
2 Debt securities	-	1,709,260	4,991,538	4,697,723	-	11,398,520
3 Total	4,907	5,810,750	8,868,822	24,981,415	1,865,522	41,531,415

## 7.2.4 - Overview of non-performing and performing exposures by maturity, geographic area and variation in non-performing loans

The EU CQ4 template is not prepared by the Entity because the NPL ratio does not exceed 5% and the original non-domestic exposures in all countries other than its own and in all exposures are less than 10% of the total original exposures (domestic and non-domestic).

Variations in the volume of non-performing loans and advances are shown below, detailing the amount of inflows and outflows of the Entity's non-performing portfolios.

Table 40: Template EU CR2 - Changes in the stock of non-performing loans and advances

Changes in the stock of non-performing loans and advances	
(thousands of euros)	a
	Gross carrying amount
010 Initial stock of non-performing loans and advances	652,078
020 Inflows to non-performing portfolios	309,337
030 Outflows from non-performing portfolios	268,025
040 Outflows due to write-offs	66,974
050 Outflow due to other situations	201,051
060 Final stock of non-performing loans and advances	693,390

The following table shows a breakdown of non-doubtful and doubtful exposures by past due days:

Table 41: Template EU CQ3 - Credit quality of performing and non-performing exposures by past due days

Credit quality of performing and non-performing exposures by past due days												
(thousands of euros)	a	B	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount / nominal amount											
	Performing exposures				Non-performing exposures							
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005 Cash balances at central banks and other demand deposits	1,750,955	1,750,955	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	29,891,969	29,817,589	74,380	693,390	322,818	71,978	82,190	74,517	62,145	23,559	56,184	689,018
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	583,508	583,508	-	178	-	-	-	-	178	-	-	174
040 Credit institutions	787,415	787,415	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	979,880	979,855	25	649	647	-	-	2	-	-	-	649
060 Non-financial corporations	7,467,057	7,452,758	14,299	288,437	131,762	28,451	34,965	42,429	31,652	4,612	14,566	285,286
070 Of which SMEs	4,089,245	4,075,413	13,832	212,191	78,555	19,665	30,993	35,267	28,571	4,612	14,528	209,114
080 Households	20,074,108	20,014,053	60,055	404,127	190,409	43,526	47,225	32,087	30,315	18,947	41,617	402,909
090 Debt securities	11,398,918	11,398,918	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	11,185,038	11,185,038	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	142,084	142,084	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	24,333	24,333	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	47,463	47,463	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	4,192,793			52,655								51,679
160 Central banks	-											
170 General governments	108,260											
180 Credit institutions	30											
190 Other financial corporations	116,353											
200 Non-financial corporations	2,571,143											
210 Households	1,397,007											
220 Total	47,234,635	42,967,462	74,380	746,045	322,818	71,978	82,190	74,517	62,145	23,559	56,184	740,697

## 7.2.5 - Overview of forbore exposures and security interests obtained through takeover and enforcement processes

The following table shows the detail of the forbore exposures as of December 31, 2023:

Table 42: Template EU CQ1 - Credit quality of forbore exposures

Credit quality of forbore exposures								
(thousands of euros)	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	Performing forbore	Non-performing forbore		Of which defaulted	Of which impaired	On performing forbore exposures	On non-performing forbore exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	143,150	268,860	268,860	186,639	-10,303	-98,203	270,758	154,234
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	646	646	646	-	-355	272	272
060 Non-financial corporations	75,322	114,073	114,073	76,773	-5,368	-49,315	110,595	51,272
070 Households	67,829	154,141	154,141	109,219	-4,935	-48,533	159,891	102,690
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	5,513	857	857	831	332	75	5,649	763
100 Total	148,663	269,717	269,717	187,470	-9,971	-98,128	276,407	154,997

The EU CQ7 template below shows the collateral obtained through takeover and enforcement processes:

Table 43: Template EU CQ7 - Collateral obtained by taking possession and execution processes

Collateral obtained by taking possession and execution processes		
(thousands of euros)	a	b
	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
010 Property, plant and equipment (PP&E)	-	-
020 Other than PP&E	237,016	-114,514
030 Residential immovable property	81,966	-28,907
040 Commercial Immovable property	155,050	-85,607
050 Movable property (auto, shipping, etc.)	-	-
060 Equity and debt instruments	-	-
070 Other collateral	-	-
080 <b>Total</b>	<b>237,016</b>	<b>-114,514</b>

The EU CQ2, CQ6, CQ8 and CR2-A templates are not elaborated by the Entity because the default rate does not exceed 5%.

Likewise, Ibercaja does not use IRB models for credit risk, therefore the CR7-A and CR10 templates are not applicable to the Entity.

## 7.3 - Information on the Group's counterparty credit risk

This section covers CCRA requirement - Qualitative disclosure related to CCR.

Counterparty credit risk is defined as the credit risk incurred by the Group in transactions involving derivative financial instruments, repurchase agreements, securities or commodities lending, deferred settlement, and collateral financing transactions.

The Group has established procedures to place limits on exposures to credit and counterparty risk, including deposit, fixed income, derivative, credit, and listed equity transactions.

A distinction is made between risks with financial entities, companies, and public bodies.

The general criteria for line assignment are as follows:

- For those borrowers for which a specific line of credit is established in the Risk Lines Policy, this will apply. A specific line is assigned to the most relevant borrowers. A specific line is also assigned to unrated listed companies since no limit can be set based on their rating. The specific lines are assigned by means of an expert analysis of the borrowers, using their financial statements, reports issued by rating agencies or other analysis companies, as well as macroeconomic and sectorial reports prepared by different units of the Financial Area Management as support for such analysis. The amount of the specific line is established based on the results of this analysis, as well as on the operating needs and the type of positions held with each borrower.
- Those borrowers for which a specific line is not established will be granted a risk line based on their rating. The Risk Line Policy of Ibercaja Banco, which is the same for financial institutions, companies, and regional governments, uses tables of lines by rating to accomplish this.

In view of the reduced risk involved in operations through Central Counterparties, and insofar as it is imposed by regulations and market best practices, these operations are not limited by a risk line.

These limits are approved by the Bank's Board of Directors.

The various instruments consume the line according to one of these formulas: either by applying a percentage of their nominal value (original risk method); or according to their replacement value (if this is positive) plus a percentage of their nominal value representing their potential future risk (mark-to-market method). In both cases, the percentages to be applied may vary depending on the residual term of the transaction and its risk profile.

In relation to derivative transactions, the Entity applies various counterparty risk mitigation techniques. On the one hand, and for all those derivatives that in application of EMIR regulations are susceptible to centralised settlement in a central counterparty clearing house, the Entity has the means for these transactions to be made with a central entity, which through its internal risk and collateral management ensures an effective reduction of counterparty risk for all entities that settle transactions with it. On the other hand, and for non-centrally settled transactions, the Entity has signed netting and collateral agreements with all its financial counterparties that allow counterparty risk management. It is worth mentioning that the agreements signed are in line with the recommendations of the regulators in terms of best practices in daily valuation, non-establishment of thresholds, exchange of cash and not securities, etc.

With respect to repo, simultaneous or securities lending operations, the situation is analogous. On the one hand, the Entity has access to central clearing houses that ensure a decrease in counterparty risk and, on the other hand, for bilateral transactions it applies counterparty risk reduction mechanisms with the signing of netting and collateral agreements (GMRA, EMA, GMSLA).

In all its netting and collateral agreements, the collateral accepted for the exchange is only cash.

Likewise, the Entity complies with the requirements of transparency and reporting to information repositories for derivatives transactions as well as repo, simultaneous and securities lending transactions established in the EMIR and SFTR Regulations, respectively.



These actions are described in the Financial Markets Management Guides, Methodologies and Procedures Manual. In addition, the Manual describes the procedure for calculating the CVA and DVA at the accounting level, which reflect the provision to be made for a deterioration in the credit quality of counterparties in transactions that generate counterparty risk. The following are the transactions subject to CVA's risk-based equity requirements as of December 31, 2023.

Table 44: Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

Transactions subject to own funds requirements for CVA risk		
(thousands of euros)	a	b
	Exposure value	RWEA
1 Total transactions subject to the Advanced method	-	-
2 (i) VaR component (including the 3x multiplier)		-
3 (ii) stressed VaR component (including the 3x multiplier)		-
4 Transactions subject to the Standardised method	30,629	8,887
EU-4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5 <b>Total transactions subject to own funds requirements for CVA risk</b>	<b>30,629</b>	<b>8,887</b>

As of today, the Group does not have contractual agreements dependent on the rating level, so that a downgrade of the credit rating would not imply a direct impact on the increase of the collateral. Additionally, the Risk Control Department is analysing the impact on the Central Bank policies for the portion corresponding to the lowering of the price of the retained bonds, which is a loss of the available amount of the policy that would not imply the additional contribution of guarantees. However, the Entity has control mechanisms in place to control fluctuations in Sovereign Risk and its credit quality.

Below is the CCR5 as of December 31, 2023, showing the composition of collateral for counterparty risk exposures.

Table 45: Template EU CCR5 – Composition of collateral for CCR exposures

Composition of collateral for CCR exposures								
(thousands of euros)	a	b	c	d	e	f	g	h
Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency	1,790	-	414,370	-	3,000	4,791,804	248,381	907,852
2 Cash – other currencies	-	-	-	-	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	703,377	-	4,210,655
4 Other sovereign debt	-	-	-	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	198,214	-	755,119
9 <b>Total</b>	<b>1,790</b>	<b>-</b>	<b>414,370</b>	<b>-</b>	<b>3,000</b>	<b>5,693,394</b>	<b>248,381</b>	<b>5,873,625</b>

With regards to the adverse correlation risk (wrong-way risk), two types can be defined:

- General adverse correlation risk: it arises when the probability of counterparty default is positively correlated with general market risk factors.
- Specific adverse correlation risk: it arises when the future exposure to a specific counterparty is reliably correlated with the probability of default of the counterparty due to the nature of the transactions with the counterparty (or, in other words, inversely related to the credit quality of the counterparty). An entity is considered to be exposed to specific adverse correlation risk if the future exposure to a specific counterparty can be expected to be high when the probability of default of the counterparty is also high.

Exposure to this type of risk is not material in the Entity. Nevertheless, when the wrong-way-risk appears, the line assigned to the counterparty may be adjusted or, alternatively, the consumption of the operation may be increased in order to avoid it.

#### Information on the calculation method

The value of the exposure has been calculated, using the mark-to-market valuation method, in accordance with the provisions of Part Three, Title II, Chapter 6 of Regulation (EU) n°. 575/2013 (CRR). By applying this method, the value of the exposure is determined by the result of multiplying by 1.4 the sum of the replacement cost and the amount of the potential future exposure of each netting set, calculated in accordance with the provisions of Article 274 of Regulation (EU) n°. 575/2013 (CRR) and taking into account the particularities contained in that article.

The following is a breakdown of counterparty risk exposure information as of December 31, 2023, according to the applicable method and counterparty risk exposures subject to the standardised approach by regulatory exposure categories and risk weightings.

Table 46: Template EU CCR1 – Analysis of CCR exposure by approach

Analysis of CCR exposure by approach								
	a	b	c	d	e	f	g	h
(Thousands of euros)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
<b>EU-1</b> EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
<b>EU-2</b> EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
<b>1</b> SA-R (for derivatives)	13,105	17,858		1.4	39,807	43,349	31,624	15,977
<b>2</b> IMM (for derivatives and SFTs)				-	-	-	-	-
<b>2a</b> Of which securities financing transactions netting sets				-	-	-	-	-
<b>2b</b> Of which derivatives and long settlement transactions netting sets				-	-	-	-	-
<b>2c</b> Of which from contractual cross-product netting sets				-	-	-	-	-
<b>3</b> Financial collateral simple method (for SFTs)					-	-	-	-
<b>4</b> Financial collateral comprehensive method (for SFTs)					139,437	139,437	139,437	39,791
<b>5</b> VaR for SFTs					-	-	-	-
<b>6 Total</b>					179,244	182,786	171,061	52,768

Table 47: Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

CCR exposures by regulatory exposure class and risk weights, standardised approach												
(Thousands of euros)	Risk weight											
	a	b	c	d	e	f	g	h	i	j	k	l
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1 Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2 Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	421,456	-	-	129,937	5,485	-	-	-	-	-	556,877
7 Corporates	-	94,262	-	-	-	23,076	-	-	12,310	-	-	129,648
8 Retail	-	-	-	-	-	-	-	253	-	-	-	253
9 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10 Other items	-	-	-	-	-	-	-	-	-	-	-	-
11 Total exposure value	-	515,717	-	-	129,937	28,561	-	253	12,310	-	-	686,778

The exposures to both qualified and non-qualified central counterparties (QCCPs and non-QCCPs, respectively) are detailed below.

Table 48: Template EU CCR8 – Exposures to CCPs

Exposures to CCPs		
(Thousands of euros)	a	b
	Exposure value	RWEA
<b>1 Exposures to QCCPs (total)</b>		<b>15,884</b>
<b>2</b> Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	515,717	10,314
<b>3</b> (i) OTC derivatives	-	-
<b>4</b> (ii) Exchange-traded derivatives	43,495	870
<b>5</b> (iii) SFTs	472,223	9,444
<b>6</b> (iv) Netting sets where cross-product netting has been approved	-	-
<b>7</b> Segregated initial margin	-	
<b>8</b> Non-segregated initial margin	-	-
<b>9</b> Prefunded default fund contributions	28,355	5,570
<b>10</b> Unfunded default fund contributions	-	-
<b>11 Exposures to non-QCCPs (total)</b>		<b>-</b>
<b>12</b> Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
<b>13</b> (i) OTC derivatives	-	-
<b>14</b> (ii) Exchange-traded derivatives	-	-
<b>15</b> (iii) SFTs	-	-
<b>16</b> (iv) Netting sets where cross-product netting has been approved	-	-
<b>17</b> Segregated initial margin	-	
<b>18</b> Non-segregated initial margin	-	-
<b>19</b> Prefunded default fund contributions	-	-
<b>20</b> Unfunded default fund contributions	-	-

The Entity does not prepare the EU CCR4 template as it does not use the IRB method, nor the EU CCR6 template as there are no hedges through credit derivatives, nor the EU CCR7 template as it does not use internal models.



## 7.4 - Identification of the external rating agencies

This section covers the CRD requirement - Qualitative disclosure requirements related to the standardised approach.

The Group uses the ratings available from the rating agencies authorised by the Bank of Spain, Moody's, Standard and Poor's, Fitch Ratings and Dominion Bond Rating Service.

Table 49: External rating agencies

External rating agencies				
	Standard and Poor's	Fitch Ratings	Moody's	Dominion Bond Rating Service
Central governments or central banks	X	X	X	X
Regional governments and local authorities	X	X	X	X
Public sector entities and other non-profit public institutions	X	X	X	X
Multilateral Development Banks	X	X	X	
International Organisations				
Institutions	X	X	X	X
Corporates	X	X	X	X
Retail customers				
Exposures secured by real estate				
Exposures in default situation				
High-risk exposures				
Covered bonds				
Exposures to institutions and corporates with a short-term credit rating	X	X	X	
Exposures to collective investment institutions (CIIs)	X	X	X	X
Equity exposures	X	X	X	X
Other exposures				

There is currently no process in place to transfer the credit ratings of issues and issuers to comparable assets that are not included in the trading book.

The Entity uses the standard association published by EBA of each ECAI's external rating to the credit quality steps set out in Part Three, Title II, Chapter 2 of the CRR.

## 7.5 - Risk mitigation techniques and the effect on risk exposures of the application of risk reduction techniques

This section covers the CRC requirement - Qualitative disclosure requirements related to credit risk mitigation techniques.

### 7.5.1 - General information

Within the guarantees admitted in the standard calculation as eligible credit risk mitigation techniques provided for in Part Three, Title II, Chapter 4 of Regulation (EU) No. 575/2013 (CRR), the Group admits and manages mainly the following:

- Financial collateral: These include cash deposits; debt securities issued by public administrations, central banks, institutions, or companies; listed convertible shares or bonds; investment funds shares and gold.
- Personal guarantees provided by solvent coverage providers such as: administrations and central banks, regional and local administrations, multilateral development banks, international organisations, public sector entities, institutions, and insurance companies.
- Master netting agreements relating to capital market transactions, where collateral assignment agreements, generally cash deposits, have been concluded to cover the net credit risk position originated.

The Group has defined the legal requirements and criteria that must be considered for the formalisation and execution of such guarantees. Each type of guarantee has its own admission, concession, formalisation, and control circuit that contemplates its volatility and effectiveness.

The value of the mortgage guarantees provided must be supported by an updated appraisal, the maximum term allowed is detailed in the following table:

Type of operation	Maximum term (months)
Mortgage lending to natural or legal persons, except subrogation of PHP developer	6 months
Mortgage lending in subrogation processes by legal persons and for purposes other than house purchase	6 months
Mortgage lending in subrogation processes due to the extinction of condominiums (separations, divorces, etc.), inheritances, sales between private individuals...	12 months

In accordance with current legislation, any appraisal of a property provided by the client is accepted, if it is not out of date and has been carried out by an approved appraisal company registered with the Bank of Spain, in accordance with mortgage market regulations.

Among the aforementioned credit risk reduction techniques, the Group is integrating personal guarantees, genuine guarantees manifested in temporary acquisition operations, and netting agreements with collateral arrangements in the credit risk mitigation calculation.

Credit risk management at Ibercaja is carried out dynamically. This involves, among other things, continually assessing the degree of coverage of the guarantees provided.

At Ibercaja, the main types of collateral available are as follows, as detailed in the Admission Policy, approved by the Board of Directors:

- Mortgage guarantees

Fundamentally constituted by households in the operations where the holders are families and individuals, with the general criterion of not exceeding 80% of the appraisal value. In the case of transactions carried out by clients in the Productive Activities segment, excluding developers, the real estate assets involved are mainly warehouses, premises and rural properties and, to a lesser extent, commercial premises. The general criterion of not exceeding 70% of the appraised value has been established, although it will be adjusted downwards depending on the quality of the asset subject to the guarantee.

In financing the developer segment, the guarantees are constituted by the land on which future projects will be carried out or, in the case of development of real estate projects, on the land and work in progress.

The value of the mortgage guarantees provided must be supported by an updated appraisal, done by an appraisal company approved by the Bank of Spain. The Entity has preferred appraisal agencies that provide specific support for the necessary risk coverage. If the appraisal has not been carried out by these companies, this will be specifically stated in the file, with each case being studied individually.

The subrogation operations of property development loans for the acquisition of housing are not required to obtain an updated appraisal of the property. This exception is made without prejudice to the fact that, at the discretion of an expert, it is considered advisable to request a new appraisal.

- Pledging of deposits and account balances

These presuppose the existence of a certain monetary guarantee which, in the event of non-payment, allows the recovery (total or partial) of the financing operation. They therefore reduce the risk of the operation and increase its repayment capacity.

The deposits and pledged accounts are formalised in Ibercaja and their disposal is blocked while the financing operation is still alive.

The bodies that authorise the different operations are responsible for assessing the actions of unblocking or disposing of in the event of cancellations or extraordinary situations.

Additionally, Ibercaja accepts other real and personal guarantees, under an individualised study of each case, being among them:

- Pledging of investment funds and real estate. The value of these assets may be altered during the life of the risk, so the pledged funds or securities must be deposited at Ibercaja or at the Group's Management Entity, and their disposition will be blocked upon formalisation of the financing transaction.
- Pledging of goods.
- Assignment of credit rights (subsidies, rents, VAT, etc.) and advance payment of certifications from Public Bodies.
- Guarantors and Third-Party Guarantors (Mutual Guarantee Society, Financial Institutions, Public Bodies, etc.). In this respect, it is worth mentioning that the Entity participates in the granting of financing managed and guaranteed by the Official Credit Institute (ICO) within the scope of its competencies, with the aim of facilitating access to financing for companies and the self-employed and thus being able to mitigate the possible negative effects on the economy derived from the COVID-19 pandemic. This financing is guaranteed by the ICO, with the guaranteed percentage varying between 60% and 80% of the amount financed, depending on the type of financing and the size of the company.
- Comfort letter.
- Assignment of insurance collection rights.
- CESCE insurance in Factoring.
- Repayment insurance in single-person operations of significant amount.

The Entity has defined protocols for action, evaluation, and control of the risks for each of the types of guarantees admitted. Control and monitoring exercises are carried out on a recurring basis, established for each type, such as re-evaluations, updating of amounts, values, etc.

In any case, as regards credit risk mitigation techniques, the Entity does not use offsetting of items, in accordance with NIC 32.

Ibercaja's risk appetite statement is articulated with the objective of maintaining a medium-low risk profile and for this it establishes different metrics and limits in its Risk Appetite Framework, among which are those related to avoiding risk concentration in any of its manifestations.

In this regard and in relation to credit risk concentration metrics, the Bank has established as first level metrics in 2023 those relating to exposure to the public sector and the real estate sector, in both cases with respect to total assets, large exposures on own resources and exposure to sectors with high emissions intensity on exposure in productive activity, all of them being within the appetite limits set for the aforementioned metrics at the end of the year. Similarly, in addition to the above, the Entity has set a second level metric to measure exposure of the financial sector with respect to total assets, which at year-end is within the level of declared appetite.

## 7.5.2 - Quantitative information

Below is the EU CR4 template with information on the exposure and effects of credit risk mitigation following the standard approach.

Table 50: Template EU CR4 – standard approach – Credit risk exposure and CRM effects

Standardised Approach – Credit risk exposure and CRM effects						
(thousands of euros)	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
	a	b	c	d	e	F
1 Central governments or central banks	11,419,875	-	13,618,627	210	993,610	7.30%
2 Regional government or local authorities	938,747	68,451	941,183	2,207	-	-
3 Public sector entities	884,024	72,777	883,826	18,792	62,354	6.91%
4 Multilateral development banks	902	-	3,158	-	-	-
5 International organisations	-	-	-	-	-	-
6 Institutions	278,329	362	421,161	483	143,146	33.95%
7 Corporates	6,316,780	2,052,846	4,603,193	486,758	4,681,755	91.98%
8 Retail	4,069,252	1,712,166	3,491,248	178,100	2,355,544	64.20%
9 Secured by mortgages on immovable property	17,689,015	67,378	17,689,015	32,222	6,207,119	35.03%
10 Exposures in default	385,788	25,425	328,474	5,756	356,966	106.80%
11 Exposures associated with particularly high risk	164,222	111,436	164,222	55,718	329,910	150.00%
12 Covered bonds	28,302	-	28,302	-	2,830	10.00%
13 Institutions and corporates with a short-term credit assessment	8,926	10,784	8,926	2,157	11,082	99.99%
14 Collective investment undertakings	15,297	495,237	15,297	99,047	68,489	59.90%
15 Equity	470,490	1,268	470,490	1,268	474,981	100.68%
16 Other items	1,868,750	-	1,868,750	-	1,352,565	72.38%
17 Total	44,538,699	4,618,128	44,535,872	882,718	17,040,353	37.52%

Finally, the EU CR3 template is included, which offers information on the use of credit risk reduction techniques.

Table 51: Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques					
(Thousands of euros)	Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees	
					Of which secured by credit derivatives
	a	b	c	d	e
1 Loans and advances	9,267,918	22,615,935	20,052,480	2,563,455	-
2 Debt securities	9,772,246	1,626,274	-	1,626,274	-
3 Total	19,040,164	24,242,209	20,052,480	4,189,729	-
4 Of which non-performing exposures	20,576	390,444	293,598	96,846	-
EU-5 Of which defaulted	20,061	387,653	290,807	96,846	-

The application of risk mitigation techniques based on the use of collateral and personal guarantees has, as of December 31, 2022, the following effect on exposures net of value adjustments:

Table 52: Exposure net of value adjustments

Exposure net of value adjustments		
(Thousands of euros)	2023	2022
Exposure net of corrections and provisions	49,843,606	49,837,382
Fully adjusted exposure value	49,832,488	49,822,725
<b>Effect of applying reduction techniques (*)</b>	<b>11,118</b>	<b>14,657</b>

(\*) It does not include exposures to Central Counterparties, since they have a clearing mechanism with the constitution of deposits in collateral that are due daily, nor the collateral received in contractual clearing agreements.

The following table details the breakdown by exposure category and by credit quality grades (measured by the percentage applied for the purpose of calculating the risk-weighted exposure value) that are affected by the application of mitigation techniques:



Table 53: Exposure categories and quality levels

Breakdown by exposure categories and credit quality levels							
(Thousands of euros)	Measurement	0%	20%	75%	100%	150%	Total
Risk Category							
Central governments or central banks	Net exposure	10,653,212	-	-	-	-	10,653,212
	Adjusted value	12,902,166	-	-	-	-	12,902,166
Regional governments and local authorities	Net exposure	1,007,198	-	-	-	-	1,007,198
	Adjusted value	1,009,910	-	-	-	-	1,009,910
Public sector entities and other non-profit public institutions	Net exposure	-	121,619	-	-	-	121,619
	Adjusted value	-	121,421	-	-	-	121,421
Multilateral Development Banks	Net exposure	902	-	-	-	-	902
	Adjusted value	3,158	-	-	-	-	3,158
International Organisations	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Institutions	Net exposure	-	336,431	-	-	-	336,431
	Adjusted value	-	492,980	-	-	-	492,980
Corporates	Net exposure	-	-	-	8,260,051	-	8,260,051
	Adjusted value	-	-	-	6,533,157	-	6,533,157
Retail	Net exposure	-	-	5,781,669	-	-	5,781,669
	Adjusted value	-	-	5,144,925	-	-	5,144,925
Exposures secured by real estate	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Exposures in default	Net exposure	-	-	-	341,785	69,427	411,212
	Adjusted value	-	-	-	293,676	59,784	353,460
High-risk exposures	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Covered bonds	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit rating	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Exposure to collective investment institutions (CIIs)	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Equity exposures	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Other exposures	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Securitisation positions	Net exposure	-	-	-	-	-	-
	Adjusted value	-	-	-	-	-	-
Total	Net exposure	11,661,312	458,050	5,781,669	8,601,836	69,427	26,572,294
	Adjusted value	13,915,234	614,401	5,144,925	6,826,833	59,784	26,561,177
Full reduction effect		-2,253,922	-156,351	636,744	1,775,003	9,643	11,117

## 7.6 – Securitisations

This section covers the SECA requirement - Qualitative disclosure requirements related to securitisation exposures.

### 7.6.1 - General description and objectives

The treatment of securitization operations is carried out in accordance with the provisions of the Regulation (EU) n°. 2017/2402, modified by Regulation (EU) n°. 2021/557, and in Regulation (EU) n°. 575/2013, modified by Regulation (EU) n°. 2021/558:

Securitisation: a financial transaction or mechanism whereby the credit risk associated with an exposure or set of exposures is divided into tranches and which has the following two characteristics:

- The payments of the transaction or facility depend on the performance of the securitised exposure or pool of exposures.
- The subordination of the tranches determines the distribution of losses during the period of validity of the operation or mechanism.

Traditional securitisation: securitisation that involves the economic transfer of the securitised exposures to a special purpose securitisation vehicle that issues securities. The transaction may be conducted through the sale by the originator of the ownership of the securitised exposures or through sub-participation, which for these purposes shall include the underwriting of mortgage-backed securities, mortgage transfer certificates and similar securities by the special purpose vehicle. The securities issued by the vehicle do not represent payment obligations of the originator.

Synthetic securitisation: securitisation in which the transfer of risk is carried out through the use of credit derivatives or guarantees, and the securitised exposures remain the exposures of the originator.

Securitisation position: exposure to a securitisation. For this purpose, providers of credit protection with respect of positions in a particular securitisation shall be deemed to hold positions in that securitisation.

Tranche: a contractually established segment of credit risk associated with an exposure or set of exposures, such that a position in the segment involves a risk of credit loss that is greater or less than a position of the same amount in each of the other segments, without taking into account the credit protection offered by third parties directly to the holders of the positions in the segment in question or in the other segments. For these purposes, any securitisation position is either part of a tranche or constitutes a tranche in itself. The following can thus be defined:

- First loss tranche: the most subordinate tranche of a securitisation which is the first tranche to bear the losses incurred in relation to the securitised exposures and therefore provides protection to the second loss tranche and, where appropriate, to the higher-ranking tranches.

- Intermediate risk tranche: this is the tranche, other than a first loss tranche, that has a lower priority in payments than the position with the highest priority in payments of the securitisation and a lower priority than any securitisation position in the same to which a credit quality level 1 is assigned, when it is a securitisation treated under the standard approach.
- Senior tranche: this is any tranche other than a first loss or intermediate risk tranche. Within the senior tranche, the 'maximum preference tranche' means the tranche that ranks first in the order of priority of the securitisation payments, without taking into account, for these purposes, the amounts due under interest rate or currency derivatives contracts, brokerage or other similar payments.

The assessment of these characteristics for the purpose of determining whether a securitisation transaction exists is made on the basis of both the legal form and the economic substance of the transaction.

The Group carries out both asset and liability (covered bonds) securitisation transactions, which enable it to obtain liquidity by mobilizing part of its loan portfolio, homogenizing heterogeneous assets in its portfolio in order to manage them more efficiently with third parties or the market.

Securitisation transactions in which the institution acts as originator are configured as an ideal instrument for the following purposes:

- Credit risk management of the securitised portfolio (risk transfer).
- Management of the Entity's own resources.
- Financing in the institutional market for retail credit activity.
- Obtaining collateral for use as security for the ECB's monetary policy operations.

Therefore, asset securitisation is not a business in itself. The origination of the loans is not intended for their subsequent and systematic distribution or assignment to a securitisation fund.

Furthermore, the quality of the portfolio to be securitised is analysed in detail in terms of LTV, seasoning, geographical diversification, granularity, etc. The portfolio to be securitised is compared with the standard portfolio of the institution in order to maintain on the balance sheet a portfolio of at least the same quality as the securitised portfolio.

## 7.6.2 - Risks of the Group's securitisation activity

Securitisation activity means better liquidity and risk management. However, there are risks associated with the securitisation activity that are mainly assumed by the originator and/or the investing entities:

- **Credit risk:** risk that the borrower will not meet the contractual obligations assumed in a timely manner, such that the underlying asset that is supporting the originated securitisation positions will deteriorate. This is the main risk that is transmitted to investors through the securities issued in the securitisation. The Entity carries out continuous monitoring of the published data on the underlying's default, the originator's credit quality and ratings.
- **Prepayment risk:** risk arising from the total or partial early amortisation of the securitisation's underlying assets, which means that the actual maturity of the securitisation positions is shorter than the contractual maturity of the underlying assets. The assumptions on the early amortisation rates of the underlying assets should be taken into account in monitoring this risk.
- **Base Risk:** occurs when interest rates, or the terms of the securitised assets do not match those of the securitisation positions. This risk can be covered by an interest rate swap.
- **Liquidity risk:** liquidity risk is reduced by the securitisation process, which is based on the transformation of illiquid assets into debt securities traded in organised financial markets, so that, from the originator's point of view, liquidity risk is mitigated. Although, in some securitisations, from the investor's point of view, there is no certainty that the bonds will actually be traded in the market with the minimum frequency or volume that will allow positions to be undone at any given time.

Generally, the Group hedges a portion of the credit risk associated with the issues made by the asset securitisation funds in which it acts as originator, by acquiring certain subordinated tranches of such issues ("First loss tranches") issued by the securitisation funds. However, there is no implicit commitment to support the securitisation transactions carried out by the Group.

The Group does not carry out securitisations under the STS framework or synthetic securitisations. As regards the Entity's investment policy in securitisation transactions, it is sporadically directed towards:

- a) Bonds issued by securitisation funds whose assets are composed of mortgage bonds from other entities (multi-seller bonds). In practice, the bonds are equivalent to mortgage bonds in which the securitisation fund is used as a vehicle to issue homogeneous securities guaranteed by bonds from various entities. In this case, the issues invested in must be of good credit quality and must present a high degree of diversification and quality of the entities issuing the underlying mortgage bonds (in addition to the rating and solvency of the entities, it is important to know, among other factors, their mortgage delinquency, and the level of over-collateralisation of the bonds issued to date).

- b) Bonds issued by securitisation funds whose assets are composed of various assets, generally mortgage loans. In this case, the issues invested in must be of high credit quality and an analysis of the risk parameters of the securitised portfolio must be carried out beforehand (e.g., average LTV, weight of high LTV, seasoning, geographical diversification, etc.) and the credit enhancements that the tranches to be invested may benefit from.

According to the current regulation, the Entity shall conduct a due diligence process in relation to the identity of the originator or original lender and in relation to the assessment of the risks involved in the investment prior to holding a securitisation position. In addition, for those securitisation positions that are held, procedures shall be established commensurate with the risk profile of the securitisation position in order to monitor on an ongoing basis the identity of the originator or original lender and the risks involved in the investment, recording:

- The risk characteristics of each securitisation position.
- The risk characteristics of the exposures underlying the securitisation position.
- The reputation and loss history in prior securitisations of the originators or sponsors with respect to the relevant categories of exposures underlying the securitisation position.
- The originators' or sponsors' declarations and disclosures regarding due diligence on the securitised exposures and, if applicable, the quality of collateral supporting the securitised exposures.
- Where applicable, the methodologies and concepts underlying the valuation of collateral supporting the securitised exposures and the policies adopted by the originator or sponsor with a view to ensuring the independence of the valuer, and all structural features of the securitisation that may have a material impact on the performance of the securitisation position.
- All structural features of the securitisation that may have a material impact on the evolution of the Entity's securitisation position, such as contractual seniority and related triggers, credit and liquidity enhancements, market value triggers and transaction-specific default definitions.

In accordance with Article 6 of Regulation (EU) n°. 2017/2042, the Entity shall know whether the originator, sponsor or original lender has explicitly disclosed that it is prepared to maintain, on an ongoing basis, a significant net economic interest, which, in any event, may not be less than 5%.

Pursuant to Article 270 bis of Regulation (EU) n°. 575/2013, in the event that the requirements set out in Chapter 2 of Regulation (EU) n°. 2017/2042 are not satisfied in relation to any material aspect by reason of negligence or omission of the Entity the competent authorities shall impose a proportionate additional risk weight, not less than 250% of the risk weight (capped at 1,250%), to be applied to the relevant securitisation positions.

### 7.6.3 - Functions performed in the securitisation processes and degree of involvement

The main functions that the Group performs in the securitisation operations in which it participates are the following:

- Originator of the credit rights: in its securitisation activity, the Group may participate in various securitisation funds.
- Assignor and Administrator of the assets assigned to the Securitisation Funds: in its securitisation activity, the Entity may assign part of its loans and act as administrator of the securitised assets, managing the collection of amortisations and interest, recovery service and monitoring and recovery of impaired assets.
- The management of the securitisation funds originated by the Group is carried out by TDA, S.G.F.T., S.A. However, in the case of new securitisation transactions, the choice of management entity would be made taking into account the capabilities and experience of the potential candidates.
- Investor entity through the acquisition of securitisation bonds issued by other entities: The Group may hold positions in securitisation funds originated by entities outside the Group, whose underlying assets are mainly loans to companies, SMEs and mortgages.

Of the categories of specialised vehicles mentioned in article 449.d CRR2, Ibercaja Banco exclusively maintains exposures in vehicles specialised in securitisations included in the scope of regulatory consolidation of the entities. The exposures held with the aforementioned vehicles consist of different tranches of bonds, some fully hold, and others partially hold (senior tranches, intermediate risk and first loss tranches). In addition to these bond exposures, the Entity has exposure in the form of loans for amounts borrowed for initial expenses, for the constitution of the reserve fund, etc.

#### Process of monitoring and/or tracking variations in the associated risk:

Regarding the processes applied to monitor the variations of the Credit Risk of the securitisation exposures, in addition to periodically reviewing the corresponding external credit rating of the exposures, a periodic, continuous and timely monitoring shall be carried out, in proportion to the risk profile of the investments in securitisation positions and of the information related to the evolution of the exposures underlying the securitisation positions, being able to analyse, among other parameters and provided that they are applicable and the information is available, the type of exposures, the percentage of loans that are more than 30, 60 and 90 days past due, default rates, early repayment rates, foreclosed loans, type and occupancy of collateral, frequency distribution of credit quality measures of the various underlying exposures, sector and geographic diversification, frequency distribution of loan-to-value ratios, with bandwidths that facilitate an appropriate sensitivity analysis, or others.

Finally, the process of securitisation of the Entity's assets is described:

- Securitisation must be approved by the Entity's Governing Bodies.



- To this end, the General Shareholders' Meeting is periodically asked to authorise the Board of Directors to agree to the securitisation of assets for a certain amount at the time when market conditions advise so.
- With this agreement in force, the Global Risk Committee decides on the most appropriate time to carry out a securitisation and establishes ranges in which the securitisation transaction can be carried out for certain relevant parameters. Among others, the parameters it must determine are the following:
  - Volume to be securitised.
  - Minimum rating to be obtained by the rating agencies.
  - Quality of the loan portfolio to be securitised (LTV, seasoning, geographical diversification, granularity, etc.).
  - Financial costs and expenses to be assumed in the operation
  - Degree of risk transfer that should occur in the securitisation.
  - Impact on solvency ratios as a result of securitisation.
- The Financial Markets Department determines with the rating agencies the necessary credit improvements (reserve fund, subordination below the highest credit rating bracket, interest rate swap differential, etc.) to obtain the requested credit rating.
- Similarly, the Directorate of Financial Markets shall take into account the provisions of Chapter 2 of Regulation (EU) n°. 2017/2042 in relation to Ibercaja, as the originator of a securitisation transaction, shall communicate to investors the level of its commitment to maintain a net economic interest in the securitisation, in accordance with Article 5 of the aforementioned Regulation. In addition, as originator, it shall ensure that investors have easy access to all relevant data on the credit quality and performance of the various underlying exposures, cash flows and collateral backing a securitisation exposure, as well as any information necessary to conduct thorough and documented stress tests on the cash flows and value of the collateral backing the underlying exposures.
- With the information obtained, the General Accounting Unit verifies that the degree of risk transfer and the effect on the solvency ratios obtained are within the range approved by the Global Risk Committee. If this is not the case, the Global Risk Committee must again discuss the suitability of the securitisation transaction.
- In addition, at the time of executing this securitisation transaction, the Managing Director requests authorisation from the Board of Directors to carry it out.
- Once the securitisation operation has been carried out, the tasks of administration, risk monitoring and recovery of the irregular investment are carried out in the same way for the securitised loans as for the rest of the Entity's credit operations. The classification of a loan or, in general, of an asset as securitised does not therefore affect the investing offices so that such operations are treated in the same way as those of the non-securitised portfolio.

- The loan portfolio to be securitised must be adequately documented to be approved by the external audit required by the CNMV. To this end, the documentation of all the operations in the portfolio to be securitised will be reviewed in order to previously correct any possible errors in its main characteristics (purpose of the loan, holders, date of formalisation, date of maturity, reference interest rate, spread, outstanding balance, valuation, etc.) prior to the aforementioned audit.
- All legal documentation is examined by internal and/or external specialised legal advisors. The main documents are the public deed of incorporation of the Asset Securitisation Fund and the Securities Note of the securitisation bond issue which will be verified by the CNMV. The entity works in coordination with the securitisation manager, the rating agencies and the CNMV throughout this process.

The Group's asset securitisation procedure is supported by internal controls set out in documentation such as the Guides, Methodologies and Procedures Manual of Ibercaja's Capital Markets Department.

#### 7.6.4 - Accounting treatment of transfers of financial assets

Circular 4/2017 determines that securitisations in which the assignor assumes subordinated financing or another type of credit improvement for a part of the transferred asset are operations where the risks and benefits associated to the ownership of the financial asset are not substantially transferred, this being a necessary condition to be able to remove the securitised assets from the balance sheet.

In accordance with Bank of Spain Circular 4/2017, the accounting treatment of transfers of financial assets is conditioned by the way in which the risks and rewards associated with the transferred assets are transferred to third parties:

- If the risks and rewards of the transferred assets are transferred substantially to third parties, the transferred financial asset is derecognised and any rights or obligations retained or created as a result of the transfer are simultaneously recognised.
- If the risks and rewards associated with the transferred financial asset are substantially retained, in the case of financial asset securitisations in which subordinated financing or other types of credit enhancement are held that substantially absorb the expected credit losses for the securitised assets, the transferred financial asset is not derecognised from the consolidated balance sheet and continues to be measured using the same criteria as those used prior to the transfer. On the contrary, they are recognised for accounting purposes, without offsetting each other:
  - An associated financial liability for an amount equal to the consideration received, which is subsequently measured at amortised cost.
  - Both the income from the financial asset transferred, but not derecognised, and the expenses of the new financial liability.

Accordingly, financial assets are only derecognised when the cash flows, they generate have been extinguished or when substantially all the risks and rewards associated with the transferred assets have been transferred to third parties.

The securitisation transactions carried out by the Group are considered traditional securitisation transactions and no synthetic securitisation transactions have been carried out.

## 7.6.5 - Originated securitisations

As of December 31, 2023, the Group holds positions in securitisations in which it has participated as originator. In the originated securitisations, Ibercaja does not provide support through operations that have not been duly taken into account in the evaluation of the significant transfer of credit risk, either directly or indirectly, beyond their contractual obligations in order to reduce potential or real losses for investors. The Group does not hold positions in re-securitisation, nor does it hold securitisation positions in the trading portfolio.

As a general criterion, bonds issued in the first loss tranche are rated by one rating agency and the remaining tranches are rated by two. The external rating agencies used in the securitisations performed to date have been Standard and Poor's and Moody's.

Currently, the Group currently has no outstanding securitisation assets or securitised credit lines subject to early repayment treatment.

The securitisation exposures originated by the Group on December 31, 2023, are shown below, indicating the exposures in default and the corresponding specific credit risk adjustments.

Table 54: Template EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

Exposures securitised by the institution - Exposures in default and specific credit risk adjustments			
(thousands of euros)	a	b	c
	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount	Of which exposures in default	Total amount of specific credit risk adjustments made during the period
1 Total exposures	1,438,104	11,727	-1,952
2 Retail (total)	1,438,104	11,727	-1,952
3 residential mortgage	1,438,104	11,727	-1,952
4 credit card	-	-	-
5 other retail exposures	-	-	-
6 re-securitisation	-	-	-
7 Wholesale (total)	-	-	-
8 loans to corporates	-	-	-
9 commercial mortgage	-	-	-
10 lease and receivables	-	-	-
11 other wholesale	-	-	-
12 re-securitisation	-	-	-

Of these securitisations originated by the Group, *Ibercaja Vida* holds a position of 14,060 thousand euros (BV), which corresponds to a nominal amount of 14,011 thousand euros, as of December 31, 2023.

The Entity does not disclose the EU SEC1, EU SEC2, EU SEC3 and EU SEC4 templates as its securitisation positions do not meet the requirements to be included in them.

### 7.6.6 - Calculation of risk-weighted exposure amounts for securitisation positions

The Group calculates its capital requirements for positions held in securitisation transactions by applying the standardised approach defined in Part Three, Title II, Chapter 5, Section Three, Subsection Three of Regulation (EU) n°. 575/2013 (CRR).

For own securitisations, the Group calculates regulatory capital for positions held in the securitisation only in case the securitisation fund meets the regulatory conditions determining effective and significant risk transfer set out in Article 244 of Regulation (EU) No. 575/2013. Otherwise, capital is calculated for the securitised exposures as if they had not been securitised.

For the securitisations indicated below, the underlying securitised assets compute as credit risk, as there is no substantial transfer of risk, as indicated in Article 244 of Regulation (EU) n°. 575/2013 (CRR):

- Securitisation carried out in 2006 by TDA Ibercaja 3, FTA, with an outstanding position at year-end of 122,741 thousand euros and with retained positions of 85,077thousand euros.
- Securitisation carried out in 2006 by TDA Ibercaja 4, FTA, with an outstanding position at year-end of 222,019 thousand euros and with retained positions of 136,505 thousand euros.
- Securitisation carried out in 2007 by TDA Ibercaja 5, FTA, with an outstanding position at year-end of 201,686 thousand euros and with retained positions of 177,545 thousand euros.
- Securitisation carried out in 2008 by TDA Ibercaja 6, FTA, with an outstanding position at year-end of 345,341 thousand euros and with retained positions of 336,141 thousand euros.
- Securitisation carried out in 2009 by TDA Ibercaja 7, FTA, with an outstanding position at year-end of 667,371 thousand euros fully retained.
- Securitisation carried out in 2009 by TDA Ibercaja ICO-FTVPO, FTH, with an outstanding position at year-end of 64,343 thousand euros and with retained positions of 37,641 thousand euros.

As of December 31, 2023, there is no outstanding balance of assets securitised by the Group in transactions to which the regime contained in Part Three, Title II, Chapter 5 of Regulation (EU) n°. 575/2013 (CRR) for the calculation of credit risk-weighted exposure amounts for the purpose of determining capital requirements applies.



# 8

## MARKET RISK

## 8. Market Risk

### 8.1 – Definition of market risk

Market risk is defined as the possibility of incurring a loss in the value of financial investments due to a change in their price. Market risk can materialise in various financial variables or risk factors such as interest rates, exchange rates, share prices, raw material prices, etc.

Among the activities exposed to market risk in the Group's management scope is Regulatory Trading, understood as the trading of cash positions and derivatives on fixed-income and/or equity instruments with the aim of obtaining short-term profits with limited risk. The Regulatory Trading Portfolio is documented in the "Manual of Limits, Methodologies and Procedures of the Financial Markets Directorate".

The instruments admitted within the regulatory trading sub-portfolios are clearly delimited within said Manual, these being standard market instruments with high liquidity. The procedures for unwinding a strategy are detailed in this Manual and consist of the following:

- Positions taken in instruments other than OTC derivatives will be unwound in the corresponding market.
- OTC derivatives contracted:
  - they may either be cancelled with the counterparty with whom they were originally contracted, or
  - mirror transactions can be contracted in the opposite direction to the original ones with a market counterparty, so that the market risk of each derivative is cancelled.

### 8.2 - Market risk management

This section covers the MRA requirement - Qualitative disclosure requirements related to market risk.

Ibercaja's risk appetite statement is articulated with the objective of maintaining a medium-low risk profile and to this end it establishes different metrics and limits in its Risk Appetite Framework, among which are those related to avoiding risk concentration in any of its manifestations, including market risk.

The Entity carries out different operations in the financial markets subject to market risk within a framework of action defined in the "Market Risk Policy of Ibercaja Banco" and the "Manual of Limits, Methodologies and Procedures of the Financial Markets Department". The "Ibercaja Banco Market Risk Policy" is approved by the Board of Directors, which implies its active participation in the risk management process, while the strategies and limits are reflected in the "Limits Manual, Methodologies and Procedures", approved by the Global Risk Committee.



The application of these market risk management policies, together with the control environment established over them, seeks to maintain market risk levels that ensure a medium-low risk profile, in accordance with the provisions of the Appetite Declaration to Entity Risk. In this context, the Entity manages market risk taking into consideration global exposure levels, exposure by types of segmentation (portfolios, instruments, ratings), portfolio structure and profitability/risk objectives.

Within this framework of action, and with the objective of measuring and controlling the market risk of the Regulatory Trading Portfolio, there are a series of stipulated limits. In particular, the “VaR Shortfall” of the Regulatory Trading Portfolio is analysed (for a confidence level of 99% and a time horizon of 10 days), as well as sensitivity analysis and simulation of stress scenarios are carried out for the estimation of its impact on results and assets. Similarly, and for more efficient management of market risk, the portfolio is divided into two sub-portfolios, fixed income and interest rate and variable income, which are subject to their respective measurement and control of market risk through the “Value at Risk” analysis.

The most important sensitivity parameters of each type of instrument (fixed income: duration, modified duration; options: delta, gamma, vega, etc.) as well as the approach to risk maximum loss scenarios in a stress scenario and/or simulation of relevant historical scenarios are used to measure the Market Risk of the positions.

The Risk Control Directorate monitors these results in order to ensure their adaptation to the Risk Appetite Framework, being subject to periodic monitoring and reporting to the Governing Bodies.

Additionally, there are management procedures and operational limits to control market risk in portfolios other than the Regulatory Trading Portfolio and that are exposed to said risk. These limits and procedures are reflected in the “Manual of Limits, Methodologies and Procedures”.

The Governance of the Market Risk management function is duly and widely documented in the “Ibercaja Banco Market Risk Policy” and the “Manual of Limits, Methodologies and Procedures of the Financial Markets Department”, which establishes the processes and responsible parties in the management of Market Risk.

The market risk associated with the Entity's own investment portfolios is managed in the Financial Markets Department through the Financial Risk Management Unit based on the policies and procedures developed in collaboration with the Capital and Strategy unit. Balance and subsequently proposals for approval to the Global Risk Committee or the Management Committee.

The Board of Directors approves the policies for managing this risk, following a report from the Large Risks and Solvency Committee, documented in the “Ibercaja Banco Market Risk Policy”. This document contemplates identification, measurement, monitoring, control and mitigation policies, as well as operations policies regarding negotiation, revaluation of positions, classification and valuation of portfolios, cancellation of operations, approval of new products, relationships with intermediaries. and delegation of functions.

The Entity carries out hedging strategies to mitigate the different risks to which it is exposed. The coverage policy and its procedures are widely documented in the “Ibercaja Banco Market Risk Policy” and the “Manual of Limits, Methodologies and Procedures of the Financial Markets Department”. The Financial Area Management will also carry out periodic monthly monitoring of these operations, verifying the effectiveness of the coverage. Said management will present the conclusions of its monthly analysis at the meetings of the Global Risk Committee or the Steering Committee.

As of December 31, 2023, the Entity has no exposure to market risk by applying the exception to small volume trading portfolios not exceeding the thresholds established in article 94 of Regulation (EU) n°. 575/2013 (CRR), reason which is why the EU MR1 template – Market risk according to the standardized method is not included. Likewise, MMI is not used, so the regulatory templates MR2-A, MR3 and MR4 are not applicable either.

# 9

## OPERATIONAL RISK

## 9. Operational Risk

This section covers the ORA requirement - Qualitative information on operational risk. The provisions of letters (c) and (d) of the ORA requirement are not applicable to the Entity when using the standard method for the determination of capital for operational risk.

Operational Risk is defined as "the risk of loss due to the inadequacy or failure of internal procedures, people and systems, or to external events, including legal risk" in accordance with the provisions of Directive 2013/36/EU (CRD IV) and Regulation (EU) n°. 575/2013 (CRR), both dated June 26, 2013.

Specifically, the CRR develops in its Title III, the capital requirements for Operational Risk and the general principles governing the use of the different methods for its calculation.

The main purpose of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions is to adapt our legal system to the regulatory changes imposed at the international level and in its Article 39 it establishes that Regulation (EU) n°. 575/2013 of June 26 constitutes solvency regulations for credit institutions.

In this context, Ibercaja has an organisational, methodological and risk management model, among which operational risk is included, which has tools, procedures and models that favor efficient management and, in particular, in the case of Operational Risk, that enable the measurement of the equity requirements by the Standardised Approach.

Table 55: Template EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

Operational risk own funds requirements and risk-weighted exposure amounts					
(thousands of euros)	a	b	c	d	e
	Relevant indicator			Own funds requirements	Risk exposure amount
	Year -3	Year -2	Last year		
1 Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	883,598	956,940	1,195,294	124,361	1,554,518
3 <u>Subject to TSA:</u>	883,598	956,940	1,195,294		
4 <u>Subject to ASA:</u>	-	-	-		
5 Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

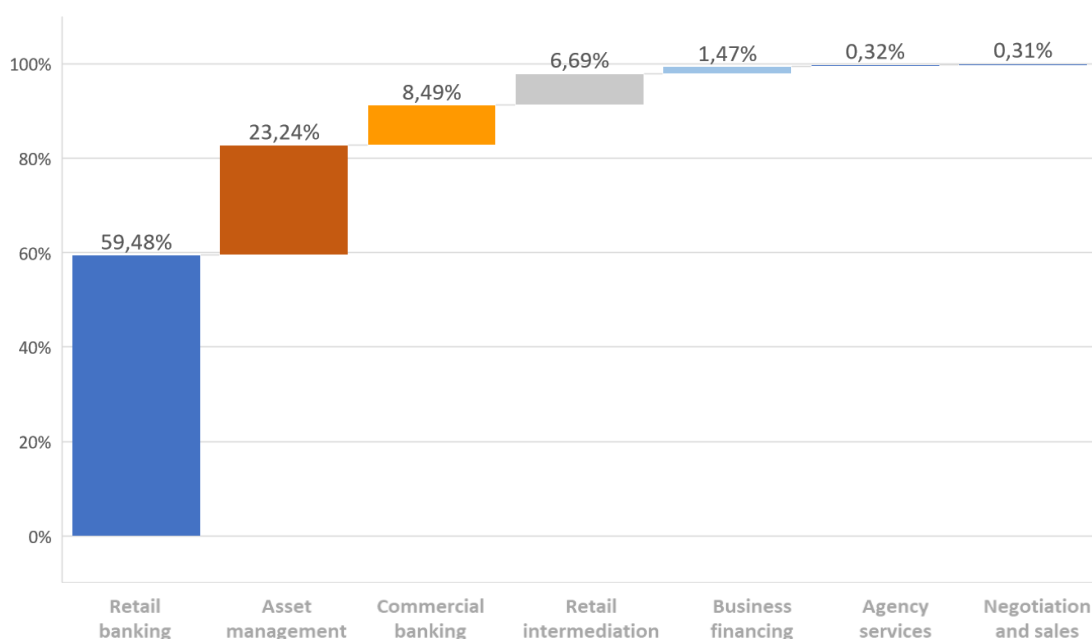
## 9.1 - Capital requirements for operational risk

Ibercaja Group has opted for the application of the Standardised Approach for the determination of capital for operational risk.

In compliance with Regulation (EU) n°. 575/2013 (CRR), Article 318, the Entity has developed and documented the specific policies and criteria to integrate the relevant indicator of its business lines and activities within the framework of the Standardised Approach.

The contribution by Business Line as of December 2023 of the RWA of equity for Operational risk, is as follows:

Illustration 11: Contribution by Business Line of the RWA of shareholders' equity for Operational Risk in %



## 9.2 - Operational Risk Management Objectives and justification

The main objective of Operational Risk management at Ibercaja is to "improve the quality and security of business and support processes, providing information on operational risks, defining and developing measures for their mitigation and control and ensuring compliance with the established regulatory framework".

Improving the quality of process management involves:

- the ongoing evaluation of operational risks associated with the activity,
- the determination and monitoring of the desired level of exposure in the management of the business,
- the establishment, in the different areas, of techniques that facilitate the management of these risks: contingency plans, insurance, increasing the effectiveness of controls, etc.



With the aim of achieving compliance with the risk management objectives, the Entity must, among other aspects, identify its exposures to operational risk and record data on the losses derived from this type of risk, identifying, in addition, the type of loss event in accordance with the categories established by the Regulations.

### 9.3 - Structure and Organisation of Operational Risk Management

The day-to-day management of operational risk is the responsibility of the Business and Support Units, as well as the subsidiaries. To this end, an operational risk coordinator is identified in each of them, responsible for identifying, managing and reporting the operational risks in their area of activity and all the processes under their responsibility.

The Non-Financial Risk Control Unit, dependent on the Risk Control Directorate, which reports to the Risk Control Department and, in turn, to the General Secretariat and Control Department as the second line of defence, defines and coordinates the application of operational risk assessment and measurement methodologies; analyses, informs and advises the different business units and corporate departments on the best way to measure, analyse and report operational risk; and generates the supporting information for decision-making by Senior Management.

Finally, Internal Audit acts as a third line of defence, supervising the actions of the first and second lines of defence. Within the framework of the Ibercaja Group, the scope of internal audit is total, thus influencing the parent company and its subsidiaries, so that no activity, information system or internal control system is excluded from its scope of action.

### 9.4 - Operational Risk Categories

Ibercaja has defined its main risk/event categorisation based on the analysis (identification and definition) of specific operational risks, carried out in the different units and subsidiaries, in a homogeneous manner for the entire Group, allowing the linkage between qualitative and quantitative methodologies, the latter based on the identification and recording of operational losses in a specific database.

The main categorisation of risks/events in Ibercaja has been based on levels 1 and 2 defined by Basel, identifying - additionally - specific individual risks by specifying level 2 typologies in a process and an organisational unit. Likewise, new subcategories of operational risk have been defined, adopting the definition established in EBA/GL/2014/13, in the section on Operational Risk Assessment.

This methodology has made it possible to obtain subcategories of Operational Risk: new risk typologies associated with individual risks are included. These subcategories include, among others, the following risks:

- Conduct Risk
- ICT risk
- Model Risk

Additionally, and linked to the Entity's scope of application of the ESG Risk Management and Sustainability Policies, those aspects associated with said scope are considered in the field of Operational Risk.



## 9.5 - Methodologies for measuring Operational Risk

Ibercaja uses a combination of the following operational risk measurement methodologies:

- **Quantitative methodologies based on:**
  - Identification, recording of losses derived from operational risk in a loss database and evolutionary analysis of the latter.
- **Qualitative methodologies based on:**
  - Operational risk map, consisting of the identification and evaluation of operational risks and existing controls in processes and activities (self-assessments).
  - Compilation and analysis of operational risk indicators.
- **Management support solutions based on:**
  - A management information model for the generation of reports to monitor Ibercaja exposure to operational risk
  - Identification and monitoring of action plans to mitigate this risk.

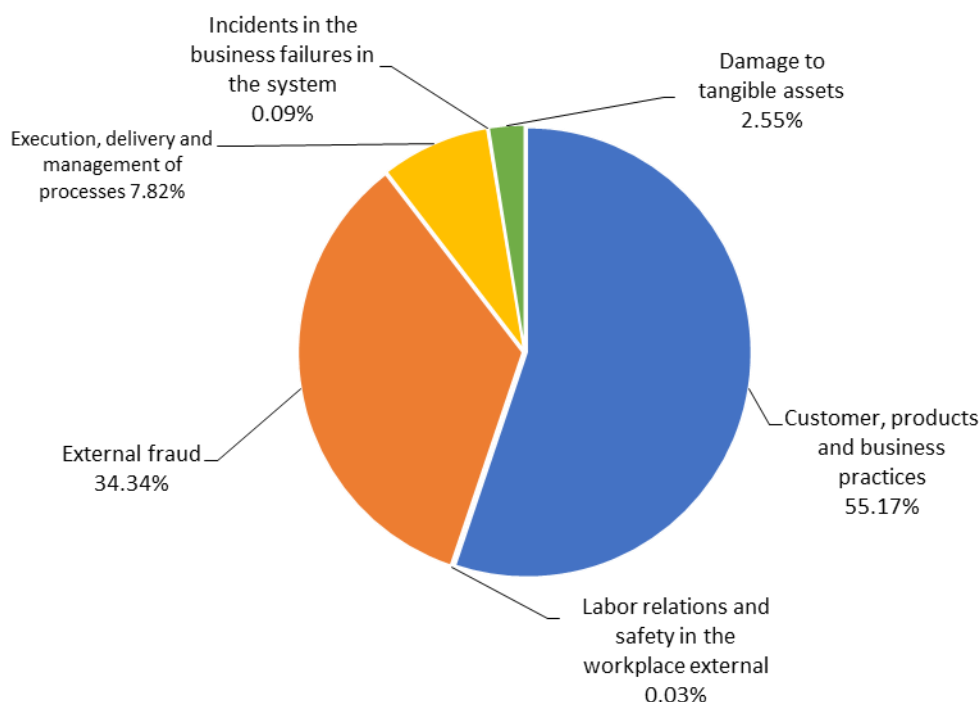
As a result of the application of the different operational risk measurement methodologies in 2023, it is concluded that the operational risk profile is medium-low, aligned with the Entity's risk appetite framework (RAF).

## 9.6 - Loss Database

The internal Loss Database is one of the pillars on which the Entity's operational risk measurement and management is based. In this regard, Ibercaja has a series of processes and sources that allow the capture of events at source, automatically registering them in the database, with the minimum information required for their registration and classification.

Below is a chart showing the distribution of the Group's operational loss events during the 2023 financial year by regulatory category:

Illustration 12: Loss events by risk category as a %



The Operational Loss Database has a control or filtering system that, depending on the amount, requires subsequent validation by the corresponding unit or subsidiary, or by the Non-Financial Risk Control Unit, giving greater reliability and integrity to the data and the homogeneous application of criteria.

## 9.7 - Self-assessments

This self-assessment process, which is carried out annually, is one of the pillars on which operational risk management revolves and, together with other tools and methodologies, it supports the identification of exposures to operational risks.

Among the objectives of the qualitative methodology are:

- Identify and evaluate the various operational risks that could potentially affect the different processes, in terms of frequency and impact.
- Obtain information on the existence and effectiveness of the control structure implemented for its mitigation.
- Identify opportunities for improvement in activities with greater exposure.

Likewise, this process incorporates the assessment of the reputational impact of the risks, responding to the regulatory recommendations on the matter.

During 2023, the annual update of the self-assessment of 642 operational risks.

## 9.8 - Operational Risk Indicators

Risk indicators or metrics, often financial, may reveal the risks to which the Entity is or may be exposed. The evolution of such indicators should be reviewed periodically to alert to changes that may be indicative of exposures to certain risks.

The use of risk indicators pursues the following fundamental objectives through the measurement of variables that affect that risk:

- Identify the causes that generate the risks.
- Act as a warning signal for increased levels of risk.
- Check the effectiveness of controls and improvements made to them.

## 9.9 - Action Plans

One of the objectives of the implementation of the operational risk management model in the Ibercaja Group refers to the establishment by the units and subsidiaries of procedures to improve operational processes and the existing control structure.

Therefore, together with obtaining the Entity's operational risk profile, the Ibercaja Group periodically adopts measures aimed at mitigating operational risk, using procedures that enable mitigation plans to be established and monitored.

# 10

## **HOLDINGS AND EQUITY INSTRUMENTS NOT INCLUDED IN THE TRADING PORTFOLIO**

## 10. Holdings and equity instruments not included in the trading portfolio

### 10.1 - Classification, valuation and accounting criteria

Notes 2.1 and 2.2.4 to the Group's consolidated financial statements for 2023 include a description of the portfolios into which the Group's investments and equity instruments are classified, together with the accounting policies and measurement bases applied to each of them. These notes also indicate the models and assumptions applied to determine the value of the instruments included in each portfolio. The Report forms part of the annual financial statements, which are available on the Ibercaja Banco website ([Periodic Information - Corporative Website | Ibercaja Banco](#)).

The Group has interests in entities in whose management and decision-making processes it is involved to a greater or lesser extent, with which it pursues the achievement of objectives that are integrated into the Group's strategy and in which there is an intention to maintain a relationship of permanence in its shareholding ("strategic investments"). It also has interests in other entities with different objectives, basically consisting of maximizing the results obtained through their management ("Financial assets at fair value through other comprehensive income"). Investments and equity instruments owned by the Group that are classified for accounting purposes as Group companies, associates and jointly controlled entities are held for strategic purposes.

In addition, there are some participations classified in the category of financial assets at fair value through other comprehensive income that are also held for strategic purposes. Among the strategic investments classified in the category of financial assets at fair value with changes in other comprehensive income, there is the holding in *Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (Caser)*.

### 10.2 - Quantitative information

The carrying value of the equity investments owned by the Group as of December 31, 2023, which are not included in the trading portfolio, is 301,038 thousand of euros.

Below is a detail of the exposures in equity investments and equity instruments held by the Group on December 31, 2023, excluding the exposures in instruments that are part of the trading portfolio, as defined for the purposes of equity requirements in section 10.1 above of this report:

Table 56: Value of exposures to equity and capital instruments

Exposure to equity and capital instruments		
(thousands of euros)	Exposure 2023	Exposure 2022
Listed equity instruments	79,659	125,363
Unlisted equity instruments	441,041	438,038
<b>Total</b>	<b>520,700</b>	<b>563,401</b>

The Group has recorded in equity an amount of 43,638 thousand euros as a result of changes in value in shares in equity instruments other than those included in the trading portfolio.

The amount of the gains recorded by the Group in 2023 on sales of holdings that are part of the consolidable Group amounted to 50 thousand euros.



# 11

## STRUCTURAL INTEREST RATE RISK

## 11. Structural interest rate risk

This section covers the IRRBBA requirement - Qualitative information on IRRBB. Provisions of letters (e) and (i) do not apply in the absence of behavioral models and parametric assumptions other than those used for the EU IRRBB1 template disclosure and other relevant information regarding IRRBB measures not disclosed in IRRBB1.

Interest rate risk is defined as the possibility that the Group's net interest margin or economic value will be affected by adverse changes in interest rates that affect the cash flows from financial instruments. Internally, it is defined as the current or future risk to the economic value or income of the bank due to adverse fluctuations in interest rates that affect sensitive positions in its structural balance sheet (thus excluding trading activities).

The sources of interest rate risk are:

- Gap risk: risk associated with the different time structure of interest-rate-sensitive balance sheet instruments, arising from differences in the timing of their repricing or maturity.
- Basis risk: Risk arising from the different benchmarks used for their repricing, the asset and liability instruments that are sensitive to interest rates.
- Optionality risk: risk arising from implicit or explicit options, which arises when either the entity or the customer has the option to alter future cash flows if it is beneficial to them. It includes the risk of customer behaviour according to the evolution of interest rates (behavioural option).

The objective of this risk management is to contribute to maintaining current and future profitability at optimal levels while preserving the Entity's economic value.

Risk management is based on the identification and evaluation of the different sources of risk according to the sensitivity of the various on- and off-balance sheet items. It is complemented by monthly measurements of the economic value and net interest income under a base scenario and its comparison with stressed scenarios as a measure of risk. The main measures used to manage and control interest rate risks include:

- Measures of economic value sensitivity to changes in market interest rate curves on static balance sheets.
- Margin sensitivity measures to instantaneous and gradual movements in market interest rate curves over 12- and 24-months periods on static and dynamic balance sheets incorporating new business projections.
- Measures of repricing gap and balance sheet duration.

These measurements, calculated on a monthly basis, are performed in both static and dynamic situations that incorporate the future evolution of the bank's balance sheet.



The Bank applies various shifts in its interest rate stress scenarios, which are described below:

- Regulatory scenarios: scenarios will be applied in accordance with current regulations.
- Management Scenarios: different scenarios are defined to try to capture in each one of them the interest rate movements that can most affect both Economic Value and Interest Margin.

For regulatory stress scenarios, the floors established in current regulations are applied.

Additionally, these measures are contrasted with:

- The thresholds established in the Risk Appetite Framework approved by the Board of Directors.
- Regulatory limits.

The modelling of interest rate risk metrics is based on:

- Interest rate curves.
- Behavioral models to determine the cash flows of products with implicit optionality.
- Projections of future balance sheet evolution.

The Entity has behavioral models that establish the essential assumptions on sensitivity and duration based on historical experience for the following product categories:

- Demand savings accounts

To identify unstable balances (with immediate sensitivity) and stable balances (with little probability of repricing in the event of significant changes in interest rates), as well as stable balances that start with is sensitive and to what extent is it affected by movements in interest rates, statistical models are applied to accounts with no contractual maturity (NMD).

- Loan prepayments

In order to calculate a prepayment rate for fixed-rate loans by customers before their contractual maturity date, an analysis is performed on historical data and the evolution of interest rates.

- Early cancellation of term deposits

Model used to determine the rate of term deposits cancellations.

- Disposition of credits and cards

It models the behavior of these asset items based on the evolution of interest rates and historical data.

These models are used both in regulatory metrics and at management level.

The Entity actively manages interest rate risk mitigation through natural hedges generated by the composition of the various balance sheet items, as well as by contracting macro and micro fair value accounting hedges in the financial markets.

## 11.1 - Changes in interest rates

The sensitivity profile of the Group's balance sheet to interest rate risk December 31, 2023 is shown below, indicating the carrying value of those financial assets and liabilities affected by this risk, which are classified according to the estimated term until the interest rate review or maturity date.

As of December 31, 2023:

Table 57: Balance sheet sensitivity profile on December 31, 2023

Terms until the effective interest rate or maturity adjustment							
(millions of euros)	< 1 month	Between 1 and 3 months	3 months to 1 year	Sensitive Balance	Non-sensitive balance	Between 1 and 5 years	> 5 years
Assets	6,713	6,536	10,967	24,216	22,744	9,798	12,946
Liabilities	14,262	3,500	5,992	23,753	23,207	8,163	15,045
<b>Gap Period</b>	<b>-7,549</b>	<b>3,036</b>	<b>4,975</b>	<b>463</b>	<b>-463</b>	<b>1,635</b>	<b>-2,098</b>

Sensitive balances are considered to be those whose maturity or repricing occurs within the next twelve months. This period is established as a reference to quantify the effect of changes in interest rates on the Group's annual net interest margin.

The Gap shown in the table represents the difference between sensitive assets and liabilities in each period, i.e., the net balance exposed to price changes. The average gap for the period amounted to -2,412 million euros, or -5.14% of assets.

The impact of structural balance sheet interest rate risk on the margin and economic value due to interest rate changes is presented below:

Table 58: Impact of changes in interest rates

Impact of changes in interest rates					
		2023		2022	
		Increase	Decrease	Increase	Decrease
Impact on the Group's net interest income	200 points	-6,86%	-7,16%	-8,50%	-12,68%
Impact on the Economic Value /Own Funds	200 points	1,57%	-2,50%	1,32%	-0,87%

With data as of December 31, 2023, the impact on the Entity's net interest income in the event of a 200 basis points increase in interest rates is -38.15 million euros, -6.86% of the net interest income for the next 12 months, and in the event of a decrease of 200 basis points is -39.85 million euros, -7.16% of the net interest income for the next 12 months (in December 2022, -41.00 million euros and -8.50% in the event of increases and -61,14 million euros and -12,68% in the event of decreases) under the hypothesis of a static balance sheet and maintenance of the size and structure of the balance sheet, assuming that interest rate movements occur instantaneously and are the same for all points on the curve, with a floor ranging from minus 150 bp, progressively rising until reaching zero in 50 years.

The impact on the economic value of the Entity in the event of a 200 basis points increase in interest rates is 93.05 million euros, 1.57% of the economic net worth, and in the event of a decrease of 200 basis points is -147.62 million euros, -2.507% of the economic net worth (in December 2022, 82.93 million euros and 1.32% on increases and -54.16 million euros and -0.87% on decreases) under the assumption that interest rate movements occur instantaneously and are the same for all points on the curve, with a floor ranging from minus 150 bp, progressively rising until reaching zero in 50 years.

Table 59: Template EU IRRBB1 - Interest rate risks of non-trading book activities

Interest rate risks of non-trading book activities				
(thousands of euros)	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios	Current period	Last period	Current period	Last period
1 Parallel up	93,052	-52,947	-38,152	-53,060
2 Parallel down	-147,622	115,978	-39,850	51,901
3 Steepened	180,501	152,056		
4 Flatteners	-182,181	-152,102		
5 Short rates up	-147,865	-120,910		
6 Short rates down	158,110	140,476		

The change in slope of the interest rate curve, the change in prepayment models and early cancellation of instalments, balance sheet management, as well as variations in the volume and composition of the items most sensitive to variations in rates of interest (demand savings accounts, financial portfolios, loans at fixed rates, financing with repos) have led to an increase in the sensitivity of the economic value to movements in interest rates.

The most sensitive regulatory scenarios in economic value would correspond to the flattening scenarios of the slope.

The sensitivity of the margin with respect to 2022 remains stable in a scenario of rate increases, reducing in scenarios of decreases.

The Group's average and maximum repricing maturity are provided below as a main conclusion.

Table 60: Sections (1) (2) of the Template EU IRRBBA – Disclosure of the average and longest repricing maturity assigned to non-maturity deposits

Disclosure of the average and longest repricing maturity assigned to non-maturity deposits			
(months)	Average repricing maturity		Longest repricing maturity
	Core volume	Total volume	Total volume
Retail	61	49	180
Non-financial wholesale	77	38	180



# 12

## LIQUIDITY AND FINANCING RISK

## 12. Liquidity and financing risk

This module covers the LIQA requirement - Liquidity risk management.

Liquidity risk is defined as the possibility of incurring losses as a result of not having or not being able to access sufficient liquid funds to meet payment obligations so that it can continue to develop its normal business operations

The objective of the Entity approved by its governing bodies is "to maintain a loose liquidity position that ensures that payment obligations are met."

The Risk Appetite Framework materialises through its indicators, limits and thresholds that risk profile objective. To this end, and in addition to the regulatory ratios, the Entity has defined first level metrics that allow controlling the financing structure of the retail activity, maintaining a loose liquidity position and adequate reliance on wholesale markets include the following metrics and levels on December 31, 2023:

- Ratio Credit on Deposits (Loans to Deposits) of 84.86%.
- Drawn balance on ECB policy as a percentage of total assets (net of ECB account balance) with a level of 0%.
- Available Liquidity on Total Assets, with a value of 23.73%.
- Wholesale Funding Ratio (percentage of wholesale funding over total assets) at 14.66%.
- Survival horizon (period the Entity can withstand liquidity outflows in a prolonged adverse scenario) greater than 180 days.

As of December 31, 2023, the Group's available liquidity amounted to 12,134 million euros (13,345 million euros on December 31, 2022), and issuance capacity 8,180 million euros (6,880 million euros on December 31, 2022). Thus, total availability stands at 20,314 million euros (20,225 million euros on December 31, 2022), an increase of 88 million euros compared with the end of last year. During 2023, wholesale maturities were serviced for a nominal amount of 660 million euros: mortgage covered bonds (575 million euros), securitisation bonds owned by third parties (85 million euros).

A breakdown of available liquidity is given below:

Table 61: Breakdown of available liquidity

Breakdown of available liquidity		
(thousands of euros)	2023	2022
Cash and Central Banks	1,792,730	1,351,694
Available in policy	6,494,859	5,798,903
Eligible out-of-policy assets	3,498,954	5,838,121
Other marketable assets not eligible for the Central Bank	347,533	356,274
<b>Accumulated available balance</b>	<b>12,134,076</b>	<b>13,344,992</b>

The collateral policy with the ECB includes pledged assets for the discounted value of 6,495 million euros on December 31, 2023 (5,799 million euros on December 31, 2022), of which, as of December 31, 2023, nothing is available, therefore, there is a large amount available that can be accessed to meet liquidity needs.

In addition to the aforementioned policy, the Entity has very diverse sources of funding:

- Thus, the broad base of retail deposits stands out for 29,486 million euros, of which 85% correspond to stable balances.
- The entity has collateral financing of 4,792 million euros, of which 3,080 million euros are contracted with central counterparties.
- Wholesale issues for 3,058 million euros, characterised by the diversification of their maturities.
- Deposits from Group financial institutions of 409 million euros.
- Deposits from other customers of 3,798 million euros, among others

The Entity's balance sheet does not present significant concentrations of liquidity risk in its assets or in its sources of financing.

The following table shows the breakdown by term of the contractual maturities of assets and liabilities (liquidity gap) on December 31, 2023, and December 31, 2022:

Table 62: Breakdown by term of contractual maturities of assets and liabilities

Breakdown by term of contractual maturities of assets and liabilities*							
(thousands of euros)	On demand	1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
<b>ASSETS</b>							
Deposits with credit institutions	68,651	1,960	36,435	-	-	99,021	206,066
Loans to other financial institutions	-	39	1,341	351	14,936	24,737	41,404
Temporary acquisitions of securities and lending of securities	-	702,327	-	200,000	-	-	902,327
Loans (includes past due, doubtful, failed, and foreclosed)	-	949,080	1,263,952	2,671,094	7,934,474	16,933,528	29,752,128
Settlement of securities portfolio	-	289,143	166,791	641,490	5,184,532	4,317,877	10,599,834
Hedging derivatives	-	122	-6,856	4,238	69,412	75,541	142,458
Trading derivatives	-	-	-	-	-	-	-
Interest margin	-	87,795	185,137	674,608	-	-	947,540
<b>Total on December 31, 2023</b>	<b>68,651</b>	<b>2,030,466</b>	<b>1,646,802</b>	<b>4,191,781</b>	<b>13,203,355</b>	<b>21,450,704</b>	<b>42,591,758</b>
<b>Total on December 31, 2022</b>	<b>60,033</b>	<b>2,348,908</b>	<b>1,955,437</b>	<b>3,414,055</b>	<b>13,228,737</b>	<b>22,777,579</b>	<b>43,784,747</b>
<b>LIABILITIES</b>							
Wholesale issues	-	1,960	3,896	517,218	2,475,659	59,145	3,057,878
Deposits from credit institutions	7,332	4,803	-	-	-	2,368	14,503
Deposits from other financial institutions and organisations	523,150	-42,952	-	1	-	-	480,198



Deposits from large non-financial companies	120,538	1	-	-	-	-	120,539
Financing of the rest of the clientele	31,665,174	177,127	205,326	1,162,372	74,075	744	33,284,818
Funds for mediation credits	-	2,132	2,364	16,199	53,125	14,735	88,554
Financing with securities collateral	-	3,871,194	220,000	700,609	-	-	4,791,804
Other net outflows	-	35,113	60,183	294,817	126,378	30,255	546,745
Hedging derivatives	-	17,506	27,065	53,770	56,828	-	155,168
Formalised loans pending disbursement	-	571,475	-	-	-	-	571,475
Commitments available from third parties	3,347,542	-	-	-	-	-	3,347,542
Financial guarantees issued	9,306	2,924	448	2,922	3,091	1,662	20,354
<b>Total on December 31, 2023</b>	<b>35,673,043</b>	<b>4,641,282</b>	<b>519,282</b>	<b>2,747,908</b>	<b>2,789,156</b>	<b>108,909</b>	<b>46,479,580</b>
<b>Total on December 31, 2022</b>	<b>38,699,602</b>	<b>2,983,446</b>	<b>419,754</b>	<b>2,622,220</b>	<b>2,611,434</b>	<b>176,423</b>	<b>47,512,878</b>
<b>Gap of the period 2023</b>	<b>-35,604,392</b>	<b>-2,610,816</b>	<b>1,127,519</b>	<b>1,443,873</b>	<b>10,414,199</b>	<b>21,341,795</b>	<b>-</b>
<b>Gap of the period 2022</b>	<b>-38,639,569</b>	<b>-634,538</b>	<b>1,535,683</b>	<b>791,835</b>	<b>10,617,303</b>	<b>22,601,155</b>	<b>-</b>
<b>Accumulated gap (without on-demand savings) 2023</b>	<b>-</b>	<b>-2,610,816</b>	<b>-1,483,296</b>	<b>-39,424</b>	<b>10,374,775</b>	<b>31,716,570</b>	<b>-</b>
<b>Accumulated gap (without on-demand savings) 2022</b>	<b>-</b>	<b>-634,538</b>	<b>901,145</b>	<b>1,692,980</b>	<b>12,310,283</b>	<b>34,911,438</b>	<b>-</b>

*\*Includes principal and interest maturities and no assumptions of new business.*

The maturity of demand deposits is not determined contractually. It has been recorded in the first-time window (overnight) although these deposits are mostly stable.

Regarding other contingent risks, the Group controls the position of:

- Financing received from investment funds and pension plans with clauses that trigger repayment based on downgrades in Ibercaja Banco's credit rating. At the end of 2023, there were no amounts affected by the downgrade of one notch in the rating.
- Derivative liabilities for 333 million euros, which have required the provision of additional guarantees for 333 million euros, as well as asset derivatives for 2 million euros, for which additional guarantees have been received for 2 million euros. Additionally, those made by the camera have required additional guarantees for 84 million euros.
- Securities collateral financing of 4,270 million euros, which required the provision of additional guarantees of 270 million euros in cash (guarantees include both disposals and temporary acquisitions of assets).
- International operations with cards with CECA, require the provision of 11 million euros in fixed income guarantees.
- The coverage of principal and interest maturities of the next 6 months of mortgage bonds requires a contribution of guarantees of 170 million euros in fixed income.

In addition, Ibercaja Banco has signed master netting agreements, and their annexes for the exchange of collateral, with all the entities with which it operates in over-the-counter (OTC) derivatives and simultaneous operations. Its signature is a prerequisite for those entities with which this type of operation is to be initiated. Ibercaja Banco participates as a direct member of the central clearing houses for simultaneous operations LCH Clearnet and MEFFClear, and in Eurex for operations with some types of interest rate derivatives, being a common market practice that has spread among participants after the entry into force of EMIR regulations.

In relation to the financial guarantee contracts issued, the nominal amount of the guarantee does not necessarily represent an actual disbursement obligation or liquidity requirement, which will depend on the fulfilment of the conditions for the amount of the committed guarantee to be disbursed.

On the other hand, the Ibercaja Group does not hold speculative foreign currency positions

Neither does it hold any significant open positions in foreign currencies of a non-speculative nature (the largest overall net foreign currency position in state C.22 does not exceed 2% of total eligible capital).

The main intragroup liquidity policies and flows are summarised below:

### Financial Group

- Ibercaja Group receives the Financial Group's contribution to the consolidated income statement in the form of dividends and fees.
- Investment activity of the Financial Group's subsidiaries in the parent entity: the Financial Group's main subsidiaries maintain active positions with the parent entity in term deposits, current accounts or other financial instruments, linked to the management of their cash and equity.

### Real Estate Group

- Real Estate Group also contributes to the consolidated result of the Ibercaja Group. Ibercaja Banco finances its member companies through capital increases, as well as loans for the purchase of assets (real estate or land) from foreclosures or dations in payment arising from the parent entity's credit operations.

### Instruments and services

- As for the service provision subsidiaries, there are no significant financial relationships.

### Financing Vehicles

- With regard to the Securitisation Funds, Ibercaja Banco carried out securitisations until 2009 with the aim of obtaining liquidity, improving the consumption of own resources and transferring credit risk. Most were placed on the wholesale market except for the latest securitisations (2008 - 2009) which were retained by the Bank to serve as collateral in the ECB's guarantee policy.

- After the issue, the Bank carried out buybacks from third parties in order to strengthen its balance sheet, which resulted in a portfolio of securitised bonds.

No other additional items have been considered relevant for the calculation of LCR, not included in this section, but relevant to its liquidity profile.

## 12.1 – Regulatory liquidity ratios in 2023

This section covers the LIQB requirement - Qualitative information on the liquidity coverage ratio, which complements template EU LIQ1. Moreover, provisions of letter (f) do not apply to the Entity as there is no material exposure to other currencies.

The level of liquid assets available to the Group makes it possible to manage and control short and medium-term liquidity needs, avoiding misalignments in the business model, even under periods of stress or in the face of significant variations in market conditions. The LCR ratio is a good indicator of the capacity to cover liquidity needs.

The LCR (Liquidity Coverage Ratio) of the Ibercaja Group on December 31, 2023 amounts to 247% (306% on December 31, 2022), while the NSFR (Net Stable Funding Ratio) on December 31, 2023 stands at 141% (153% on December 31, 2022).

The values for each quarter of 2023 and 2022, on a consolidated basis, are shown below:

Table 63: Quarterly evolution of the LCR - values on March 31

(millions of euros)		
Quarter end date	31-Mar-23	31-Mar-22
Liquidity buffer	11,547	13,594
Total net cash outflow	3,245	3,074
Liquidity Coverage Ratio (%)	356%	442%

Table 64: Quarterly evolution of the LCR - values on June 30

(millions of euros)		
Quarter end date	30-Jun-23	30-Jun-22
Liquidity buffer	9,992	13,682
Total net cash outflow	3,228	3,140
Liquidity Coverage Ratio (%)	309%	436%

Table 65: Quarterly evolution of the LCR - values on September 30

(millions of euros)		
Quarter end date	30-Sep-23	30-Sep-22
Liquidity buffer	8,580	13,614
Total net cash outflow	3,302	3,188
Liquidity Coverage Ratio (%)	261%	427%



Table 66: Quarterly evolution of the LCR - values on December 31

(millions of euros)		
Quarter end date	31-Dec-23	31-Dec-22
Liquidity buffer	7,725	12,858
Total net cash outflow	3,342	3,223
Liquidity Coverage Ratio (%)	233%	400%

In addition, the EU LIQ1 template provides quantitative information on the different components of the LCR ratio, offering a comparison of its evolution in the last four quarters of 2023.

Throughout the last quarters, the level of average weighted liquid assets for the last 12 months has fallen from 11,547 million euros (average data for the last 12 months as of mar-23) to 7,725 million euros (average data for the last 12 months as of dic-23), being the level of real liquid assets of 8,053 million euros as of 31/12/2023. The level of 30-day outflows remains relatively stable. The LCR ratio goes from 359% (average of the last 12 months, as of mar-23) to 233% (average of the last 12 months, as of dic-23), being the real ratio of 247% as of 31/12/2023.

The most influential factors in the result of the LCR are, on the one hand, the level of liquid assets that the entity has, which has been decreasing throughout the last quarters primarily due to the entity's strategy of transferring customer deposits to investment funds, and on the other, the amount of deposits from creditors, which influence 30-day outflows, and which has remained stable throughout this period, slightly varying its composition (slight increase in wholesale, fall in retail).

The main source of financing is the bank's creditors, mainly retail and with stable balances.

The liquidity buffer consists mainly of reserves in the ECB's account and national government debt.

Derivative guarantees do not count as liquid assets. Every month, the variation of the required guarantees is reviewed, and the entity considers as a 30-day liquidity outflow, the maximum variation produced in the last 24 months, according to the regulations, to cover these possible requests for guarantee.

Table 67: Template EU LIQ1 – Quantitative Information of LCR

	Liquidity Coverage Ratio (LCR)								
	(thousands of euros)	a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Scope of consolidation: (consolidated)	Dec-2023	Sep-2023	Jun-2023	Mar-2023	Dec-2023	Sep-2023	Jun-2023	Mar-2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-quality liquid assets (HQLA)								
1	Total high-quality liquid assets (HQLA)					7,724,632	8,580,006	9,991,508	11,547,218
	Cash - Outflows								
2	Retail deposits and deposits from small business customers, of which:	30,000,620	31,069,174	32,077,989	32,850,450	1,702,129	1,768,652	1,832,767	1,881,021
3	Stable deposits	25,958,659	26,765,305	27,500,636	28,080,479	1,297,933	1,338,265	1,375,032	1,404,024
4	Less stable deposits	4,041,961	4,303,870	4,577,353	4,769,972	404,196	430,387	457,735	476,997
5	Unsecured wholesale funding	4,220,002	4,089,281	3,989,681	4,043,924	1,713,039	1,581,832	1,453,615	1,428,398
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,111,073	1,253,890	1,364,900	1,466,570	277,768	313,473	341,225	366,643
7	Non-operational deposits (all counterparties)	3,051,655	2,776,199	2,613,588	2,567,193	1,377,996	1,209,168	1,101,197	1,051,595
8	Unsecured debt	87,990	89,907	41,908	40,876	87,990	89,907	41,908	40,876
9	Secured wholesale funding	-				-		-	-
10	Additional requirements	2,261,064	2,244,072	2,177,293	2,134,776	281,864	282,666	267,553	248,409
11	Outflows related to derivative exposures and other collateral requirements	124,356	122,570	113,304	101,765	124,356	122,570	113,304	101,765
12	Outflows related to loss of funding on debt products	-	-	-	-	-		-	-
13	Credit and liquidity facilities	2,136,709	2,121,502	2,063,989	2,033,011	157,509	160,096	154,249	146,643
14	Other contractual funding obligations	3,690	3,690	3,690	-	3,690	3,690	3,690	-
15	Other contingent funding obligations	1,646,694	1,697,785	1,720,562	1,753,072	149,032	161,756	159,465	157,377
16	Total cash outflows	-				3,880,469	3,829,312	3,747,806	3,745,920
	Cash - Inflows								
17	Secured lending (e.g., reverse repos)	952,520	1,159,872	1,365,858	1,521,480	-	-	-	-
18	Inflows from fully performing exposures	977,422	966,657	963,360	931,349	528,080	517,027	509,672	488,433
19	Other cash inflows	50,352	48,966	48,616	60,632	10,070	9,793	9,723	12,126

<b>EU 19a</b>	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-				-	-	-	-
<b>EU 19b</b>	(Excess inflows from a related specialised credit institution)	-				-	-	-	-
<b>20</b>	<b>Total cash inflows</b>	<b>1,980,294</b>	<b>2,175,495</b>	<b>2,377,834</b>	<b>2,513,460</b>	<b>538,151</b>	<b>526,820</b>	<b>519,395</b>	<b>500,560</b>
<b>EU 20a</b>	<i>Fully exempt inflows</i>	-	-	-	-	-	-	-	-
<b>EU 20b</b>	<i>Inflows subject to 90% cap</i>	-	-	-	-	-	-	-	-
<b>EU 20c</b>	<i>Inflows subject to 75% cap</i>	1,980,294	2,175,495	2,377,834	2,513,460	538,151	526,820	519,395	500,560
	<b>Total adjusted value</b>								
<b>21</b>	<b>LIQUIDITY BUFFER</b>	-				7,724,632	8,580,006	9,991,508	11,547,218
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>	-				3,342,318	3,302,491	3,228,411	3,245,360
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>	-				232.52%	261.17%	309.49%	356.73%

In relation to the net stable funding ratio, which seeks a balance sheet structure in which both assets and off-balance sheet positions are funded with stable liabilities, the following quantitative information is provided below.

Table 68: Template EU LIQ2 - Net Stable Funding Ratio

Net Stable Funding Ratio					
(thousands of euros)	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	1 year or more	
Available stable funding (ASF) items					
1 Capital items and instruments	3,302,859	-	-	500,000	3,802,859
2 Own funds	3,302,859	-	-	500,000	3,802,859
3 Other capital instruments		-	-	-	-
4 Retail deposits	-	28,567,211	335,176	57,937	27,316,916
5 Stable deposits		24,669,618	267,009	46,560	23,736,356
6 Less stable deposits		3,897,593	68,167	11,376	3,580,560
7 Wholesale funding:	-	9,956,807	32,392	1,772,522	3,878,591
8 Operational deposits		191,946	2,255	85,673	161,640
9 Other wholesale funding		9,764,861	30,136	1,686,849	3,716,950
10 Interdependent liabilities		-	-	-	-
11 Other liabilities:	1,790	2,435,271	-	-	-
12 NSFR derivative liabilities	1,790				
13 All other liabilities and capital instruments not included in the above categories		2,435,271	-	-	-
14 Total available stable funding (ASF)					34,998,366
Required stable funding (RSF) items					
15 Total high-quality liquid assets (HQLA)					55,162
EU-15a Assets encumbered for more than 12m in cover pool		-	-	-	-

16	Deposits held at other financial institutions for operational purposes		107,045	0	99,021	152,544
17	Performing loans and securities:		3,691,365	1,682,968	22,972,515	19,754,882
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,482	234	39,673	39,938
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,242,719	822,721	7,772,892	8,119,821
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	1,455	25,050	2,163
22	Performing residential mortgages, of which:		1,447,165	860,013	14,801,242	11,260,221
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,447,165	860,013	14,801,242	11,260,221
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	-	358,708	334,901
25	Interdependent assets		-	-	-	-
26	Other assets	-	484,158	-	4,519,777	4,596,745
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			68,355		58,102
29	NSFR derivative assets			-		-
30	NSFR derivative liabilities before deduction of variation margin posted			377,340		18,867
31	All other assets not included in the above categories		38,463	-	4,519,777	4,519,777
32	Off-balance sheet items		1,316,961	517,380	2,308,089	207,121
33	Total RSF					24,766,455
34	Net stable funding ratio (%)					141.31%

(\*) For column (e) "Weighted value" the mapping for rows 20-23 has not been followed in order to be consistent with the values reported in columns b-d.

## 12.2 - Liquidity and financing perspective

The following table shows the maturities of the long-term wholesale financing on December 31, 2023:

Table 69: Maturities of wholesale financing

Maturities of wholesale financing							
(thousands of euros)	On demand	1 month	1-3 months	3 months – 1 year	1-5 years	>5 years	Total
Senior debt	-	-	-	500,000	550,000	-	1,050,000
State-guaranteed debt	-	-	-	-	-	-	-
Subordinate and preferential	-	-	-	-	850,000	-	850,000
Mortgage and territorial bonds and certificates	-	-	-	-	1,006,026	-	1,006,026
Securitisations	-	1,960	3,896	17,218	69,634	59,145	151,853
Promissory notes and certificates of deposit	-	-	-	-	-	-	-
<b>Wholesale emissions</b>	-	<b>1,960</b>	<b>3,896</b>	<b>517,218</b>	<b>2,475,659</b>	<b>59,145</b>	<b>3,057,878</b>
<b>Long-term securities collateral financing</b>	-	-	-	-	-	-	-
<b>Expiry dates of the period</b>	-	<b>1,960</b>	<b>3,896</b>	<b>517,218</b>	<b>2,475,659</b>	<b>59,145</b>	<b>3,057,878</b>
<b>Accumulated maturities</b>	-	<b>1,960</b>	<b>5,856</b>	<b>523,074</b>	<b>2,998,733</b>	<b>3,057,878</b>	-

Wholesale issues appear net of treasury stock. However, multi-credent bonds are listed for their gross amount issued while treasury stock is recorded as available liquidity in accordance with the Bank of Spain's LQ statement preparation criteria.

The policy of diversification of the maturities of wholesale issues over time will allow the Entity to cover the maturities of the coming years, maintaining a comfortable liquidity position. Thus, taking into account the available liquidity (12,134 million euros), the Entity could cover the total maturities of long-term wholesale financing (3,058 million euros). In addition, it has an issuance capacity of 8,180 million euros (total availability of 20,314 million euros).





**13**

**ASSET  
ENCUMBRANCE**

## 13. Asset encumbrance

This section covers the EU AE4 requirement - Accompanying narrative information.

### 13.1 – General information

The concept of asset encumbrance refers to the part of the Entity's assets that are committed as a result of their use in secured financing transactions.

In this regard, the European Banking Authority has developed Guidelines regarding the disclosure of information on encumbered and unencumbered assets in compliance with the mandate set out in the Capital Requirements Regulation (EU) n°. 575/2013.

According to the guidelines set by the EBA for the disclosure of information regarding encumbered and unencumbered assets (EBA/GL/2014/3), an asset is considered encumbered when it has been pledged or is subject to any type of arrangement, from which it cannot be freely drawn, under which it is intended to serve as collateral or to enhance the credit quality of any on-balance sheet or off-balance sheet transaction.

The process of encumbering assets consists of using such assets to secure or collateralise specific obligations of the Group to certain creditors.

The Group has established identification and management policies and has developed procedures for measuring and monitoring the exposure of encumbered assets.

Ibercaja is a retail bank, whose financing structure is based mainly on the base of stable deposits of customers. This feature facilitates a prudent collateral management strategy, facilitating access to funding sources at any time. The main source of collateral is the portfolio of loans for bond issues and securitisations, as well as public debt and fixed-income assets, which continue to produce returns. In addition, some of the funding sources generated with the loaded assets, in particular the TLTROs and repos, are also a source of income generation for the entity.

Virtually all repos are covered by State Debt. The bonds, which are not in treasury stock, are backed by eligible, healthy loans and up to date with payments. Third-party securitisations are also backed by eligible, healthy and up-to-date loans.

The exposure value, shown in the following tables, has been determined as the median of the values reported in the regulatory information for the four quarters of the year, as provided in the guidelines of the European Banking Authority.

## 13.2 – Quantitative information

Information regarding encumbered assets is presented below. This information has been prepared in accordance with the EBA Guidelines on disclosure of information on encumbered and unencumbered assets, using the median of the previous twelve months' moving quarterly values (as per Commission Delegated Regulation EU 2017/2295).

There are no significant differences between the scope used in this document and the scope of liquidity management on a consolidated basis, as required by Regulation (EU) n°. 575/2013.

Table 70: Template EU AE1 - Encumbered and unencumbered assets

Encumbered and unencumbered assets								
(thousands of euros)	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010		050		080		100
<b>010 Assets of the reporting institution</b>	<b>6,695,660</b>	<b>4,194,058</b>			<b>40,425,307</b>	<b>7,964,981</b>		
<b>030 Equity instruments</b>	-	-	-	-	235,791	64,891	235,791	64,891
<b>040 Debt securities</b>	4,194,058	4,194,058	3,690,144	3,690,144	7,143,873	6,874,127	6,584,794	6,320,668
<b>050 of which: covered bonds</b>	-	-	-	-	42,423	42,423	40,613	40,613
<b>060 of which: securitisations</b>	-	-	-	-	187,180	187,180	174,043	174,043
<b>070 of which: issued by general governments</b>	4,194,058	4,194,058	3,690,144	3,690,144	6,934,105	6,801,089	6,380,124	6,249,890
<b>080 of which: issued by financial corporations</b>	-	-	-	-	149,078	43,564	145,514	41,278
<b>090 of which: issued by non-financial corporations</b>	-	-	-	-	61,788	29,920	59,834	29,455
<b>120 Other assets</b>	2,883,126	-			32,419,049	967,292		

Below is information on collateral received that does not qualify for on-balance sheet recognition under the applicable accounting standard and therefore, remains out of balance. A distinction is made between collateral received those acts as a hedge of another position and that which is unencumbered:

Table 71: Template EU AE2 - Collateral received and own debt securities issued

Collateral received and own debt securities issued				
(thousands of euros)	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
			Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
	010	030	040	060
<b>130 Collateral received by the disclosing institution</b>	-	-	<b>870,778</b>	<b>870,778</b>
<b>140 Loans on demand</b>	-	-	-	-
<b>150 Equity instruments</b>	-	-	-	-
<b>160 Debt securities</b>	-	-	870,778	870,778
<b>170 of which: covered bonds</b>	-	-	-	-
<b>180 of which: securitisations</b>	-	-	-	-
<b>190 of which: issued by general governments</b>	-	-	686,887	686,887
<b>200 of which: issued by financial corporations</b>	-	-	94,663	94,663
<b>210 of which: issued by non-financial corporations</b>	-	-	-	-
<b>220 Loans and advances other than loans on demand</b>	-	-	-	-
<b>230 Other collateral received</b>	-	-	-	-
<b>240 Own debt securities issued other than own covered bonds or securitisations</b>	-	-	-	-
<b>241 Own covered bonds and securitisations issued and not yet pledged</b>			4,244,477	-
<b>250 Total collateral received and own debt securities issued</b>	<b>6,695,660</b>	<b>4,194,058</b>		

Table 72: Template EU AE3 — Sources of encumbrance

Sources of encumbrance		
(thousands of euros)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	010	030
<b>010 Carrying amount of selected financial liabilities</b>	6,349,187	6,695,660

The total value of the encumbered assets and collateral received is 6,695,660 thousand euros. Approximately half of the encumbered assets correspond to loans and credits. For the most part, these are mortgage loans that act as underlying in mortgage-backed bonds and securitisation bonds, whether they are sold to third parties or retained in treasury stock.

The encumbered assets and guarantees belong to the parent company *Ibercaja Banco S.A.*

Regarding unencumbered assets, the Entity does not consider available for encumbrance, in the normal course of its operations, 3,547,214 thousand euros under the section "other assets" that includes intangible assets, deferred tax assets, property, plant and equipment and derivatives assets.

Encumbered assets, which are mostly of high quality, act as collateral for certain obligations. 6,622,860 thousand euros and include mortgage bonds and financing through fixed-income repurchase agreements. To a lesser extent, securitisation bonds and passive derivatives with collateral requirements.

The percentage of assets with charges over the total assets and guarantees received is 14.68% as of December 31, 2023, expressed in average annual terms.



# 14

## LEVERAGE



## 14. Leverage

### 14.1 - General information

The leverage ratio is a measure that complements the other capital indicators, whose objective is to ensure prudence in the institutions' financing structures, limiting excessive dependence on third-party resources and avoiding destabilisation of the economy and the banking system.

With the aim of reducing risk, the entry into force of Basel III resulted in the measurement of the leverage ratio as the ratio of top-quality capital (Tier 1 capital) to risk exposure, both on and off the balance sheet, without taking into account risk weights. The leverage ratio provides a view of the percentage of assets that are financed with Tier 1 capital.

Its calculation is set out in Article 429 of Regulation (EU) n°. 575/2013 (CRR). In October 2014, the European Commission amended Regulation (EU) n°. 575/2013 (by means of a delegated act) to adopt the new form of calculation. This ratio is calculated as the quotient between the Tier 1 calculated in accordance with the solvency regulations, divided by the leverage exposure calculated as the sum of balance sheet assets, memorandum accounts, derivative exposures and securities financing and adjustments that ensure consistency with the numerator.

During 2017, the Basel Committee reviewed the definition of the leverage ratio and made a number of technical adjustments to the method of calculating total exposure (denominator), mainly in relation to derivative exposures and the treatment of off-balance sheet exposures. The final calibration of the leverage ratio was set at 3% for all entities.

The leverage ratio is intended to provide additional protection against so-called "model risk", i.e., underestimating the regulatory capital required by calculating through sophisticated models allowed by Basel II and III.

As of December 31, 2023, the Group has a leverage ratio of 5.79%.

### 14.2 - Breakdown of total exposure measure

The leverage ratio calculation takes the following into consideration.

- The exposure measure used to calculate the leverage ratio is the carrying amount of all asset items, except for derivatives, where the net value of the assets is included (less collateral if they meet certain criteria) plus a surcharge for potential future exposure.
- The assets that are deducted and those that are part of TIER I transitional adjustments are subtracted from the exposure measure to avoid double counting.
- For off-balance-sheet transactions (memoranda accounts), the balance is weighted by different percentages in accordance with Article 429 of Regulation (EU) n°. 575/2013 (CRR).

The breakdown of the total exposure measure corresponding to the leverage ratio as of December 31, 2023, according to the “LRCom” and “LRSpl” templates defined in Annex I of the Implementing Regulation (EU) 200/2016 is presented below:

Table 73: Template EU LR3 - LRSpl: Breakdown of on balance sheet exposures (excluding derivatives, SFTs and excluded exposures)

Breakdown of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	
	a
(thousands of euros)	CRR leverage ratio exposures
<b>EU-1</b> <b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	45,545,268
<b>EU-2</b> Trading book exposures	-
<b>EU-3</b> Banking book exposures, of which:	45,545,268
<b>EU-4</b> Covered Bonds	28,302
<b>EU-5</b> Exposures treated as sovereigns	13,618,627
<b>EU-6</b> Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	883,826
<b>EU-7</b> Institutions	421,161
<b>EU-8</b> Secured by mortgages of immovable properties	17,689,015
<b>EU-9</b> Retail Exposures	3,491,248
<b>EU-10</b> Corporates	4,603,193
<b>EU-11</b> Exposures in default	328,474
<b>EU-12</b> Other exposures (e.g., equity, securitisations, and other non-credit obligation assets)	4,481,422

Table 74: Template EU LR2 - LRCom: Leverage ratio common disclosure

Leverage Ratio Common Disclosure		
(miles de euros)	CRR leverage ratio exposures	
	a	b
	Dec-23	Jun-23
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	45,878,410	46,459,180
2 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-333,142	-323,887
4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5 (General credit risk adjustments to on-balance sheet items)	-	-
6 (Asset amounts deducted in determining Tier 1 capital)	-545,344	-560,391
7 <b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>44,999,924</b>	<b>45,574,902</b>
<b>Derivatives Exposures</b>		
8 Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	24,168	29,838
EU-8a Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9 Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	49,160	22,088
EU-9a Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b Exposure determined under Original Exposure Method	-	-
10 (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b (Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11 Adjusted effective notional amount of written credit derivatives	-	-
12 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-

13	<b>Total derivatives exposures</b>	73,328	51,926
	<b>Securities financing transaction (SFT) exposures</b>		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	902,327	900,335
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	<b>Total securities financing transaction exposures</b>	<b>902,327</b>	<b>900,335</b>
	<b>Other off-balance sheet exposures</b>		
19	Off-balance sheet exposures at gross notional amount	6,350,668	4,608,512
20	(Adjustments for conversion to credit equivalent amounts)	-4,894,805	-3,507,365
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	<b>Off-balance sheet exposures</b>	<b>1,455,863</b>	<b>1,101,147</b>
	<b>Excluded exposures</b>		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off-balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-

EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	<b>(Total exempted exposures)</b>	-	-
<b>Capital and total exposure measure</b>			
23	<b>Tier 1 capital</b>	2,748,322	2,695,175
24	<b>Total exposure measure</b>	<b>47,431,442</b>	<b>47,628,310</b>
<b>Leverage ratio</b>			
25	Leverage ratio	5.79%	5.66%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.79%	5.66%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.79%	5.66%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
<b>Choice on transitional arrangements and relevant exposures</b>			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Yes	Yes
<b>Disclosure of mean values</b>			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	23,435	30,874
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	902,327	900,335

30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	46,552,550	46,758,848
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	46,552,550	46,758,848
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.90%	5.76%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) <sup>4</sup>	5.90%	5.76%



## 14.2.1 - Reconciliation of the leverage ratio with the published financial statements

The following table presents the reconciliation of the measure of total exposure corresponding to the leverage ratio to the information in the financial statements published on December 31, 2023, in accordance with the "LRSum" template defined in Annex I of the Implementing Regulation (EU) 200/2016:

Table 75: Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

Summary reconciliation of accounting assets and leverage ratio exposures	
(thousands of euros)	a
	Applicable amount
1 Total assets as per published financial statements	54,516,480
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-7,556,306
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4 (Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7 Adjustment for eligible cash pooling transactions	-
8 Adjustments for derivative financial instruments	-106,108
9 Adjustment for securities financing transactions (SFTs)	-
10 Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	1,455,863
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12 Other adjustments	-878,486
13 <b>Total exposure measure</b>	<b>47,431,442</b>

## 14.3 - Information on qualitative aspects

This module covers LRA requirement - Disclosure of LR qualitative information

The information required in the reporting template on qualitative aspects "LRA" set out in Annex I of the Implementing Regulation (EU) 200/2016 on the procedures applied to manage the risk of excessive leverage, and the factors that had an impact on the leverage ratio published as of December 31, 2023, is detailed below:

### 14.3.1 - Procedures applied to manage the risk of excessive leverage

The leverage ratio is calculated quarterly by the Entity and presented to the Global Risk Committee and the Governing Bodies, including Board of Directors. By doing this, an adequate track of the excessive leverage risk is guaranteed.

As part of Ibercaja's Risk Appetite Statement of meeting regulatory requirements at all times by incorporating the full range of regulatory ratios, the leverage ratio constitutes a first-level metric within the Entity's Risk Appetite Framework. It is periodically monitored and its objective is to ensure that minimum regulatory level required is significantly exceeded by the ratio.

Within this framework, the Group has established corresponding limits and alerts to ensure that leverage is maintained at tolerable risk levels, consistent with sustainable growth of the Group's balance sheet and far from the minimum levels that could be considered risk. In this manner, any substantial variation in any of the key drivers of this indicator is thoroughly analysed and reported to the Senior Management and Governing Bodies, including the Board of Directors.

Additionally, as part of active leverage risk management, a monitoring of the additional quantitative indicators is carried out by the Group. This is done in order to complement the management and monitoring of excessive leverage risk, enabling the understanding of temporal maturities, types of loads, and movements of collateralized assets. Among these metrics are the Net Stable Financing Ratio (NSFR).

Finally, as part of the Group's Capital Planning, estimates of the three-year leverage ratio are made under macroeconomic scenarios, including recession scenarios.

### 14.3.2 - Factors that have influenced the Leverage Ratio

The leverage ratio has been slightly increased from 5.54% on December 2022 to 5.79% in December 2023.

During 2023, the Tier 1 capital base has slightly increased by 134 million euros (5.18% in relative terms), mostly justified by revaluation of financial assets valued at fair value caused by performance of financial markets experienced in 2023. Meanwhile, the exposure value has decreased by 839 million euros (-1.73% in relative terms), primarily due to the decrease in temporary asset acquisitions to address, in part, the reduction in retail funding experienced in the fiscal year as a result of the Entity's strategy to enhance the asset management and insurance business line. As shown above, Ibercaja's leverage ratio, without taking into account the exemption from not calculating the exposure in central banks, is well above the required 3% and remains, even in the contemplated projections, within the declared risk appetite levels.

# 15

## ESG RISK

## 15. ESG Risks

This section covers the requirements for disclosure of information on environmental, social and governance risks: Table 1 – Qualitative information on environmental risk; Table 2 - Qualitative information on social risk and Table 3 - Qualitative information on governance risk.

### 15.1 – Introduction

Ibercaja, aware of its role in the transition towards a sustainable world, contemplates in its strategy decisions the impact that its activities will have on the environment and society, and assumes the challenge that business objectives promote sustainable development, preserving natural resources and promoting a more fair and inclusive society.

Since 2006, Ibercaja has been a signatory of the United Nations Global Compact Principles and is firmly committed to developing its activity in a responsible manner and respecting and promoting human rights (HR) as a fundamental part of its strategy. The defence of human rights is a key principle of action included in both its Sustainability Policy and its Code of Ethics.

In November 2019, Ibercaja signed up to the United Nations Principles for Responsible Banking (PBR), becoming part of a coalition of banks worldwide whose purpose is to promote and favour the sustainable development of the economy, aligning its actions and business strategy with the Paris Agreement and the achievement of the Sustainable Development Goals (SDGs) of the 2030 Agenda, to which it undertakes to increase its contribution by identifying the goals that are most material to its business and measuring the progress and scope of its projects and actions carried out. Likewise, in relation to this objective, Ibercaja forms part of UNEP-FI, the United Nations Environment Programme Finance Initiative.

With the signing of these Principles and through its Sustainability Policy, Ibercaja maintains its commitment to align its business strategy with long-term objectives, which not only enable economic growth, but also contribute to responding to social and environmental challenges, identifying its greatest potential contribution.

Within the framework of COP25, in December 2019, it signed the Collective Commitment to Climate Action to measure the carbon footprint of its balance sheets and reduce the climate impact of its financial activity. In addition, Ibercaja has been operational emissions neutral since 2020: 100% of its electricity consumption is from renewable sources and it invests in offsetting direct emissions that cannot be avoided through offsetting projects with certified companies.

Ibercaja renews its registration in the Registry of Footprint, Offsets and CO2 Absorption Projects of the Ministry for Ecological Transition and the Demographic Challenge (MITERD), thus having the "Calculo - Reduzco" seal awarded by this organisation. In 2023, it obtained the full MITERD seal for the first time, for the partial offsetting of its emissions in a project certified by the Spanish Climate Change Office (OECC).



In 2019, Ibercaja joined the Task Force on Climate-Related Financial Disclosures (TCFD) to facilitate investor decision-making based on comparable reports on the effect that an economic activity has on the climate. With this adhesion, it took a step forward in the disclosure, in a clear, consistent and standardised manner, of the impacts of the risks and opportunities of climate change on its business and the implications for Ibercaja's strategy.

In April 2021 Ibercaja signed, as a founding member, the Net Zero Banking Alliance (NZBA), an initiative promoted by the United Nations that promotes the commitment of the banking sector worldwide to achieve CO2 neutrality of its own and its portfolio by 2050.

In addition, in order to contribute to the Group's Net Zero strategy, Ibercaja Gestión and Ibercaja Pensión joined in 2021 the Net Zero Asset Managers (NZAM), an initiative promoted by the Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI), with the commitment to achieve CO2 neutrality for themselves and their portfolios by 2050 at the latest.

## 15.2 – Business model and strategy

Ibercaja is committed to a universal banking model, focused on retail business and based on advice, service quality and innovation. It has a wide range of banking and financial products and services, focusing especially on first home mortgages, SME financing, asset management and life-savings and risk insurance products.

It serves a stable base of 1.7 million customers (management units): families, companies and public and private institutions. It has specific channels and offers, in addition to basic banking services, other complementary services such as insurance, mutual funds and pension plans, supported by a specialised Financial Group, of which it owns 100%.

In order to identify the priority financial, economic, social and environmental issues for both its stakeholders and its business, Ibercaja carried out its materiality matrix in 2021, coinciding with the start of the last strategic cycle. This analysis is reviewed and updated annually in order to integrate the progress made by the Group, as well as the new expectations of its stakeholders.

Ibercaja obtained a list of 90 specific topics, all aligned with sectoral expectations, which respond to the programmes and initiatives included in the Bank's "Desafío 2023" Strategic Plan. These specific issues were grouped into 15 material issues, on which internal and external consultation was carried out by means of personalised questionnaires for the main stakeholders in order to determine their priority.

The issues that were ranked as "very high" priority are aligned with the Bank's strategic objectives, including the following:

- Strategic aspects related to the generation of value for customers and shareholders, as well as increased transparency towards all stakeholders.
- Maintaining the Bank's highest standards of ethics, integrity and corporate culture, and the high standards of regulatory compliance and risk management.

- Digital transformation, transparency, communication and customer service excellence, as well as the total guarantee of data privacy.
- The integration into business and risk management of ESG aspects and, in particular, those related to climate change.

Other "high" priority issues were also identified:

- Commitment to society and respect for human rights.
- Attracting, retaining and developing the best talent.
- Implementation of diversity, non-discrimination and work-life balance policies.
- Creation of financial products with high social and/or environmental value.

Based on this analysis, Ibercaja annually updates and enriches the analysis of the positive or negative impacts linked to these material issues. The aim of this exercise is to assess the impacts, both potential and real, generated by Ibercaja on the environment and society, as well as the impacts that the environment may have on the business and the company.

This materiality study is updated with each new strategic cycle to ensure that the business focuses on the most important aspects for stakeholders.

Assessing the impact of ESG risks on the business environment and business strategy:

Ibercaja has prioritised the integration of ESG aspects in business and risk management and, specifically, those related to climate change. To this end, it has made progress in assessing the qualitative materiality of climate, environmental, social and governance risks over traditional prudential risks, evaluating their potential impact on the different risk categories and quantifying, through an assessment of quantitative materiality, the impact of climate and environmental risks in those risk categories where the potential impact is greater than the Entity's risk profile<sup>1</sup>.

As a result of this qualitative materiality analysis and in response to its commitment to align its business strategy with the Principles for Responsible Banking and to comply with the ECB's Expectations on climate and environmental risk management, Ibercaja has updated and enriched the ESG impact analysis exercise to assess how these risks could impact Ibercaja's activity and, specifically, the portfolios in which ESG risks are material. However, as a result of the materiality of ESG risks, the Entity's business model is not modified or altered by these aspects in the short term.

Aware and sensitive to the relationship between environmental factors and financial activity, Ibercaja carries out this impact analysis with the aim of identifying the main risks that could have an impact on its business model, in order to segment the credit portfolio and assess the climate and environmental risks to which Ibercaja is most exposed, as well as to explore potential business opportunities.

---

<sup>1</sup> See further details of the materiality analysis in Block IV: Risk Management.



In this line, physical and transitional climate risks have been analysed, assessing the predisposition of the prioritised segments in Ibercaja's portfolio to be affected by climate events, and the impact of environmental risks has been assessed, identifying those sectors most vulnerable to changes in nature according to the NCFA.

This impact analysis was carried out on the segments of the loan portfolio where the Entity concentrates its banking business and in the economic sectors with the greatest presence. In 2023, the sustainability impact analysis was updated to detect the main risks and opportunities related to ESG factors. To this end, the credit portfolios analysed were expanded and the needs of the most relevant customer segments for the Entity were assessed (see more information in chapter 6.3 and Appendix E of the 2023 Consolidated Management Report).

Likewise, as part of the impact analysis and as a novelty for 2023, Ibercaja has analysed in depth the main areas of social impact most relevant to its customer portfolio in order to try to minimise the difficulties faced by the most vulnerable groups in understanding or achieving financial stability.

In response to this impact analysis and as a founding member of the Next Zero Banking Alliance (NZBA), Ibercaja seeks to achieve its own and its portfolio's emissions neutrality by 2050. The Bank has been operationally emissions neutral (Scope 1 and 2) since 2020 and in 2022 calculated intermediate decarbonisation targets to 2030 for three sectors of its credit portfolio, selected on the basis of a number of factors:

- Their relevance for decarbonisation, i.e., carbon intensive sectors.
- Their weight in the credit portfolio.
- Data availability, granularity and quality.
- The availability of methodologies and scenarios.

These objectives were defined by the Credit Risk Division, the Corporate Banking Division, the Marketing and Digital Strategy Division and the Brand, Reputation and Sustainability Division, and must be reviewed and, if necessary, amended at least every five years to ensure consistency with the latest scientific, methodological or scenario developments.

In this regard, in the 2023 financial year, the Entity has improved its methodology for calculating the carbon footprint financed and revised its decarbonisation targets, establishing the following:

Sector	Scenario	Covered scope	Metric	Baseline (*)	2022 Intensity	2030 Objective
<b>Electricity Generation</b>	NZE 2050 (IEA)	1 and 2	Kg CO <sub>2</sub> eq / MWh	<b>68</b> (2021)	<b>118</b> (+73%)	<b>61</b> (-10%)
<b>Iron and Steel Production</b>	NZE 2050 (IEA)	1 and 2	Kg CO <sub>2</sub> eq / t iron	<b>966</b> (2021)	<b>900</b> (-7%)	<b>869</b> (-10%)
<b>Residential Real Estate</b>	NZE 2050 (IEA) and CRREM 1.5°	1 and 2	Kg CO <sub>2</sub> eq / m <sup>2</sup>	<b>41</b> (2021)	<b>39</b> (-5%)	<b>35</b> (-16%)

\*The baseline published on intensity metrics could undergo modifications due to the fact that data, information sources and methodologies are constantly evolving. Nevertheless, Ibercaja is committed to maintaining decarbonisation targets linked to scenarios aligned with compliance with the Paris Agreement.

In order to achieve the intermediate decarbonisation targets, in 2023 the Entity has taken a further step in its commitment by defining a Transition Plan, following the guidelines and recommendations for financial institutions published by the Glasgow Financial Alliance for Net Zero (GFANZ)<sup>2</sup>. In the coming years, Ibercaja will continue to evolve its climate transition plans and will extend its objectives and plans to new sectors.

This commercial strategy is complemented by the measures it carries out to reduce or mitigate its exposure to ESG risks. Ibercaja gathers information from its customers through ESG questionnaires, which also enable it to keep the level of environmental and social risk associated with each counterparty or project up to date, depending on the sector in which it operates and its commitment to sustainable development. It also has different policies, codes of conduct and internal regulations that seek to help clients achieve sustainable development and thus neutralise their environmental, social and governance risks.

Among them, Ibercaja has approved ESG Exclusion Policies, applicable to the granting and renewal of credit risk and to the investment activities of the securities portfolio, in order to avoid any financing or investment operation that may be considered controversial due to its high environmental, social, ethical or reputational risk. The ESG Exclusion Policies set out a number of general and sectoral exclusions:

- General exclusions limit a client's access to financing or investment in a company on the basis of cross-cutting criteria independent of economic sectors. These exclusions are linked to the protection of human rights, labour rights, the OECD Guidelines for Multinational Enterprises and UNESCO or UCIN protected areas, among others.
- Sectoral exclusions affect certain economic activities and are assessed at customer and transaction level. Regulated sectors include Defence, Mining, Energy or Agriculture.

Furthermore, Ibercaja, aware of the impacts that may arise from its banking activities and business model, has in place, regarding the fight against corruption and bribery, a system for preventing criminal risks to limit the risk of commission of actions by members of the organization that may constitute offenses in this area. The Entity also has an internal control system to prevent and impede the execution of transactions that may be related to money laundering or the financing of terrorist activities.

On the other hand, with the aim of promoting the principles of good governance in its value chain, Ibercaja has a Supplier Code of Conduct, in which it conveys its principles of responsible management, focusing on social aspects, with interaction and dialogue being key aspects to promote a stable and enriching relationship with its suppliers, based on ethics, transparency and compliance with the agreed commitments. In Ibercaja's commercial contracts with its suppliers, the latter must assume the principles of the United Nations Global Compact on Human Rights, Labour Rights, Environmental Protection and Anti-Corruption, undertaking to adopt measures within its organisation that are favourable to compliance with

---

<sup>2</sup> GFANZ is a global coalition of financial institutions that has defined a framework adopted by the NZBA to guide the standardisation of Net Zero schemes.

these and to promote compliance with the aforementioned principles among the third parties with whom it contracts. In 2023, Ibercaja has enriched these contracts by incorporating environmental criteria in tenders and including quantitative ESG mechanisms in the evaluation of suppliers.

Ibercaja has a supplier management tool with a more evolved and complete portal, which allows for the improvement and systematisation of supplier approval and risk management processes, facilitating relations and active listening by the Entity with suppliers. The portal includes, within the documentation requirements, standards related to sustainability, social and environmental aspects (ISO14001, ISO 45001, ISO 26001, ISO 50001, EMAS), as well as those related to corporate social responsibility.

In line with the Entity's processes and criteria, progress is also being made in the inclusion of ESG criteria in the supplier tendering and contracting process. In the tendering and awarding process, certifications that promote care for the environment, society, its employees and good governance are positively valued both qualitatively and quantitatively. A clause has been included in the contracting process in which they assume compliance with the principles of the United Nations Global Compact and undertake to comply with and enforce compliance, within their sphere of influence, with current environmental protection regulations, and to continue to improve their environmental practices.

Finally, so that customers and users can send their complaints, claims, suggestions and proposals for improvement, the Entity has a Customer Care Service (SAC), which reports directly to the Control Area Management.

### **Business opportunities:**

As a result of this analysis of the impact of sustainability factors, of the decarbonization objectives for 2030 and of Ibercaja's mitigation activities, business opportunities are identified in the most significant segments of the credit portfolio that allow ESG factors to be integrated into the business strategy. Along these lines, it offers its customers a wide range of financing products that seek to support the sustainable growth of the economy:

- Improving the energy efficiency of housing and business with a complete range of products: *Hipoteca Vamos +Sostenible*, *Vivienda +Sostenible*, *Edificio +Sostenible e Inversión +Sostenible*.
- The production or self-consumption of electricity through renewable energy sources by companies: Renewable Energy Financing Loan, Leasing of Photovoltaic Energies and Leasing of Sustainable Crops.
- Sustainable mobility: Sustainable Renting, ECO and Zero Emission Vehicles.
- Access to Next Generation EU grants.
- Management of public subsidies and execution of works projects, in collaboration with *Acierta Asistencia* (CASER Group).
- The possibility of meeting important first expenses and education for the youngest: *Hipoteca Joven*, *Préstamo Joven*, *Préstamo Máster Postgrado Ibercaja*.

- Encourage savings at different maturities depending on the goals of each customer through the Metas Account, Cuentacontucasa and Pensumo.

In addition, Ibercaja has a wide range of investment and sustainable savings products, which incorporate ESG criteria in their investment strategies, with the aim of achieving an ideal investment proposal for each customer, regardless of the investor's profile.

Due to Ibercaja's social character and commitment to creating value and having a positive impact on society, Ibercaja has defined a business strategy aimed at the senior segment and a decalogue of measures for personalised attention through different channels. To this end, it maintains various collaboration agreements and alliances with other organisations such as Pensium, Depencare, Taxdown.

Finally, in its firm commitment to offer inclusive and accessible banking for all, it has deployed a new voice-guided mode in its ATMs, guaranteeing the confidentiality of information and the protection of sensitive data at all times. This functionality also offers greater autonomy to people with visual impairments or difficulties in reading the screens, being able to carry out their operations by means of verbal instructions that guide them through each step. Finally, Ibercaja has adhered to the new Code of Good Mortgage Practices to support the most vulnerable mortgage customers.

In conclusion, in accordance with its Corporate Purpose "To help people build the visa story, because it will be our story", Ibercaja works to adapt its range of products and services to the climate and social needs of its customers, promoting sustainable business models and practices, raising awareness among customers in their necessary transition towards decarbonisation, identifying their preferences and mitigating the ESG risks to which they may be exposed.

## 15.3 – Governance

Ibercaja has a solid sustainability governance model that is reflected in an organizational structure. The Board of Directors is directly involved in it, as the highest level body, which promotes the positioning of the Entity in sustainable development, supported for this with the assistance of the Strategy Commission.

The Ibercaja Group's commitment to sustainable growth was endorsed with the approval, in December 2020 by the Board of Directors of Ibercaja Banco, of the Sustainability Policy. This document establishes the global framework for action in terms of sustainability, containing the commitments voluntarily assumed by Ibercaja with its stakeholders to promote sustainable, inclusive and environmentally friendly growth, with a long-term vision.

### 15.3.1 – Sustainability strategy governance framework

The sustainability governance system is structured into different governing bodies, directorates and committees with the aim of integrating sustainability in a transversal manner, including all business areas and achieving efficient management of these. This governance is based on the work of all the Bank's functional areas and the different work groups, coordinated by the Brand, Reputation and Sustainability Department, and the Reputation and Sustainability Committee, competent in the matter.

- The Board of Directors is conferred as the highest level body in the Entity's governance model, whose job is to ensure Ibercaja's progress in sustainability, reviewing and approving the necessary elements to advance in the Ibercaja's sustainable and responsible approach.
- The Strategy Commission has a special involvement in the definition and approval of the Strategic Plan, placing sustainability as one of its fundamental enabling initiatives, and ensuring that there is a precise organization for its implementation. The approval of the proposed strategies and roadmap also corresponds to the Strategy Commission, with the Board of Directors being ultimately responsible for the approval and promotion of the Entity's Sustainability Policy.
- Reputation and Sustainability Committee, at management level and chaired by the CEO, in charge of validating and supervising the Entity's Sustainability Strategy, as well as monitoring and approving the necessary measures to advance the integration of sustainability in Ibercaja. This Committee also has the task of monitoring the implementation of the Principles of Responsible Banking and it is defined as the body responsible for the involvement of all areas of the Entity responsible for ESG risk management.
- Brand, Reputation and Sustainability Department, reporting directly to the CEO, is in charge of promoting, defining, and coordinating Ibercaja Banco's sustainability strategy, collaborating with the areas involved in its implementation.
- ESG Committee's main function is to monitor the investment mandate in products classified as ESG. Additionally, it is responsible for continuing to promote Socially Responsible Investment (SRI) by expanding the number of investment products offered.
- Environmental Committee, at the management level, is responsible for ensuring compliance and supervision of the effectiveness and efficiency of the Entity's environmental management system, as well as promoting environmental awareness and protection initiatives. Additionally, it is defined as the Body that must review and approve the actions of Ibercaja's Environmental Policy.

<b>Board of directors</b>	Approve and promote the Sustainability Policy
<b>Strategy Commission</b>	Supervise the sustainability policy Report to the Board
<b>Reputation and Sustainability Committee</b>	Validate and supervise the strategy and the Sustainability Policy Ensure the effective integration in the management of the sustainability strategy
<b>Brand, Reputation and Sustainability Management</b>	Define, develop, coordinate and propose the Sustainability Political Strategy to the R&S Committee Support the Areas in their implementation
<b>All areas of the bank</b> Works to implement the Sustainability Strategy aligned with the UNEF Responsible Banking Principles signed by Ibercaja Banco and that responds to supervisory expectations. <b>Commit ASG</b> Monitoring of investment mandate for ESG products. Promotion of the ISR. <b>Environmental Committee</b> Cross-cutting committee that ensures compliance with Ibercaja's Environmental Policy	

This definition of sustainability governance allows the sustainability strategy to be a transversal Project. All areas and companies of the Ibercaja Group participate with a single roadmap, which is part of the Strategic Plan, and which is defined in the "IN02: Purpose and Sustainability" Initiative. This initiative is based on four pillars: risk management, sustainable business strategy, communication and sustainable impact and carbon footprint. These four pillars enable Ibercaja to respond to supervisory expectations, regulatory requirements, and voluntarily undertaken commitments.

The sustainability strategy includes the following priorities for its gradual integration into the Entity's global risk framework: identification, management and control of environmental, social and governance risks.

These sustainability action pillars are primarily guided by the following policies:

- The Sustainability Policy (Approved in 2020) is considered the framework for the development of the sustainability strategy as it defines the sustainability principles and the Entity's commitments to its key stakeholders, fostering sustainable and inclusive growth through the gradual development of various avenues of action.
- The Environmental Policy (Approved in 2021) identifies the environmental commitments of the Entity and promotes good practices in accordance with the principles established in the Sustainability Policy.
- Ethical Management Model, composed of the Entity's Code of Ethics, the Ethical Management Manual, which outlines the necessary structure and functions within the entity to implement the Code, and the Ethics Channel, serving as an independent communication channel to report potential Code violations (approved in 2018 by the Board of Directors).
- The Code of Conduct for suppliers, whose objective is to convey to this interest group the Entity's commitment to sustainability and involve them in its progress.



- The EFR Conciliation Plan, which includes the actions to be carried out to promote balance between personal, family, and professional life, in accordance with the proactive management and continuous improvement defined by the Family-Responsible Company (EFR stands for "Family-Responsible Company" in English) certification.

Due to the advancement of the sustainability strategy in the identification, management, and control of ESG risks and in its integration into the global risk framework, the Board of Directors of Ibercaja approved the ESG Risk Governance Policy in 2023. This policy establishes the framework for the identification, management, and control of ESG risks to which the Group is exposed, integrating into risk management and control procedures.

### 15.3.2 – ESG Risk Governance and Management Framework

In relation to the management and control of ESG risks in the short, medium, and long term, it is the responsibility of the Governance Bodies and Senior Management, within the scope of their respective duties, to establish, approve, and supervise the implementation of the overall business and risk strategy, as well as an appropriate framework for control and internal governance. In this way, these risks are managed as integrated risk factors within the prudential risks of the Entity:

- The Board of Directors is in charge of approving all policies related to ESG risk, along with their modifications and of approving the first-level metrics and thresholds (within the Entity's Risk Appetite Framework) upon the report from the Large Risks and Solvency Committee. It also has the function of supervising that the mentioned risks are integrated within the management of the prudential risks of the Entity and that the disclosure of non-financial information required by current regulations is complied with.
- The Large Risk and Solvency Committee's main function is to advise the Board of Directors on various policies related to ESG risks and first-level metrics within the Risk Appetite Framework, as well as to inform the Board of Directors on how Ibercaja integrates them into different risks, assessing whether the allocation of resources by the Entity to cover them is adequate.
- The Global Risk Committee is responsible for assessing ESG risk management in an integrated manner in the management of material risks identified in the Entity's Risk Appetite Framework. Specifically, it is responsible for reviewing proposals for updating policies for managing different risks regarding the integration of criteria or guidelines for managing climate risks; monitoring the Group's risk profile by evaluating indicators established in the RAF; and reviewing risk quantification methodologies for determining internal economic capital requirements and long-term capital planning.
- The Reputation and Sustainability Committee is responsible for integrating ESG risk management within the sustainability-related functions and responsibilities assigned to it in relation to the governance of Ibercaja's sustainability strategy mentioned above.

The ESG Risk Governance Policy is applicable to all entities within the Ibercaja Group, involving all areas that incorporate the principles defined therein into their daily activities. This policy's mission is to explicitly assign functions and responsibilities for the definition, assessment, management, and monitoring of ESG risks in accordance with the three lines of defense model:

- On the first line are located the Areas in charge of identifying evaluating, measuring, managing, and reporting ESG risks within their scope of activity and all processes under their responsibility. Additionally, among its main functions are to ensure the consistency of the policies of each unit/branch regarding these risks, as well as the proper implementation, assessment, monitoring, and supervision of corporate methodologies for managing ESG risk. The Reputation and Sustainability Management is responsible for collaborating with the business units involved in risk management for the proper integration of ESG risk factors.
- The Risk Control Unit and the Compliance Department constitute the second line of defense. Among their functions are monitoring and reporting, respectively, of ESG risks and reviewing the implementation of management policies and control procedures by the first lines. They also ensure the adequacy of procedures to legislation, regulation, and supervisory expectations.
- The Internal Audit Department, as the third line of defense, functionally and hierarchically depends on the Audit and Compliance Committee of the Board of Directors and, therefore, has complete independence from business areas, management, and risk control. Among its functions are verifying the adequacy and proper functioning of governance systems, internal control, and management of financial and non-financial risks, including ESG risks; verifying the proper functioning of the Group's financial, regulatory, and management information system; and reviewing the operation of the Group Ibercaja's compliance monitoring procedures.

In turn, the Reputation and Sustainability Management maintains direct contact with the Non-Financial Risk Control Unit and the Compliance Department. This is done in order to monitor in a cross-functional manner the progress that the Entity makes in ESG risk management, aligning such progress with the tasks and planning associated with the control that must be carried out from the second line. In addition, it coordinates the information reported to the Reputation and Sustainability Committee to guarantee that all progress made and improvement proposals are transmitted and approved to integrate environmental, social and good governance risks.

### 15.3.3 – Lines of frequency and reporting

Regarding ESG factors, the Reputation and Sustainability Directorate coordinates the information that is reported to the Reputation and Sustainability Committee. This is done in order to ensure that all progress made and improvement proposals to integrate environmental, social, and governance risks are communicated and approved.

In turn, the competent areas in each subject inform about the progress in integrating ESG factors into risk management and business strategy to the respective Internal Committees and Governing Bodies.

In this regard, the Credit Risk Area Directorate reports quarterly to the Global Risk Committee and Governing Bodies on the exposure to transition climate risk of the portfolio of productive activities and real estate promotions. Similarly, it reports on its exposure in the sustainable mortgage product for individuals.

The Financial Markets Directorate quarterly reports to Global Risk Committee and Governing Bodies on the exposure to transition climate risk of its own investment portfolio due to its membership in sectors with a high emissions intensity.

The Control Area Directorate, in coordination with the first and second lines of defense, presents to the Global Risk Committee for approval the exercises and methodologies developed for the assessment of the qualitative and quantitative materiality of ESG risks on prudential risks and the quantification of capital requirements for transitional climate risks in productive activities.

On the other hand, the Brand, Reputation, and Sustainability Directorate, the Marketing and Digital Strategy Area Directorate, and the Financial Markets Directorate presented to the Reputation and Sustainability Committee the progress made in the identification, measurement, management, and monitoring of climate risks during the four sessions held in 2023.

Additionally, the Governing Bodies addressed the carbon footprint strategy and decarbonization objectives NZBA, the action plans of the ECB's Thematic Review on climate risks and the new Risk Integration Policies in the management processes of other prudential risks.

### **15.3.4 – Remunerations policy**

Ibercaja's Remuneration Policy is consistent with the Sustainability Policy and with the principles and values of the Entity in the management of environmental, social and corporate governance risks. Likewise, the policy conforms to the provisions of Regulation (EU) n° 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, setting a compensation system based on equal opportunities and non-discrimination.

In this regard, by incorporating climate indicators into its Remunerations Policy, Ibercaja demonstrates its commitment to sustainability. In 2021, the Entity set a specific objective related to the attainment of strategic sustainability milestones: percentage of female managers, CO2 emissions and achievement of the major sustainability milestones of the "Desafío 2023" Strategic Plan.

The remuneration of directors is based on the principles of prudent and effective risk management, aligned with the business strategy and long-term interests or transparency; points in which Ibercaja works to gradually integrate ESG factors. The setting of global and specific objectives for variable remuneration is linked to said prudent risk management.

In order to advance in this direction, during this period, Ibercaja has established an incentive program with the purpose of promoting renewable energy financing. The aim of this incentive program is to promote the Renewable Energy Financing Loan Product for legal entity clients, aligning the Bank's corporate and commercial strategy with the creation of long-term value. Likewise, Ibercaja has started to analyse new KPIs related to the climate in order to incorporate them into its compensation's frameworks. This analysis is done with the purpose of monitoring the Entity's commitment and performance against the expectations of its stakeholders.

## 15.4 – ESG risk identification and management processes

The Group's risk management is organized through the Risk Appetite Framework (RAF), a tool whose fundamental objective is to establish a set of principles, procedures, controls and systems by which risk is defined. , communicates and monitors the Group's risk appetite, understood as the level or profile of risk that the Ibercaja Group is willing to assume and maintain, both in terms of its type and amount, as well as its level of tolerance, and must be oriented towards achievement of the objectives of the strategic plan, in accordance with the lines of action established therein.

The Risk Appetite Framework establishes a consistent management framework integrated into existing risk management processes and is approved and reviewed at least annually by the Board of Directors.

Ibercaja is aware of the potential impact that ESG risks can have on prudential risks through various transmission channels, as well as on the business model, strategy and activity of the Entity. For this reason, it has been working on the development of procedures that allow it to identify its most sensitive exposures to these risks, with the aim of being able to quantify and progressively monitor them to minimize their impacts.

The sustainability strategy designed by Ibercaja includes among its priorities the identification, management and control of ESG risks for their progressive incorporation into the Entity's global risk framework, committing to contribute to the decarbonization of the economy and promote sustainable activities, online with the Paris Agreement and the European Green Deal.

For its development, a Working Group coordinated by the Risk Control Directorate and made up of specialists in risk management and control was established within the "IN02: Purpose and Sustainability" initiative of the "Desafío 2023" Strategic Plan of Ibercaja to respond to the challenges and milestones related to ESG risks. The components belong to the following areas:

- Credit Risk Area Directorate.
- Financial Area Management. Market and liquidity risks.
- Risk Control Directorate. Operational risk.
- Regulatory Compliance Department.
- Financial Group Area Management. Specific risks of the Financial Group.

- Brand, Reputation and Sustainability Management. Reputational risk.

This Working Group is involved in the identification of potential ESG risks, currently prioritizing climate risks, the identification of their transmission channels to prudential risks and the qualitative assessment of their impact.

During 2021 and 2022, and within the areas of credit, operational, liquidity, market, reputational, business and underwriting risk, they incorporate ESG aspects into the management frameworks and procedures of these risks, in which the will was expressed. to keep them in mind in the scope of management and control activity. This work has continued to be developed during 2023, with the aim of achieving its full incorporation into the currently established processes and governance.

In order to understand progress related to sustainability, Ibercaja established clear and measurable risk indicators. These indicators are submitted to the Large Risks and Solvency Commission on a quarterly basis for evaluation and monitoring, as seen in the following table:

*Illustration 13: Climatic risk indicators*

Climate KRIs	Portfolio	Definition
Transition climate risk concentration metric in credit risk	Productive activities	Exposure of the portfolio of productive activities to transition climate risks, based on the emissions intensity of the economic sector to which each counterparty belongs (according to PCAF).
Exposure to transition risks (€ and % of total)	Productive activities	Exposures with a predisposition to be affected by transition climate risks, based on the transition climate risk concentration metric.
% formalized in borrowers with high or very high transition climate risk	Productive activities	Volume of formalizations segmented by climate transition risk.
% of homes with energy rating A or B	Promoter	Real estate promotions with sustainable CEE.
% of homes with energy rating E, F or G	Promoter	Real estate promotions with non-sustainable CEE.

In its commitment to continue advancing in the inclusion of ESG factors in the credit risk admission and monitoring processes, in line with the EBA Guide for the Origination and Monitoring of Loans, which defines the internal governance mechanisms and procedures of financial entities in relation to credit operations, has focused efforts in 2023 on continuing to adapt its policies and manuals on ESG matters, incorporating new risk identification, evaluation, monitoring and control exercises, especially in credit risk management . This includes the identification of unethical, controversial or unsustainable activities in the ESG Exclusions Policy and the completion of ESG Questionnaires at client and operation level. All of this is reflected in the client's ESG risk report.

Following supervisory expectations, Ibercaja prioritizes the analysis of climate and environmental risks. However, it continues to work on the integration of social factors, such as promoting financial inclusion and diversity, as well as governance risks. Ibercaja is aware that the management of social and governance risks is in continuous evolution and, therefore, advances in the identification and management of these risks will be incorporated into the Entity's processes gradually, in line with regulatory, market and methodological advances.

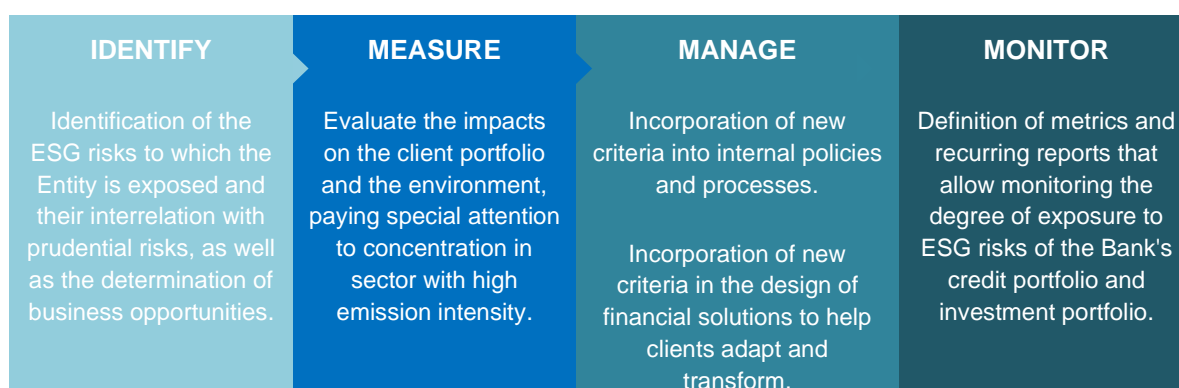
In this regard, Ibercaja works to stay updated in relation to new regulations or regulations and best practices and trends in relation to social risk management. The Entity participates in the Sustainable Finance Sector Group and the Sustainability Observatory, in which legislative advances and Supervisory Expectations regarding sustainability are analysed in order to identify the applicable requirements and adapt to the legislative proposals promoted by the Action Plan to Financing Sustainable Development of the European Commission.

### 15.4.1 – ESG risk identification and management processes:

Ibercaja continues working to align its ESG risk management framework with regulatory references and international standards on the matter. To do this, it draws on the main guidelines issued by regulators and supervisors, such as the European Central Bank (ECB) or the European Banking Authority (EBA), which in recent years have published guides and reports in relation to the integration of these risks into the internal risk management processes of the entities.

The Entity seeks to respond to its commitments and ESG regulatory demands by making an effort to integrate these aspects in a transversal manner. This is done by identifying and monitoring your activities and exposures vulnerable to ESG risks through the development of a series of action plans that you have worked on over the last few years and which will continue to be reviewed and updated periodically with the aim of evaluating how you can evolve those risks over time based on technology development, the policy framework, the business environment, stakeholder preferences, and changes in the physical environment itself.

The main phases of ESG risk management in which Ibercaja is working, as shown in the following figure, are the identification of risks, their measurement, management and monitoring or follow-up:

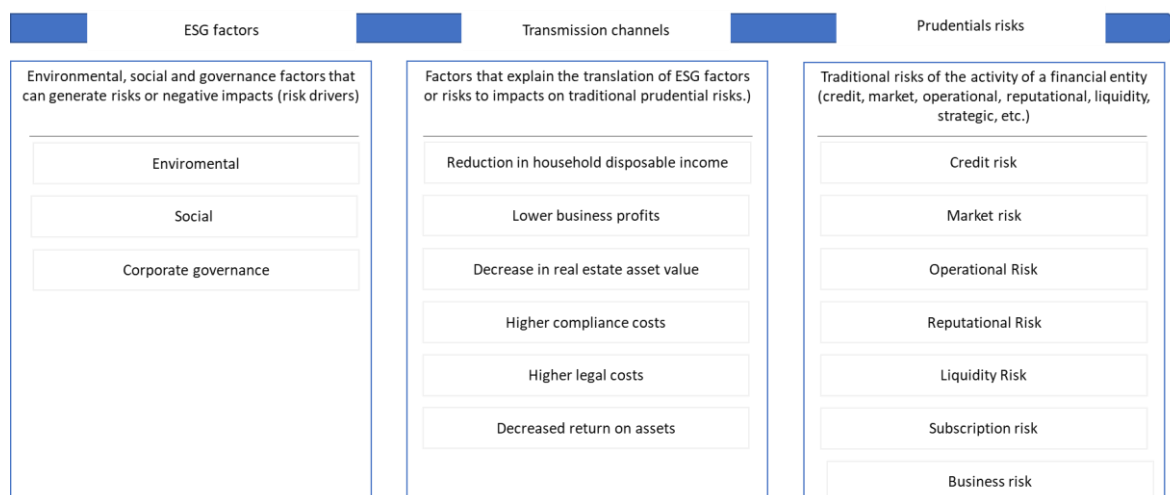




Along these lines, the following action plans stand out in each of the phases:

### ESG risk identification:

Ibercaja identifies ESG risks, and especially climate and environmental risks, as risk factors that are likely to impact prudential risks through their counterparties and/or assets invested through certain transmission channels considering the Entity's own business. , which represent the chain of causality by which an ESG factor and/or inefficient management thereof have a negative impact on the Entity:



- Credit risk: the impact of potential physical climatic events, acute and chronic, on the geographical location of properties financed and/or used as collateral and the increase in the carbon price or increase in the cost of certain resources could have an impact at the PD level and LGD level.
- Operational risk: losses caused to buildings by natural and/or climatic catastrophes could lead to potential deterioration of assets, data or materials and cause an operational risk for the Entity.
- Reputational risk: the violation of the public image of the Entity due to the financing of companies or projects considered unsustainable could have an impact on the reputation, solvency and payment capacity of non-sustainable clients.
- Liquidity risk: the Entity could experience a sudden depreciation of collateral real estate assets due to extreme weather events, leading to a withdrawal of customer deposits to address repair costs and impacting financial liquidity. On the other hand, the lack of alignment of the institution's activities with the objectives of the Paris Agreement could have an impact on the ESG rating, causing, in turn, the exclusion of market values from the investment universe and, consequently, higher liquidity risk.
- Underwriting risk: climate change could lead to variations in the mortality trend in the population, leading to an increase in accidents and, consequently, an increase in the Entity's underwriting risk due to death or disability.

- Business risk: serious weather events can lead to an impact on the business environment derived from severe damage to the Entity's assets. On the other hand, the increase in regulation and reporting and transparency obligations regarding sustainability could entail additional costs for the institution, impacting the expense structure or brand value.

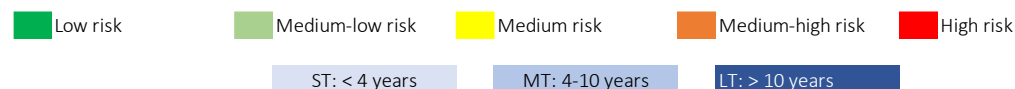
In this area, Ibercaja has made its greatest progress in identifying climate risks. An example of this is the Ibercaja Group's Climate Risk Map, developed for the first time in 2021, which allows evaluating the qualitative materiality of physical and transition risks on prudential risks in different time horizons (short, medium and long term)<sup>3</sup> and which is submitted annually to the Global Risk Committee for approval.

In fiscal year 2023, the climate risk map has been enriched by considering three of the specific climate scenarios proposed by the Network for Greening the Financial System (NFGS): Net Zero 2050 scenario, Delayed Transition scenario and Current Policies scenario. Additionally, in this latest update, the impact of climate risks on the mortgage portfolio and companies at credit risk has been differentiated for the first time, and the physical risks in the development of the banking business have been evaluated.

To achieve this, work has been carried out in a coordinated manner with the first lines of prudential risks, based on a qualitative methodology developed with a top-down approach. The second line has also participated in the preparation of the climate risk map through an exhaustive review of the conclusions.

As a result, three climate risk maps have been prepared, one for each scenario analysed, having selected Net Zero 2050 as the base scenario for the evaluation of the qualitative materiality of climate risks as it is considered the scenario with the greatest potential impact in the short term:

	Transition risk			Physical risk		
	ST	MT	LT	ST	MT	LT
<b>Credit Risk</b>						
Companies segment	Low risk	Medium-low risk	Medium risk	Low risk	Low risk	Medium risk
Mortgage segment	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk
<b>Other prudential Risk</b>						
Reputational	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk
Market	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Liquidity	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk
Operational	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Business	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Subscription	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk



<sup>3</sup> Refer to Annex F of the Consolidated Management Report 2023 for further detail on climate risks and their impact on prudential risks.

Under these projections, the credit portfolio, and specifically the business segment, is estimated to be the most predisposed to be impacted by adverse climate events or changes in political, legal, market or societal trends. Consequently, climate risks are already being taken into consideration in all phases of credit risk management and in the calculation of capital needs and provisions.

Aware that other ESG factors, not climatic, can also be essential to maintain the value capacity of any organization, Ibercaja has begun to review in 2023 the potential positive or negative impact of environmental, social or governance factors on financial results. or the solvency of the Entity.

To this end, it has developed three ESG risk maps that allow us to know the prudential risks most subject to environmental, social or governance factors independently and for different time horizons (short, medium and long term):

<i>Environmental risk analysis matrix:</i>	ST	MT	LT
Credit Risk			
Companies segment			
Mortgage segment	N/A	N/A	N/A
Other prudential Risk			
Reputational			
Market			
Liquidity			
Operational			
Business			

<i>Social risk analysis matrix:</i>	ST	MT	LT
Credit Risk			
Companies segment			
Mortgage segment			
Other prudential Risk			
Reputational			
Market			
Liquidity			
Operational			
Business			

<i>Governance risk analysis matrix:</i>	ST	MT	LT
Credit Risk			
Companies segment			
Mortgage segment	N/A	N/A	N/A
Other prudential Risk			
Reputational			
Market			
Liquidity			
Operational			
Business			



The dependence of certain productive activities on nature and natural resources means that any alteration in the environment may have a considerable potential impact on the development of the Entity's counterparties, thus affecting its credit risk. Furthermore, malpractice actions regarding biodiversity, deforestation, preservation of the marine environment or other environmental factors could alter the reputational risk of the entities that support certain companies.

The sectoral component is minor in relation to social or governance factors, but non-compliance with commitments in relation to different social aspects or the defense or support of unethical behavior by counterparties or the bank itself could have potential impacts on the credit, reputational and operational risk of financial entities.

In social matters, financial inclusion is one of the most important challenges facing the financial society due to the increasing closure of offices, the depopulation of the most rural regions or the arrival of digital tools or channels.

Ibercaja assumes the commitment to continue developing its own and collaborative strategies together with other financial institutions and governments in matters of financial awareness and education with the aim of achieving financial inclusion for the entire society. For this reason, it strives to expand its range of products to satisfy the needs of all its clients, specifically the youngest and oldest because they are considered two of the most vulnerable groups to achieve financial capacity and stability and because they make up close to 50% of Ibercaja's customer base.

In 2023, Ibercaja has continued working on the integration, identification, management and control of reputational risk, always aligned with operational risk given the strong link between the two. In this process, the risks defined in 2022 in the reputational risk map have been analysed and it has been updated including a specific mention of the reputational risks derived from greenwashing as defined in EBA/REP/2023/16<sup>4</sup>. These risks have been assessed by the first lines of defense in the 2023 risk assessment campaign.

On the other hand, in 2023, the Entity has continued to develop the operational risk map, analysing, in addition to physical risks in the field of climate and environmental risks, those related to transition risk with a Group approach, such as bad greenwashing practices, also incorporating them into the evaluation tools.

### ESG risk measurement:

The Ibercaja Group's main business is banking intermediation, representing approximately 53% of total income, with the rest generated by other Group businesses with a relevant weight in asset management and insurance.

The retail nature of Ibercaja's business is reflected in the structure of the balance sheet and in the low risk profile, thus representing 60.8% of normal credit (excluding temporary acquisition of assets) within housing credit and 81. 0% of external financing within retail deposits.

---

<sup>4</sup> EBA Progress Report on Greenwashing Monitoring and Supervision, May 31, 2023.

The Entity operates exclusively in Spain and has a leadership position in its traditional area of operation (the autonomous communities of Aragón and La Rioja and the provinces of Guadalajara, Burgos and Badajoz), where 61% of clients are concentrated and obtains the 60% of retail business volume. The market share in this territory, 29% in private sector deposits and 19% in credit, reaches 41% and 26% in Aragón, respectively. It also has an important presence in other areas of great economic relevance such as Madrid and Arco Mediterráneo (includes the autonomous communities of Catalonia and the Valencian Community), which accumulate 18% and 12% of the clients and 18% and 12% of the volume of Entity business.

For this reason, ESG risk measurement exercises focus on the credit portfolio, focusing on the geographic areas and segments that concentrate the majority of income and assets in said business. Apart from the temporary acquisition of assets and impaired assets, the composition of loans and advances to customers is based on three segments:

- Credit to households accounts for more than 70% of loans and advances to customers. The main component of this financing is due to loans for home acquisition, since consumer credit or other financing for households does not reach 6% of total financing.
- Credit linked to companies comprises close to 30% and is divided into financing for productive activities and real estate development.
- Financing to the public sector or other organizations, for its part, represents less than 5% of loans and advances to clients.

In accordance with this, the analysis carried out on the predisposition to ESG risks has been carried out on the retail segment (mortgage portfolio) and the business segment (productive activities and real estate developments) of the credit portfolio<sup>5</sup>.

Ibercaja is aware that it must continue to advance in the evaluation and measurement of the impacts of climate risks on all prudential risks for a better evaluation of their quantitative materiality. The exercises carried out by the Entity to measure climate risks, as well as other ESG risks, are described below:

#### Mortgage portfolio:

Ibercaja analyses the exposure to transition climate risks in the mortgage portfolio through the actual Energy Efficiency Certificates (registered in the Official Records of each Autonomous Community) and estimates (proxies used to undertake the exercise) and the physical climate risks to those that would be exposed through information provided by an external provider.

The evaluation of C&E risks on the retail segment focuses on the mortgage portfolio because they represent approximately 90% of the weight of the entire segment. Due to this and the type of financing and the average maturity (mostly short-term) of consumer credit, it is not considered relevant for the purposes of exposure to climate risks.

---

<sup>5</sup> See Pillar III ESG Templates 1, 2 and 5 for more detail on the credit portfolio's climate risk exposure.

### Real estate development portfolio:

In order to evaluate the predisposition of this segment to transition climate risks, the Energy Efficiency Certificate of the real estate developments in the portfolio, registered by the real estate developer in the Official Registries of each Autonomous Community, is evaluated. This analysis seeks to analyse the exposure to climate transition risks of real estate developments that in the short term will become individual loans within the mortgage portfolio.

### Portfolio of productive activities:

On the one hand, Ibercaja evaluates the concentration in sectors with high intensity of CO<sub>2</sub> emissions (measured as tCO<sub>2</sub>eq./€) to measure its exposure to climate transition risks. This analysis has allowed us to develop the indicator called Transition Climate Risk (Rct) that allows classifying clients of productive activities based on their CNAE.

Likewise, in 2023, Ibercaja developed a methodology for quantifying economic capital needs due to climate transition risk in the credit portfolio of productive activities. This quantification is based on those counterparties with the highest carbon intensity and with a weak financial situation (analysed based on internal classification criteria to determine counterparties that could not carry out the necessary investments to undertake the transition to a decarbonized economy). In this sense, Ibercaja has applied a deterioration in the credit quality of those most carbon-intensive counterparties with an unfavourable financial situation to undertake the climate transition.

On the other hand, Ibercaja has evaluated the exposure of its portfolio of productive activities to physical, acute or chronic risks, considering the most vulnerable sectors of activity, according to the EBA. The evaluation is carried out, according to the average maturity of the operations contracted per client, from a heat map that determines the sensitivity to severe climate impacts in the short, medium and long term by CNAE economic sectors and the location of the counterparties deduced from the location of the headquarters, taking as reference the evaluation in the ThinkHazard tool.

In order to analyse the contribution of environmental, non-climatic risks, in the development of the Entity's productive activities, Ibercaja has taken as a reference the evaluation of the materiality of the environmental impact on the economic sectors developed by the Natural Capital Financial Alliance (NCFA).

According to the NCFA, the sectors to which the greatest material impact is attributed are those whose productive development is directly related to or depends to a greater extent on natural resources, being: the Agriculture sector, Oil and gas, Mining Hydroelectric production and distribution and water treatment. For example, the loss of biodiversity, soil degradation or the decrease in the availability and quality of water can be a risk factor for financial entities, so their analysis will be key to preventing potential financial impacts.

On the other hand, in order to integrate the impacts of climate risks into the Entity's financial planning, Ibercaja has carried out an exercise to quantify the impact of climate risks in the Budget and Business Plan, through the development of an alternative adverse climate scenario that integrates the impacts of the climate risks of the Net Zero 2050 scenario developed by the NGFS as it is considered the scenario with the greatest potential impact in the short term.



With regard to social risks, and following the United Nations Principles of Responsible Banking, for Ibercaja, meeting the needs of its clients is its priority, which is why, at all times and of its own volition, it seeks the best solutions. to help them in the most difficult situations.

This challenge responds to the Corporate Purpose “To help people build the story of their life” and is part of Ibercaja's commitment to sustainability, demonstrating its sensitivity to the social demands of the territory where it carries out its activity.

Ibercaja evaluates its contribution to the impact area of financial inclusion, through the periodic review of products and services focused on the two segments of individuals with the greatest relevance in its customer portfolio and potentially the most vulnerable within the financial system (young and old):

- Percentage in portfolio of clients belonging to the young or older segment.
- Number of clients benefited by these products or services.
- Percentage of offices with personal attention.
- Number of hours of training or communications offered to young people and seniors to help their financial understanding.

#### Management and monitoring of ESG risks:

##### Credit risk

Regarding the corporate segment, Ibercaja is working on the inclusion of ESG factors in the credit risk admission and monitoring processes, in line with the EBA Guide for the Origination and Monitoring of Loans, which defines the mechanisms and internal governance procedures of financial entities in relation to credit operations. In this sense, Ibercaja has an ESG Exclusions Policy in Credit Risk, approved by the Board of Directors, which limits the impact of ESG factors on Ibercaja's credit risk.

In addition, Ibercaja has developed a qualitative ESG Questionnaire at the client and operation level, which is updated annually, and which has the objective of collecting and managing sustainability information on clients and operations and obtaining an associated ESG risk as part of the customer and/or operations assessment process. In this sense, a reference to the consideration of ESG risks in the evaluation of clients and operations at credit risk is included in its admission policies.

In this way, the Entity can evaluate the ESG risk, focusing on climate risk, clients and operations that are part of the target audience. The information is reflected, when appropriate in accordance with the Entity's internal criteria, in the Risk Report of credit operations.

Likewise, with the aim of advancing in the analysis of our clients and in the integration of climate risks in credit risk management, Ibercaja has begun to work on the preparation of decarbonization sheets to monitor the transition plans of those counterparties that carry out their activity in sectors in which decarbonization objectives have been defined for 2030, to comply with the commitments adopted after joining the NZBA, or that have a high transition climate risk due to their membership in an economic sector with a high intensity emissions according to the Rct indicator developed by Ibercaja.

On the other hand, the Entity integrates climate risks as part of the Comprehensive Monitoring Principle within the Credit Risk Monitoring Policy. This principle applies to all counterparties of productive activities of the Entity and has the objective of identifying the information necessary to carry out periodic monitoring of individually significant borrowers, including the global vision in their profiles of the climate transition risk (Rct).

In order to limit exposure to sectors with a high climate transition risk, Ibercaja defined a concentration metric of exposure to sectors with high intensity of CO<sub>2</sub> emissions (measured as tCO<sub>2</sub>eq./€) in Credit Risk. To this end, it has defined thresholds on the sectoral concentration metric within the Risk Appetite Framework, establishing limits based on the appetite for highly carbon-emitting sectors that trigger different actions with the aim of correcting possible scenarios considering the risk appetite of the Entity:

- Appetite Threshold: percentage of exposure to high and very high risks below which the exposure to transition risks is considered to be controlled and does not require the action of additional plans or controls.
- Tolerance Threshold: percentage of high and very high risk exposure between appetite and non-compliance situations that may lead to the execution of additional control.
- Capacity Threshold: percentage of exposure to high and very high risks above which it will be necessary to define action plans to correct and resolve said situation of non-compliance.

The incorporation of this sector concentration metric in the Risk Appetite Framework means that the same governance, periodicity of reporting, monitoring and control applies to it as in the rest of the metrics, starting the review chain with the Risk Control Department. Risks in the Control Area Management, whose task is to evaluate the degree of compliance with the metrics, as well as their periodic monitoring.

Regarding the real estate development portfolio, in 2023, Ibercaja has begun to integrate information from the energy efficiency certificate of real estate development operations, with the aim of being able to track the level of energy efficiency of the promotions in progress, thus advancing in the integration and analysis of climate risks in all its portfolios.

In relation to the retail segment, the energy rating reported in the energy efficiency certificate available from the +Sustainable Mortgage has been integrated into the monitoring of the mortgage portfolio.

Additionally, the Entity, in collaboration with external data providers and using internal data sources, collects information on the evaluation of training capabilities, aspects of continuity of ownership, aspects linked to governing bodies and their commitments, etc. of your client portfolio.

## Liquidity risk

Regarding liquidity risk management, and as an introduction to the impact of climate risks on the Entity's liquidity, both in the Financial Markets and Ibercaja Vida portfolios, a depreciation of unsustainable bonds continues to be applied (analysing the difference in spreads between a green bond and another brown bond from the same equivalent issuer) in the liquidity self-assessment exercise, with the aim of integrating climate risks into this prudential risk.

## Market risk

In market risk management, Ibercaja developed, under the same methodology as in credit risk, a sector concentration metric through the indicator called Transition Climate Risk (Rct) and is incorporated into the Risk Appetite Framework of the Entity. Throughout 2023, this metric has been monitored.

Likewise, Ibercaja has worked in the field of portfolio management activity by monitoring indicators that define ESG criteria (which include aspects related to climate and environmental risks) and certain asset selection criteria that allow characterization of portfolios. private fixed income and variable income.

The asset managers of the Ibercaja Group, Ibercaja Pensión and Ibercaja Gestión, committed to the development of society and care and protection of the environment through socially responsible investment, have incorporated an internal and progressive model for investment selection and risk management financial extras that are incorporated into traditional fundamental analysis. For this reason, it has worked to comply with Regulation (EU) n°. 2019/2088 of the European Parliament and of the Council of November 27, 2019 on the disclosure of information related to sustainability in the financial services sector, and the Delegated Regulation (EU) 2022/1288, analysing the PIAS with the aim of disclosing its Declaration of Main Adverse Incidents of investment decisions on sustainability factors. Likewise, during 2023 work has continued and progress has been made in updating the different policies already approved on ESG matters.

## Operational risk

In relation to the management and control of operational risk, the Entity has made progress in two directions. On the one hand, the operational risk map linked to the climate risk map is kept permanently updated according to the progress achieved. This implies that the operational risk assessment is therefore kept updated in this sense. On the other hand, the Entity has created a Non-Financial Risk Control Unit, with specific functions in the field of ESG risk control. Thus, in 2023, this unit has participated with an active role in the review process of climate risk inventories qualitatively evaluated by the first lines of prudential risks.

In 2023, Ibercaja has continued to analyse the impact of physical risks on its owned or leased properties used by Ibercaja based on the data provided by ST Analytics with the aim of contributing to the definition of the Entity's continuity plan. The methodology defined by the data provider for the assessment of flood risks in the Spanish provinces is based on the SNCZI definition of flood zones, to generate hazard maps, and on the evaluation of the potential adverse consequences associated with floods, with the objective of obtaining risk maps.

In addition, the Entity carries out an exercise called Operational Risk VaR, which consists of an internal calculation methodology that Ibercaja uses as support for the analysis and review of its operational results, in addition to the regulatory methodology for calculating capital for Operational Risk through of the Standard Method (Pillar I of Basel II). The Operational VaR methodology is based on the modelling of a distribution of operational losses based on the adjustment of frequency and impact distributions from the frequency and impact data obtained in said self-assessment questionnaires. Therefore, it is a qualitative approach (self-assessment questionnaires) and a quantitative approach (result and quantitative evaluation of the corresponding operational risk manager). In this sense, the VaR exercise takes into consideration the climatic, physical and transition risks, to obtain the overall result of the analysis. Additionally, the Entity obtains a specific VaR result linked to climate risks.

### Reputational Risk

For the integration, identification, management and control of reputational risk, in 2023 the risks defined in 2022 in the reputational risk map have been analysed and it has been updated including a specific mention of the reputational risks derived from greenwashing as defined in EBA/REP/2023/16<sup>6</sup>. These risks have been assessed by the first lines of defense in the 2023 risk assessment campaign.

### Subscription Risk

Additionally, within the risk and solvency self-assessment process (ORSA), Ibercaja Vida incorporates climate risks in the assessment of risk events that could impact its results. As a first assessment, evaluate the potential impact of physical and transition risks on all financial risks, including underwriting risk.

### Business Risk

Regarding business risk, Ibercaja annually updates the analysis of the impacts that climatic and environmental factors have on business risk with the aim of identifying the factors that could have a greater impact, the sectors and areas potentially most affected, new needs for adaptation and emerging risks. This analysis focuses on Ibercaja's main areas of action, on the segments of the credit portfolio that concentrate the Entity's banking business and on the economic sectors in which it has a greater presence, which in turn allows it to delve deeper into business opportunities on the most relevant segments for the Entity and is used as a source, among others, to define the commercial strategy.

The Entity is aware that evaluating the impacts on business risk is a challenge and that it must continue working to evaluate the impact of climate and environmental risks on this prudential risk.

In summary, all these exercises are subject to the guidelines described in the ESG Risk Governance Policy (2023), which highlights and formalizes the governance, management and control of ESG risks and reinforces the Group's commitment to development sustainable.

---

<sup>6</sup> EBA Progress Report on Monitoring and Supervision of Greenwashing, May 31, 2023.

Ibercaja focuses most of its efforts on managing the climate risks of its counterparts following the expectations of the ECB. However, aware of the relevance of environmental, non-climatic, social and governance risks, the Entity is committed to continuing to work on them in the long term, responding to supervisory requirements as the regulatory framework evolves.

## 15.4.2 – ESG Data

Given that Ibercaja's portfolio of productive activities is mainly made up of SMEs, the availability of ESG information from counterparties is in an initial phase that should evolve over the coming years. In this sense, Ibercaja currently has the information contained in this IRP regarding ESG risk management and continues to define action plans to collect a greater degree of detail of data, mainly social and governance, from its counterparties; including the role of the highest governing body in the presentation of non-financial information, as well as to integrate this information and results into its internal management processes, in accordance with the evolution of the regulatory framework and sectoral advances.

Ibercaja is aware of the relevance of its clients' non-financial information for the correct integration of ESG factors and to advance the metrics and objectives necessary to evaluate and manage the risks and opportunities derived from them. For this reason, it has developed a specific line within the Strategic Sustainability Initiative to work on non-financial data, incorporating it as one of the informational areas in the Entity's data governance model.

The availability of said data is relevant for the integration of climatic factors in the business and in decision making, therefore, the Entity is working with external data providers for the collection of non-financial information of its clients and its subsequent incorporation into systems, evaluating its availability, transparency, quality and external verifications to which it is subjected.

As an example, some of the fields obtained are related to the environment, such as the availability of environmental policies, waste management plan and breakdown of these, polluting emissions, water and energy consumption or ISO14001 certification, among others. . In the social sphere, fields such as the wage gap, work-life balance measures, job creation, training, percentage of male and female employees, etc. stand out. Finally, fields related to the governance of your clients are included, such as number of directors, independent directors, Board remuneration or number of men and women on the Board, among others.

Currently, a total of 122 data are received from our corporate clients required to publish information on ESG matters, which will increase according to regulatory requirements. Said non-financial information will be available for consultation in internal tools during the last three years for which information is available.

The lack of homogeneous standards and the volume of external and internal requirements have led Ibercaja to generate an inventory of priority ESG data, built from internal or external ESG data (depending on the source of information of each one), as part of a specific line within the Strategic Sustainability Initiative to work on non-financial data.

The data to be prioritised has been determined according to its need for implementation for the generation of external reports, the development of internal processes, the response to regulatory requirements and the implementation of supervisory expectations. Likewise, during 2023, work has been carried out on a strategic approach to integrating ESG data into the Entity's information systems, specifying its specific uses and a flexible and scalable roadmap has been defined for its implementation, taking into account that it must continue to adapt and incorporate new ESG data requirements.

Along these lines and beginning to analyse the new CSRD or Directive on corporate information on sustainability, in 2023 work has been done on the identification of the main datapoints of said Directive, with the aim of reporting complete information in 2025.

Ibercaja intends to progressively integrate ESG data into its credit risk analysis, corporate governance information from counterparties (as well as other non-financial information) as a complement to traditional economic-financial analyses. In this sense, the relevant information has been integrated into the ESG risk assessment of the Entity's portfolio in the information environments, in order to exploit it in Ibercaja's processes:

- The data provided by ST Analytics on Ibercaja's real estate guarantees has been integrated.
- The Energy Efficiency Certificate has been included in systems at the level of admission and monitoring of credit risk and in real estate development operations.
- The level of transition climate risk has been integrated based on the RAF metric.
- Finally, the level of residual environmental risk provided in the ESG questionnaires has been included in the Entity's internal systems.

Currently, the Entity is collecting ESG information published in the non-financial information statements of its counterparties in its systems. In this way, the analysis of good governance, social aspects and controversies in which the counterpart has been involved continues and said information can be incorporated into the concession process for certain sectors.

Likewise, due to the relevance that environmental risks currently have for the Supervisor, Ibercaja strives to collect real information on scope 1, 2 and 3 emissions data from its counterparts and to identify all the information necessary to evaluate exposure to physical risks. or calculate the percentage of your portfolio aligned with the EU Taxonomy.

Additionally, the Entity participates in sessions and sectoral work groups that pursue the objective of combining efforts and knowledge to try to homogenize the available data and methodologies, providing the exercises with comparability with similar entities.

The objective of this template is to show Ibercaja's exposure and the credit quality of non-financial companies belonging to sectors that are considered to contribute to climate change. Likewise, information related to the emissions financed by Ibercaja is provided.



The financed emissions of scope 1+2 have been estimated based on the economic activity of the companies. At the moment, Ibercaja does not estimate the financed scope 3 emissions of its counterparts since the availability of information, as well as the existing methodologies, are limited. However, work is being done on the process of obtaining climate and environmental information to improve its analysis.

Ibercaja has followed the PCAF (Partnership for Carbon Accounting Financials) methodology to calculate its financed emissions, with a data quality of 4 according to the scale of this methodology. As a result, an emissions intensity has been obtained for each sector according to the 4-digit CNAE (NACE) code.

In this report, the emissions intensity that PCAF attributes to each sector for the countries of the European Union has been updated, based on the latest report made available to all signatory entities.

Based on this intensity of emissions by NACE code, the total emissions of each of the counterparties have been estimated based on their turnover and the NACE that best represents their productive activity. Based on Ibercaja's exposure, the financed emissions have been calculated.

As a result, it is estimated that Ibercaja has an exposure of 6,523 million euros, in gross book value, to counterparties in sectors considered to be major contributors to climate change and an exposure of 1,280 million euros in other sectors. Those economic activities that concentrate the largest volume of financed emissions fall into Group A ("Agriculture, livestock, forestry and fishing"), Group C ("Manufacturing industry") and Group G ("Wholesale and retail trade"). retail; repair of motor vehicles and motorcycles").

Likewise, an analysis of the exposure to companies excluded from the benchmark indices aligned with the Paris Agreement has been carried out in accordance with the criteria established in Delegated Regulation 2020/1818 of the European Commission:

- Companies that obtain more than 1% of their income from exploration, mining, extraction, distribution or refining of anthracite, coal and lignite activities.
- Companies that obtain more than 10% of their income from exploration, extraction, distribution or refining activities of petroleum-derived fuels.
- Companies that obtain more than 50% of their income from exploration, extraction, manufacturing or distribution of gaseous fuels.
- Companies that obtain more than 50% of their income from electricity generation activities with an intensity of GHG (Greenhouse Gas) emissions greater than 100g of CO<sub>2</sub>e/kWh.

Based on the identification of the NACE codes of the activities that are considered excluded from the EU benchmarks harmonized with the Paris Agreement and the percentage of income that comes from said exclusion criteria disclosed by the affected counterparties, it has been estimated that Ibercaja's exposure to excluded companies amounts to 132 million euros, in gross book value.

Regarding the exposure disclosed in the semiannual report with information from June 2023, it is worth highlighting a new credit account for 30 million euros in a client whose productive activity is associated with sector C.19 and the reduction of the drawn down by nearly 20 million euros on a factoring line whose debtor has an associated NACE code 3511.

Table 76. Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity																
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Sector/subsector	Gross carrying amount (Min EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Min EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
		Of which Stage 2 exposures	Of which Stage 2 exposures	Of which stage 2 exposures	Of which non-performing exposures		Of which: Stage 2 exposures	Of which: non-performing exposures		Of which Scope 3 financed emissions						
<b>Exposures towards sectors that highly contribute to climate change*</b>	<b>6,523</b>	<b>132</b>	<b>22</b>	<b>445</b>	<b>245</b>	<b>-189</b>	<b>-17</b>	<b>-107</b>	<b>1,570,514</b>	<b>0</b>	<b>0</b>	<b>4,913</b>	<b>833</b>	<b>328</b>	<b>449</b>	<b>5</b>
1 A - Agriculture, forestry and fishing	352	0	0	43	17	-12	-2	-9	500,770	0	0	217	98	35	2	5
2 B - Mining and quarrying	22	0	0	3	0	0	0	0	15,012	0	0	19	3	0	0	3
3 B.05 - Mining of coal and lignite	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
4 B.06 - Extraction of crude petroleum and natural gas	3	0	0	0	0	0	0	0	0	0	0	1	2	0	0	6
5 B.07 - Mining of metal ores	4	0	0	0	0	0	0	0	4,543	0	1	4	0	0	0	4
6 B.08 - Other mining and quarrying	15	0	0	3	0	0	0	0	10,271	0	0	14	1	0	0	3
7 B.09 - Mining support service activities	1	0	0	0	0	0	0	0	198	0	0	1	0	0	0	1
8 C - Manufacturing	1,957	62	22	100	64	-60	-4	-21	441,641	0	0	1,705	225	21	6	3
9 C.10 - Manufacture of food products	656	0	0	29	6	-5	-1	-2	103,054	0	0	567	81	6	2	2
10 C.11 - Manufacture of beverages	109	0	0	18	6	-3	-1	-2	8,495	0	0	96	10	2	0	2
11 C.12 - Manufacture of tobacco products	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 C.13 - Manufacture of textiles	19	0	0	2	0	-18	0	0	1.924	0	0	18	1	0	0	1

14	C.14 - Manufacture of wearing apparel	15	0	0	2	0	0	0	0	1,135	0	0	13	1	1	0	3
15	C.15 - Manufacture of leather and related products	13	0	0	2	0	0	0	0	1,729	0	0	12	0	0	0	1
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	40	0	0	2	1	-1	0	-1	5,940	0	0	36	3	0	0	2
17	C.17 - Manufacture of pulp, paper and paperboard	118	0	2	1	0	0	0	0	16,844	0	0	110	7	0	0	4
18	C.18 - Manufacture of paper and paper products	27	0	0	3	2	-1	0	-1	2,668	0	0	21	5	1	0	3
19	C.19 - Manufacture of coke oven products	31	31	0	0	0	0	0	0	51,770	0	1	31	0	0	0	4
20	C.20 - Production of chemicals	115	18	1	2	1	-1	0	-1	47,909	0	0	105	10	0	0	2
21	C.21 - Manufacture of pharmaceutical preparations	31	0	0	0	5	-2	0	-2	1,593	0	0	27	5	0	0	4
22	C.22 - Manufacture of rubber products	89	0	0	3	6	-4	0	-2	17,054	0	0	67	21	1	0	3
23	C.23 - Manufacture of other non-metallic mineral products	84	12	0	7	8	-2	0	-2	68,153	0	0	69	12	2	0	3
24	C.24 - Manufacture of basic metals	139	0	0	2	0	-10	0	0	66,579	0	0	127	11	0	0	2
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	157	0	0	10	6	-3	0	-2	13,981	0	0	139	15	2	0	2
26	C.26 - Manufacture of computer, electronic and optical products	23	0	0	0	1	0	0	0	4,691	0	0	21	2	1	0	3
27	C.27 - Manufacture of electrical equipment	44	0	0	3	0	0	0	0	10,056	0	0	40	3	0	2	2
28	C.28 - Manufacture of machinery and equipment n.e.c.	80	0	0	3	12	-3	0	-2	4,347	0	0	62	14	3	0	3
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	32	0	0	2	3	-4	0	-2	1,009	0	0	29	2	0	0	2
30	C.30 - Manufacture of other transport equipment	61	0	19	4	0	0	0	0	3,228	0	0	49	12	0	0	3
31	C.31 - Manufacture of furniture	34	0	0	1	1	-1	0	0	5,022	0	0	25	8	1	0	3

32	C.32 - Other manufacturing	20	0	0	2	3	-1	0	-1	2,366	0	0	19	0	0	0	2
33	C.33 - Repair and installation of machinery and equipment	22	0	0	2	1	0	0	0	2,094	0	0	20	2	0	0	3
34	D - Electricity, gas, steam and air conditioning supply	243	70	0	29	4	-3	-1	-2	70,827	0	0	174	42	23	4	3
35	D35.1 - Electric power generation, transmission and distribution	237	66	0	29	4	-3	-1	-2	44,709	0	0	169	42	23	4	3
36	D35.11 - Production of electricity	216	66	0	29	3	-3	-1	-2	42,146	0	0	148	41	23	4	4
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	5	4	0	0	0	0	0	0	25,831	0	0	5	0	0	0	1
38	D35.3 - Steam and air conditioning supply	0	0	0	0	0	0	0	0	287	0	0	0	0	0	0	2
39	E - Water supply; sewerage, waste management and remediation activities	115	0	0	3	2	-1	0	0	16,213	0	0	90	25	0	0	3
40	F - Construction	1,066	0	0	67	56	-38	-4	-32	49,432	0	0	503	46	99	418	13
41	F.41 - Construction of buildings	731	0	0	50	39	-30	-4	-25	20,709	0	0	193	30	92	416	19
42	F.42 - Civil engineering	87	0	0	4	3	-1	0	-1	7,172	0	0	85	2	0	0	2
43	F.43 - Specialised construction activities	248	0	0	12	14	-7	0	-6	21,551	0	0	224	14	8	2	2
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,800	0	0	122	56	-42	-3	-25	376,407	0	0	1,629	139	29	2	2
45	H - Transportation and storage	482	0	0	22	12	-9	-1	-6	95,193	0	0	378	98	7	0	4
46	H.49 - Land transport and transport via pipelines	353	0	0	9	9	-7	0	-5	50,781	0	0	268	82	3	0	4
47	H.50 - Water transport	24	0	0	0	0	0	0	0	16,541	0	1	19	5	0	0	4
48	H.51 - Air transport	13	0	0	11	0	0	0	0	21,974	0	1	13	0	0	0	4
49	H.52 - Warehousing and support activities for transportation	68	0	0	3	2	-2	0	-1	5,652	0	0	55	9	4	0	3
50	H.53 - Postal and courier activities	24	0	0	0	0	0	0	0	244	0	0	23	1	0	0	2

51	I - Accommodation and food service activities	134	0	0	30	15	-8	-1	-7	4,278	0	0	78	42	13	0	5
52	L - Real estate activities	352	0	0	25	18	-14	-2	-5	741	0	0	120	115	100	18	9
53	<b>Exposures towards sectors other than those that highly contribute to climate change*</b>	<b>1,280</b>	<b>0</b>	<b>11</b>	<b>74</b>	<b>49</b>	<b>-34</b>	<b>-3</b>	<b>-25</b>	<b>43,820</b>	<b>0</b>	<b>0</b>	<b>1,029</b>	<b>91</b>	<b>56</b>	<b>105</b>	<b>3</b>
54	K - Financial and insurance activities	253	0	6	9	0	-2	-1	0	827	0	0	245	6	2	0	3
55	Exposures to other sectors (NACE codes J, M - U)	1,027	0	5	65	49	-32	-3	-25	42,993	0	0	784	84	54	105	0
56	<b>TOTAL</b>	<b>7,803</b>	<b>132</b>	<b>33</b>	<b>519</b>	<b>288</b>	<b>-217</b>	<b>-20</b>	<b>-133</b>	<b>1,614,334</b>	<b>0</b>	<b>0</b>	<b>5,942</b>	<b>924</b>	<b>384</b>	<b>554</b>	<b>5</b>

\* In accordance with the Commission delegated Regulation (EU) n°. 2020/1818 supplementing Regulation (EU) n°. 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) n°. 1893/2006



## 15.5 – Loans secured by collateral consisting of immovable property

The objective of this template is to measure the energy efficiency of loans secured by residential or commercial real estate, as well as foreclosed or repossessed collateral, in terms of consumption and their energy performance certificates:

- 1- Level of energy consumption, expressed in kWh/m2, disaggregated into the following brackets:

0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
-----------	---------------	---------------	---------------	---------------	-------

- 2- Energy Performance Certificate (EPC) based on the specific consumption of the guarantee:

A	B	C	D	E	F	G
---	---	---	---	---	---	---

The information needed to fill in the template has been obtained through different mechanisms, based on Ibercaja's collaboration with an approved appraisal company in Spain (ST Analytics) and internal methodologies:

- As a first step, an attempt was made to obtain real information on the properties under guarantee by means of a specific search in the energy efficiency databases of the Autonomous Regions (CCAA).
- Secondly, estimation exercises have been carried out by the external data provider by searching for the energy efficiency of other buildings in the same building or by means of an internal model.
- Finally, this information has been enriched with energy efficiency data estimated using an internal rating model.

Ibercaja reports actual and estimated energy efficiency for 90% of its portfolio. It also has actual EPC information for more than 35% of its secured properties.

Table 77. Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral (*)																
Counterparty sector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Total gross carrying amount (in MEUR)															
	Level of energy efficiency (EP score in kWh/m² of collateral)							Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
	0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500		A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
<b>1 Total EU area</b>	<b>18,900</b>	<b>3,034</b>	<b>7,115</b>	<b>5,100</b>	<b>1,076</b>	<b>375</b>	<b>257</b>	<b>405</b>	<b>531</b>	<b>350</b>	<b>855</b>	<b>3,436</b>	<b>518</b>	<b>650</b>	<b>12,154</b>	<b>84%</b>
Of which Loans collateralised by commercial immovable property	1,099	34	69	31	12	10	33	9	14	32	15	11	5	3	1,009	10%
<b>3 Of which Loans collateralised by residential immovable property</b>	<b>17,564</b>	<b>2,996</b>	<b>7,020</b>	<b>5,042</b>	<b>1,053</b>	<b>360</b>	<b>219</b>	<b>397</b>	<b>517</b>	<b>317</b>	<b>836</b>	<b>3,408</b>	<b>509</b>	<b>641</b>	<b>10,939</b>	<b>92%</b>
Of which Collateral obtained by taking possession: residential and commercial immovable properties	238	3	26	27	10	5	5	0	0	1	4	17	4	6	205	23%
<b>5 Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated</b>	<b>10,277</b>	<b>1,610</b>	<b>5,073</b>	<b>2,743</b>	<b>431</b>	<b>239</b>	<b>181</b>								<b>10,277</b>	<b>100%</b>
<b>6 Total non-EU area</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>8 Of which Loans collateralised by residential immovable property</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>10 Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 15.6 – Harmonisation parameters

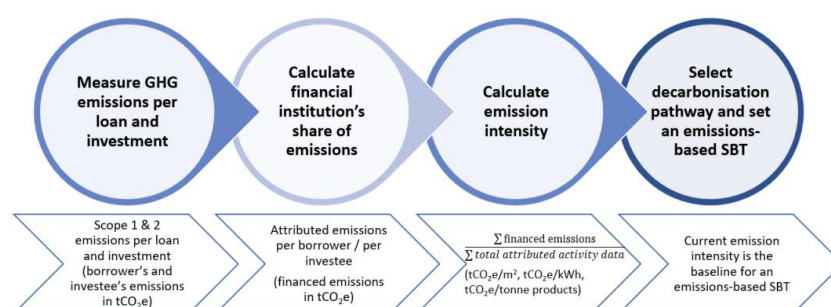
In line with its ambition towards a low-carbon economy, Ibercaja joined the Net Zero Banking Alliance (NZBA) in 2021 and published in 2022 its first decarbonisation targets for 2030 in three of the most GHG-intensive sectors, most relevant to its portfolio and with sufficient scenarios, metrics and methodologies: Power Generation, Iron and Steel Production and Residential Real Estate.

The methodology used was revised in 2023, recalculating the starting points adapted for each sector, as well as the percentage reduction set for the electricity generation sector, in line with the national targets for this sector and the requirements for periodic review of the targets. In this regard, the calculation methodology used was based on the recommendations of the Net Zero Banking Alliance and the Guide for setting climate targets for banks published by UNEPFI.

Table 78. Environmental risk analysis matrix

Sector	Scenario	Scope covered	Metric	Baseline	Base year (2022)	Target 2030
Electricity Generation	NZE 2050 (IEA)	1 and 2	kg CO <sub>2</sub> eq. / MWh	68 (2021)	118 (+73%)	61 (-10%)
Iron and Steel Production	NZE 2050 (IEA)	1 and 2	kg CO <sub>2</sub> eq. / t	966 (2021)	900 (-7%)	869 (-10%)
Real Estate Residential	NZE 2050 (IEA) y CRREM 1.5°	1 and 2	kg CO <sub>2</sub> / m <sup>2</sup>	41 (2021)	39 (-5%)	35 (-16%)

For the development of the decarbonisation targets, the SBTi SDA methodology has been followed, taking into account the following phases:



In the energy sector, renewable and non-renewable electricity production activities have been taken into consideration, and in the iron and steel sector, all manufacturing, production, drawing and smelting activities are included. The scenario used to define the decarbonization targets for 2030 in both sectors is the "Net Zero 2050", published by the International Energy Agency (IEA).

The NZE2050 scenario in the residential Real Estate sector is based on a baseline in 2021 that is much lower than the value of the metric calculated by Ibercaja (whose value is aligned with that of its *peers*) due to the situation of the national housing stock. Therefore, in Real Estate Residential, the "Global Decarbonization Pathway 1.5°C" scenario has been chosen published by the Carbon Risk Real Estate Monitor (CRREM) for Spain also aligned with "Net Zero 2050" and the goal of limiting global warming to 1.5°C.

In all three sectors, primary sources of information on the websites of the publishing institutions have been used to obtain the data for the selected scenarios.

Intensity metrics are constructed once the scenario has been worked through to ensure comparability, based on the production of the priority sectors to be decarbonised and on the volume of emissions in the portfolio financed for each sector, as well as its specific production volume magnitude.

Ibercaja has defined different decarbonisation pathways<sup>7</sup> to achieve the intermediate targets in the three sectors, following the guidelines and recommendations for Financial Institutions published by the Glasgow Financial Alliance for Net Zero (GFANZA).

Template 3 publishes information on the sectors selected by the Entity for target setting, the gross book value they represent, the alignment metric chosen for each sector and the baseline year used. The distance to the IEA NZE2050 scenario and the three-year forward targets from the baseline in the reference year are not reported here as they are not a requirement for the NZBA.

## 15.7 – Exhibition with the 20 most polluting companies

In order to identify the exposure to the twenty most carbon intensive companies globally, an analysis has been carried out taking into consideration the CDP *Carbon Majors Report*<sup>8</sup>, one of the data sources proposed by the EBA. This report provides a list of companies from highest to lowest cumulative emissions between 1988 and 2015.

Based on this analysis, Ibercaja has no exposure to any of the carbon-intensive companies in December 2023.

To corroborate that Ibercaja has no exposure to any of the world's most polluting companies, an alternative methodology, *The Climate Accountability Institute*<sup>9</sup> has also been considered.

<sup>7</sup> See further information in the 2023 Consolidated Directors' Report.

<sup>8</sup> Source: <https://cdn.cdp.net/cdp-production/cms/reports/documents/000/002/327/original/Carbon-Majors-Report-2017.pdf?1501833772>

<sup>9</sup> Source: <https://climateaccountability.org/wp-content/uploads/2020/12/CAI-PressRelease-Dec20.pdf>

Table 79: Template 3: Banking book –Climate change transition risk: Alignment metrics

Template 3: Banking book – Climate change transition risk: Alignment metrics						
a	b	c	d	e	f	g
Sector	NACE Sectors (at minimum)	Portfolio gross carrying amount (Mn EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1 Power	3511	216	0,068 t CO <sub>2</sub> / MWh	2021	N/A	N/A
2 Fossil fuel combustion						
3 Automotive						
4 Aviation						
5 Maritime transport						
6 Cement, clinker and lime production						
7 Iron and steel, coke, and metal ore production	2410, 2420, 2431, 2432, 2433, 2434, 2451, 2452, 2454	82.45	0,966 t CO <sub>2</sub> / t produced	2021	N/A	N/A
8 Chemicals						
9 Real Estate Residencial	N/A	17,563.51	0,041 t CO <sub>2</sub> / m <sup>2</sup>	2021	N/A	N/A

\*\*\* PiT distance to 2030 NZE2050 scenario in % (for each metric)

Table 80 Template 4: Banking book –Climate change transition risk: Exposures to top 20 carbon-intensive

Template 4: Banking book –Climate change transition risk: Exposures to top 20 carbon-intensive firms				
a	b	c	d	e
Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included

1

(\*) For counterparties among the top 20 carbon emitting companies in the world

## 15.8 – Exposures subject to physical risk

The aim of this template is to identify to identify exposures subject to acute and chronic physical climate risks, concerning non-financial corporations, real estate-secured loans, and property guarantees, including loans and advances, debt securities, and equity instruments not held for trading or sale.

Ibercaja assesses physical risks, acute and chronic, related to the climate. This evaluation uses two differentiated approaches for the portfolio of productive activities and real estate guarantees.

In assessing the impact of physical climate risks on non-financial corporations, the average maturity of operations has been taken into consideration. Furthermore, in doing this assessment, a heat map has been employed to ascertain sensitivity to short-, medium-, and long-term severe climate impacts across economic sectors classified by CNAE, along with the location of their counterparties' headquarters, with reference to the assessment provided by the ThinkHazard tool.

Taking both variables into account, the assigned potential risk level can be low, medium or high. Only Ibercaja's exposure with high risk in the short, medium and long term acute or chronic climate change phenomena has been considering sensitive.

Applying the methodology described the exposure of Ibercaja's portfolio to physical risks, acute or chronic, is limited. The most vulnerable non-financial companies are those whose productive activity is included in the sectors of Group A ("Agriculture, livestock, forestry and fishing"), Group F ("Construction") and Group L ("Real Estate Activities") and in the provinces of Segovia, Huesca, Soria and Santa Cruz de Tenerife.

On the other hand, Ibercaja collaborates with an appraisal company approved in Spain (ST Analytics) to obtain the predisposition of the properties under guarantee, residential or commercial, as well as the properties recovered for acute or chronic risks<sup>10</sup>.

ST Analytics methodology identifies different levels of risk for the real estate portfolio, as a result of forest fires, river or coastal floods, desertification, earthquakes or volcanic activity, depending on the location and typology of the properties. When responding to the template, properties classified with the highest level of risk according to the scale determined by the provider have been identified as sensitive to physical risks.

The properties under guarantee or recovered do not present vulnerability to chronic risks and do so in a residual way to acute risks, since they do not reach 8.2% of the total exposure.

---

<sup>10</sup> ST Analytics has carried out an analytical review of the climate impacts of physical risks in Ibercaja's real estate guarantees, in addition to a study of their energy certification qualifications.



Table 81. Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk

Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk														
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
	of which exposures sensitive to impact from climate change physical events													
	Breakdown by maturity interval					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	Of which: exposures sensitive to the impact of both chronic and acute phenomena related to climate change	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures	
1 A - Agriculture, forestry and fishing	352	188	91	34	1	5	53	188	73	39	17	-11	-2	-8
2 B - Mining and quarrying	22	0	0	0	0	3	0	0	0	0	0	0	0	0
3 C - Manufacturing	1,957	0	6	4	0	2	0	10	0	0	0	0	0	0
4 D - Electricity, gas, steam and air conditioning supply	243	0	0	2	0	1	0	2	0	0	0	0	0	0
5 E - Water supply; sewerage, waste management and remediation activities	115	0	9	0	0	3	0	9	0	0	0	0	0	0
6 F - Construction	1,066	0	4	21	49	8	0	75	0	12	9	-2	-1	-1
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,800	0	0	5	0	2	0	5	0	0	0	0	0	0
8 H - Transportation and storage	482	0	0	1	0	3	0	1	0	0	0	0	0	0
9 L - Real estate activities	352	0	13	71	8	9	0	92	0	11	1	-2	-1	-1
10 Loans collateralised by residential immovable property	17,564	36	107	570	728	19	0	1,441	0	86	35	-16	-6	-8
11 Loans collateralised by commercial immovable property	1,099	20	20	21	1	16	0	63	0	8	8	-3	-1	-3
12 Repossessed collaterals	238	0	0	0	40	0	0	40	0	0	0	-23	0	0
13 Other relevant sectors (breakdown below where relevant)	-	0	0	0	0	0	0	0	0	0	0	0	0	0

## 15.9 – GAR summary

The purpose of Template 6 is to consolidate and break down the KPIs of the Green Asset Ratio (GAR) for climate change mitigation and adaptation objectives. According to Regulation (UE) n°. 2020/852 on Taxonomy, the GAR displays the percentage of exposures related to activities aligned with the Taxonomy compared to the Entity's total assets. The Ibercaja Group discloses the information on its banking activity and calculates these indicators, in accordance with Annexes V and VI of Regulation (EU) n°. 2023/2139, under the perimeter of prudential consolidation, in line with the reporting requirements of financial entities of Regulation (EU) n° 575/2013 and Commission Implementing Regulation (EU) 2021/451 (FINREP).

GAR indicator is disclosed both in stock view, including exposure to the entire live portfolio, and in flow view, where the new net exposures for fiscal year 2023 are shown. In addition to this, information is reported on the percentage represented by assets aligned with mitigation and adaptation to climate change based on income. These KPIs are obtained from the data collected in Template 7 "Mitigation Actions – GAR Assets".

Table 82. Summary of GAR KPIs

Template 6. Summary of GAR KPIs				
	KPI			% coverage (over total assets) (*)
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR Stock	1.50%	0.00%	1.50%	74.05%
GAR flow	1.10%	0.00%	1.10%	72.86%

(\*) % of assets covered by the key results indicator compared to the banks' total assets

## 15.10 – GAR Asset Mitigation Actions

Template 7 presents the breakdown of information regarding Entity's assets and exposures that comply with the Taxonomy for the calculation of the GAR indicator. In this Template, data is reported in absolute value in a stock perspective on assets within the balance sheet, specifying eligibility and alignment with climate objectives for each asset category.

Taxonomy Regulation includes a list of economic activities which may potentially contribute to one or more of the established environmental objectives. An activity is considered eligible when it is in the economic activities list. Likewise, for an activity to be considered aligned with the Taxonomy, it must meet the technical selection criteria for substantial contribution, not cause any significant prejudice to the rest of the objectives and comply with the minimum social safeguards.

For the calculation of eligibility and alignment data for the reported exposures, the activities associated with these exposures have been categorised based on the technical selection criteria. In this way, the aim is to establish the conditions under which activities are considered to substantially contribute to the objectives of Mitigation and Adaptation to Climate Change as outlined in Annexes I and II of Delegated Regulation (EU) 2021/2139.

The information about these exposures has been obtained from the analysis of the data available from the counterparties in the company's systems for each type of asset. For the assessment of eligibility and alignment of exposures, the Entity has relied on published real data. The information about non-financial entities is based on the data published in 2022 since, as of the reporting date, the data for the year 2023 has not been released.

Below is the detail of the portfolios included in the 2023 Taxonomy report:

Portfolio typology	Report Features
Investment portfolio	The eligibility and alignment for the climate objectives of the Group's own investments is reported in accordance with the actual data provided by the issuers.
Credit portfolio – Business segment	Eligibility and alignment for climate objectives of financing operations without specific purpose is disclosed, in accordance with the actual data reported by counterparties. In the information report about specific purpose financing operations, work continues to be able to demonstrate compliance with the technical selection criteria, the DNSH and the minimum safeguards and thus report eligibility and alignment.
Credit portfolio – Retail (Mortgages)	Eligibility and alignment with the climate change mitigation objective is disclosed for the properties secured by the mortgage portfolio with a non-inferred Energy Efficiency Certificate (CEE) and, therefore, no information is reported for the properties secured with an Estimated EEC or no information. Along these lines, to comply with the DNSH criteria for the taxonomy's climate change adaptation objective as provided in Annex I of Delegated Regulation (EU) 2021/2139, the Entity carries out an assessment of the associated physical risks. to each of the properties that are considered binding to comply with said criterion.
Credit portfolio – Retail (Loans to individuals not linked to mortgages)	During 2023, Ibercaja has worked to collect data and information on vehicle financing activities and loans for the renovation of existing buildings. Once these developments are completed, Ibercaja will be able to begin reporting the alignment of these operations.

Table 83. Template 7. Mitigating actions: Assets for the calculation of GAR

Template 7. Mitigating actions: Assets for the calculation of GAR																
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Total gross carrying amount  millions of euros	Disclosure reference date T															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					
	Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					
			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
<b>GAR - Covered assets in both numerator and denominator</b>																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	20,889	17,972	523	0	0	0	0	0	0	0	17,972	523	0	0	0
2	<b>Financial corporations</b>	<b>842</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3	Credit institutions	719	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Loans and advances	574	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Debt securities, including UoP	140	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Equity instruments	5	0	0		0	0	0		0	0	0	0		0	0
7	Other financial corporations	123	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0
12	of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0
16	of which insurance undertakings	120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Loans and advances	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Equity instruments	114	0	0		0	0	0	0		0	0	0	0		0	0
20	<b>Non-financial corporations (subject to NFRD disclosure obligations)</b>	<b>316</b>	<b>70</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
21	Loans and advances	312	69	33	0	0	0	0	0	0	0	69	33	0	0	0	0
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Equity instruments	4	1	0		0	0	0	0		0	1	0		0	0	0
24	<b>Households</b>	<b>19,377</b>	<b>17,555</b>	<b>490</b>	<b>0</b>	<b>0</b>	<b>0</b>						<b>17,555</b>	<b>490</b>	<b>0</b>	<b>0</b>	<b>0</b>
25	of which loans collateralised by residential immovable property	17,245	17,245	490	0	0	0						17,245	490	0	0	0
26	of which building renovation loans	286	286	0	0	0	0						286	0	0	0	0
27	of which motor vehicle loans	23	23	0	0	0	0						23	0	0	0	0
28	<b>Local governments financing</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

30	Other local governments financing	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Collateral obtained by taking possession: residential and commercial immovable properties	347	347	0	0	0	0	0	0	0	0	0	347	0	0	0	0
32	TOTAL GAR ASSETS	20,889	17,972	523	0	0	0	0	0	0	0	0	17,972	523	0	0	0
Assets excluded from the numerator for GAR calculation (covered in the denominator)																	
33	EU Non-financial corporations (not subject to NFRD disclosure obligations)	8,534															
34	Loans and advances	8,359															
35	Debt securities	24															
36	Equity instruments	151															
37	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	34															
38	Loans and advances	4															
39	Debt securities	25															
40	Equity instruments	4															
41	Derivatives	179															
42	On demand interbank loans	169															
43	Cash and cash-related assets	286															
44	Other assets (e.g., Goodwill, commodities etc.)	4,723															
45	TOTAL ASSETS IN THE DENOMINATOR (GAR)	34,813															
Other assets excluded from both the numerator and denominator for GAR calculation																	
46	Sovereigns	10,652															



47	Central banks exposure	1,45															
48	Trading book	0															
49	<b>TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR</b>	<b>12,197</b>															
50	<b>TOTAL ASSETS</b>	<b>47,009</b>	<b>17,972</b>	<b>523</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,972</b>	<b>523</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 15.11 – Mitigation actions GAR

Template 8 expresses the percentage of each portfolio's exposures that are considered eligible or aligned with the Taxonomy with respect to climate change mitigation and adaptation objectives. These ratios have been calculated based on what is reported in Template 7 on the assets covered by the GAR in stock and flow view, in accordance with Pillar III regulatory requirements.

Table 84. Template 8. GAR (%)

Template 8. GAR (%)										
% (compared to total covered assets in the denominator)	Disclosure reference date T: KPIs on stock									
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				
	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors				
	Of which environmentally sustainable					Of which environmentally sustainable				
	Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling		
<b>1 GAR</b>	<b>51.62%</b>	<b>1.50%</b>	-	<b>0%</b>	<b>0%</b>	<b>0%</b>	-	-	-	-
<b>2</b> Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	86.04%	2.51%	-	0%	0%	0%	-	-	-	-
<b>3</b> Financial corporations	-	-	-	-	-	-	-	-	-	-
<b>4</b> Credit institutions	-	-	-	-	-	-	-	-	-	-
<b>5</b> Other financial corporations	-	-	-	-	-	-	-	-	-	-
<b>6</b> of which investment firms	-	-	-	-	-	-	-	-	-	-
<b>7</b> of which management companies	-	-	-	-	-	-	-	-	-	-
<b>8</b> of which insurance undertakings	-	-	-	-	-	-	-	-	-	-
<b>9</b> Non-financial corporations subject to NFRD disclosure obligations	22.00%	10.58%	-	0%	0.04%	0.08%	-	-	-	-
<b>10</b> Households	90.60%	2.53%	-	-	-					
<b>11</b> of which loans collateralised by residential immovable property	100%	2.84%	-	-	-					
<b>12</b> of which building renovation loans	100%	-	-	-	-					
<b>13</b> of which motor vehicle loans	100%	-	-	-	-					
<b>14</b> Local government financing	-	-	-	-	-					
<b>15</b> Housing financing	-	-	-	-	-					
<b>16</b> Other local governments financing	-	-	-	-	-	-	-	-	-	-
<b>17</b> Collateral obtained by taking possession: residential and commercial immovable properties	100%	-	-	-	-					

% (compared to total covered assets in the denominator)		Disclosure reference date T: KPIs on stock						Disclosure reference date T: KPIs on flows					
		TOTAL (CCM + CCA)				Proportion of total assets covered	Climate Change Mitigation (CCM)						
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors						
		Of which environmentally sustainable					Of which environmentally sustainable						
			Of which specialised lending	Of which transitional/adaptation	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			
1	<b><u>GAR</u></b>	<b>51.63%</b>	<b>1.50%</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>74.05%</b>	<b>26.98%</b>	<b>1.10%</b>	<b>-</b>	<b>-</b>	<b>-</b>	
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	86.04%	2.51%	-	0%	0%	44.44%	65.99%	2.69%	-	-	-	
3	Financial corporations	-	-	-	-	-	1.79%	-	-	-	-	-	
4	Credit institutions	-	-	-	-	-	1.53%	-	-	-	-	-	
5	Other financial corporations	-	-	-	-	-	0.26%	-	-	-	-	-	
6	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	
7	of which management companies	-	-	-	-	-	-	-	-	-	-	-	
8	of which insurance undertakings	-	-	-	-	-	0.25%	-	-	-	-	-	
9	Non-financial corporations subject to NFRD disclosure obligations	22.08%	10.58%	-	0%	0.04%	0.67%	7.14%	4.56%	-	-	-	
10	Households	90.60%	2.53%	-	-	-	41.22%	85.28%	3.42%	-	-	-	
11	of which loans collateralised by residential immovable property	100%	2.84%	-	-	-	36.69%	100%	4.07%	-	-	-	
12	of which building renovation loans	100%	-	-	-	-	0.61%	100%	-	-	-	-	
13	of which motor vehicle loans	100%	-	-	-	-	0.05%	100%	-	-	-	-	
14	Local government financing	-	-	-	-	-	0.02%	-	-	-	-	-	
15	Housing financing	-	-	-	-	-	-	-	-	-	-	-	
16	Other local governments financing	-	-	-	-	-	0.02%	-	-	-	-	-	
17	Collateral obtained by taking possession: residential and commercial immovable properties	100%	-	-	-	-	0.74%	100%	-	-	-	-	

Disclosure reference date T: KPIs on flows												
% (compared to total covered assets in the denominator)	Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)						
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors						
	Of which environmentally sustainable					Of which environmentally sustainable						
	Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling				Proportion of total new assets covered
1 <b>GAR</b>	0%	-	-	-	-	26.98%	1.10%	-	-	-	-	72.86%
2 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	0.01%	-	-	-	-	66.00%	2.69%	-	-	-	-	29.78%
3 Financial corporations	-	-	-	-	-	-	-	-	-	-	-	6.13%
4 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	6.13%
5 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	0.00%
6 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-
7 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-
8 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	0.00%
9 Non-financial corporations subject to NFRD disclosure obligations	0.33%	-	-	-	-	7.47%	4.56%	-	-	-	-	0.76%
10 Households						85.28%	3.42%	-	-	-	-	22.40%
11 of which loans collateralised by residential immovable property						100%	4.07%	-	-	-	-	18.81%
12 of which building renovation loans						100%	-	-	-	-	-	0.24%
13 of which motor vehicle loans						100%	-	-	-	-	-	0.05%
14 Local government financing						-	-	-	-	-	-	-
15 Housing financing						-	-	-	-	-	-	-
16 Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-
17 Collateral obtained by taking possession: residential and commercial immovable properties						100%	-	-	-	-	-	0.50%

## 15.12 – Other mitigation measures

The purpose of this template is to report on the Entity's exposures that support counterparties in climate change transition and adaptation processes, but do not qualify for inclusion in templates 6 to 9 (GAR and BTAR), as they do not meet the criteria set out in Regulation (EU) n°. 2020/852.

The financial instruments that reach this template are those loans that contribute to the mitigation of transition risks derived from climate change. In this regard, Ibercaja discloses assets that mainly contribute to the decarbonisation of the economy through actions aimed at efficient consumption of water, paper and energy. It also includes financing to non-financial companies for the production of energy from renewable sources or investment in irrigation tree projects.

In this respect, the following types of loans are disclosed:

- Sustainability Linked Loans financed under the Sustainability Linked Loan Principles and whose key performance indicators (KPIs) are directly related to climate change mitigation objectives (e.g., reduction of absolute CO<sub>2</sub> emissions or reduction of CO<sub>2</sub> intensity metrics).
- Sustainable loans that finance energy transition projects with the objective of supporting their counterparts to reduce their carbon footprint and mitigate the effects of climate change, and which are not fully aligned with the EU Taxonomy.

In terms of counterparty type, Ibercaja publishes its exposure in the non-financial companies section, with financing linked to activities to improve the energy efficiency of buildings and to support companies in their decarbonisation processes, objectives and strategies.



Table 85. Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy

Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy					
a	b	c	d	e	f
Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1 2 3 4 5 6 7 8 9 10 11 Bonds (e.g., green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations				
	Non-financial corporations				
	Of which Loans collateralised by commercial immovable property				
	Households				
	Of which Loans collateralised by residential immovable property				
	Of which building renovation loans	99	YES	NO	- Loans with remuneration linked to compliance with decarbonization objectives or the reduction of greenhouse gas emissions. - Financing related to sustainable agriculture, efficient water management and the promotion of clean energy.
1 2 3 4 5 6 7 8 9 10 11 Loans (e.g., green, sustainable, sustainability-linked under standards other than the EU standards)	Other counterparties				
	Financial corporations				
	Non-financial corporations				
	Of which Loans collateralised by commercial immovable property				
	Households				
	Of which Loans collateralised by residential immovable property				
1 2 3 4 5 6 7 8 9 10 11 Of which building renovation loans	Of which building renovation loans				
	Other counterparties				



**16**

**REMURATIONS**

## 16. Remunerations

This section covers the REMA requirement - Remuneration policy. Provisions of letters (h) and (i) of the REMA requirement do not apply to the Entity.

This chapter details quantitative and qualitative aspects of Ibercaja Banco's remuneration policy for members of the Entity included in the "Identified Group", due to its significant impact on the Entity's risk profile.

The purpose of this is to make public the Bank's remuneration policy and practices in accordance with Law 10/2014, Royal Decree 84/2015, Bank of Spain Circular 2/2016 and Articles 13 and 450 of Regulation (EU) n°. 575/2013.

### 16.1 – Background

Since 2012, Ibercaja Banco has had a General Remuneration Policy for the Bank approved by the Board of Directors, which is reviewed and updated, if necessary, on an annual basis. The remuneration policy covers all Ibercaja Banco personnel and the principles included in the Remuneration policies of the consolidated group must be consistent with the Remuneration Policies of the parent company.

In addition, it has a Remuneration Policy for the members of the Board of Directors, which is available on the Bank's website.

### 16.2 - Purpose and scope of the Remuneration Policy

The Risk Appetite Framework establishes the limits that can be assumed by the Entity in the different risks inherent to its activity, through the establishment of metrics and thresholds whose definition corresponds to the Board of Directors and which are subject to periodic monitoring by Senior Management and Governing Bodies. The measurement and periodic monitoring contemplates the current and future evolution of the projected metrics in the context of the Entity's Business Plan, thus ensuring the integration of the strategy defined by the Entity and the resulting business plans and annual budgets in consistency with the defined Risk Appetite.

The aforementioned risk appetite framework also extends to the Entity's remuneration practices, which, in accordance with Article 29.1.d) of the Law 10/2014 and article 14 of the EBA Remuneration Guidelines, must promote adequate and effective risk management, so that the remuneration policy to be applied does not contribute to excessive risk-taking, including reputational risks and risks arising from the mis-selling of products, and avoids potential conflicts of interest in its definition and application. For this purpose, a list of persons has been identified who, due to their professional activity, have or may have a significant impact on the Entity's risk profile (Identified Group), to whom measures for deferring the receipt of part of the variable component of the remuneration, the possibility of applying malus clauses and ex post adjustments are applicable, under the terms established in current legislation and in the aforementioned EBA Guidelines.

The Entity, in accordance with paragraph 1 of Article 32 of Law 10/2014 of June 26, on the regulation, supervision and solvency of credit institutions (*LOSS* hereinafter) includes in its General Remuneration Policy the quantitative and qualitative criteria provided for in European Commission Delegated Regulation (EU) 2021/923, of March 25, for the determination of the categories of personnel whose professional activities have a material impact on the risk profile of an entity.

In this sense, except for exclusions, they are part of the Identified Group:

- Based on qualitative criteria:
  - Members of the Board of Directors, whether executive or non-executive.
  - The members of Senior Management, i.e., the members of the Management Committee.
  - Managers in charge of internal audit, regulatory compliance and risk control functions.
  - Managers responsible for legal matters, accounting and the Entity's budgets.
  - Employees who have the power to approve or veto the introduction of new products or are part of a committee with such power.
  - Employees who have decision-making authority in relation to credit risk exposures exceeding the thresholds defined in the General Remuneration Policy.
  - Any other member in which other qualitative criteria contemplated in Delegated Regulation (EU) 2021/923 or any other applicable rule in this regard concur.
- Based on quantitative criteria:
  - Members who have received total remuneration equal to or greater than 750,000 euros in the previous fiscal year or for the previous year.
  - Staff members who are among the 0.3% of staff who have been individually granted the highest total remuneration in the previous financial year or for the previous year.

In addition, the regulations include exclusion assumptions for both the qualitative and quantitative criteria mentioned above.

Likewise, the remuneration model is consistent with the Sustainability Policy and with the Entity's principles and values in the management of environmental, social and corporate governance risks, and complies with the provisions of Regulation (EU) n°. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information relating to sustainability in the financial services sector, insofar as it establishes a remuneration system based on equal opportunities and non-discrimination, contributes to the Entity's good corporate governance, as it is also aligned with the internal code of conduct.

On the other hand, a basic principle of the remuneration model has been established, among others, the necessary proportionality between remuneration and risk assumed, according to the different levels of responsibility and risk profiles identified, taking into account that a very significant part of the remuneration is fixed, defined in accordance with the salary tables established in the Collective Bargaining Agreement which, by definition, do not encourage undue risk-taking - and that any variable component of the remuneration must be sufficiently flexible to be neutralised (or not paid), insofar as the variable component of the remuneration is not guaranteed, in such a way that in the event of materialisation of relevant risks, or situations that could affect the solvency or stability of the Entity, it could be agreed not to pay it. Indeed, in those cases in which the personnel remuneration schemes have a fixed component and a variable component, the Policy establishes that:

- the relationship between them shall be balanced and efficient, so that the fixed component constitutes a sufficiently large part of the total remuneration;
- the variable component of the remuneration shall be linked, in any case, to the performance of its recipients, which shall be assessed on the basis of the results of the Entity, the business units and the employee, and shall take into account the risks assumed;
- the variable component will have sufficient flexibility to allow for its modulation, to the point where it can be completely eliminated, if necessary;
- guaranteed variable remuneration is not compatible with sound risk management and the principle of rewarding performance and will not form part of any remuneration plans. Consequently, guaranteed variable remuneration will be exceptional, will only be paid when new staff are recruited and the Entity has a healthy and solid capital base, and will be limited to the first year of employment.

Ibercaja Banco's General Remuneration Policy defines the specific characteristics of the remuneration system for Ibercaja's Identified Group, and regulates the form and dates of payment of such remuneration, as well as the requirements and conditions for the payment thereof, for the following purposes:

- To achieve an appropriate balance between the interests and business objectives of the Entity and the professional effort and motivation of the Identified Group.
- To promote sound and effective risk management that does not entail the assumption of excessive risks by the Identified Group.

There are no differences with respect to remuneration at group level, at the level of the parent company, and at the level of the subsidiaries, since the group entities subject to the regulations governing remuneration follow the same guidelines and criteria as those established by the parent company, Ibercaja Banco.

The main elements that make up Ibercaja's remuneration structure are as follows:



## 1.- Fixed remuneration

The fixed component of the Identified Group's remuneration mainly reflects the relevant professional experience and responsibility in the Entity as stipulated in the job description as part of the working conditions and is based on equal pay between male and female employees for equal work or for work of equal value.

## 2.- Variable remuneration

In total remuneration, the fixed and variable components are appropriately balanced. The fixed component constitutes a sufficiently large part of the total remuneration, so that a fully flexible policy can be applied with regard to the variable components of the remuneration, to the extent that it is possible not to pay these components.

The variable component of the remuneration of Identified Group members who have management responsibilities or who participate in control procedures is determined on the basis of the achievement of objectives related to their function, regardless of the results of the business units they control, and without prejudice to the fact that they may be considered overall results of the Entity. In relation to the latter, care is taken to ensure that a) the amounts involved are not significant in relation to the total amount to be received by the person in question, without prejudice to the maximum limits established above, and b) that the objectives are not susceptible to direct influence by personnel with control functions and, therefore, to generating potential conflicts of interest.

The Remuneration Policy contains specific provisions applicable to the persons comprising the Identified Group, defined in accordance with the qualitative and quantitative criteria set forth in Delegated Regulation (EU) 2021/923 and other applicable regulations in force (Law 10/2014, RD 84/2015 and Bank of Spain Circular 2/2016). Likewise, the Guidelines on appropriate remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and the disclosure of information under Article 450 of Regulation (EU) n°. 575/2013 (EBA/GL/2021/04) have been taken into consideration, which contain interpretative criteria in development of Directive 2013/36/EU, and which the Bank of Spain has assumed as its own.

Special mention should be made of the inclusion in the Identified Group of the heads of units whose functions have a material impact on the Entity's control structure, and whose remuneration is determined on the basis of the achievement of objectives related to their function, regardless of the results of the business units they control; however, their remuneration may take into account the overall results of the Entity, over which they have no influence due to their activities.

The people who make up the Identified Group, as well as the quantitative and qualitative criteria to be taken into consideration for the inclusion or exclusion of employees in the same, are described in the Entity's General Remuneration Policy.



Even if they are not part of the Identified Group, the principles that inform the General Remuneration Policy apply to all Central Services employees included in the variable remuneration by objectives (RVO by its acronym in Spanish) system. In compliance with current regulations, a portion of the CEO's and Management Committee members' RVO is paid in the form of instruments based on the revaluation or depreciation of theoretical shares into which the share capital is divided ("phantom shares"): 50% of non-deferred variable compensation and 55% of variable compensation subject to deferral will be paid in the form of these instruments.

At the meeting held by the Board of Directors on February 24, 2023, no new changes were introduced in the General Remuneration Policy.

## 16.3 - Principles of the Remuneration Policy

The principles that inspire the Remuneration Policy are the following:

- Transparency.
- Consistency with the business strategy, objectives, values and long-term interests of the Entity.
- Remuneration schemes shall present a balanced and efficient relationship between the fixed and the variable part, so that the variable part constitutes a sufficiently high part of the total remuneration.
- The fixed component of the remuneration is determined by the salary tables of the collective agreement applicable to the staff, as well as the different types of supplements to the basic salary attached.
- Where applicable, the variable component of the remuneration:
  - It will be linked, in any case, to the performance of the beneficiaries in accordance with the global and specific objectives approved annually by the competent body.
  - The variable remuneration system must not, at any time, entail a future cost for the Bank for the purposes of the recipients' retirement, without prejudice to the possibility that the latter may voluntarily allocate all or part of their amount to deferred remuneration, after deduction of the related taxes, expenses and charges.
  - The variable component shall have sufficient flexibility to allow for its modulation, to the extent that it can be removed entirely, if necessary.
  - Under no circumstances may it exceed the percentage of fixed remuneration established for each level of employee.
- Promotion of appropriate and effective risk management, within the risk appetite framework defined by the Entity, which is consistent with the internal capital adequacy assessment process, and which does not encourage the assumption of risks that are incompatible with that risk profile.
- Proportionality between remuneration and risk assumed, according to the different levels of responsibility and risk profiles identified.

In addition, the policies establish the following criteria in relation to the granting of guaranteed variable compensation and severance payments:

- Guaranteed variable remuneration is not compatible with sound risk management or the principle of rewarding performance and does not form part of possible remuneration plans. Consequently, guaranteed variable remuneration is exceptional, is only paid when new staff are recruited and the Entity has a healthy and solid capital base and is limited to the first year of employment.
- Payments for early termination of contracts: In general, the obligations regarding indemnities assumed by the Entity arise from the application of labour, common or Senior Management regulations, as applicable, which establish the obligation to pay a certain indemnity exclusively in those cases specified in the Workers' Statute or in the contract, respectively.

Notwithstanding the foregoing, early termination payments are based on performance over time, and in no case reward poor performance or misconduct.

## 16.4 - Main characteristics of the Remuneration Policy

The elements that make up the remuneration of the people who make up the Identified Group are a fixed component and a variable component, which are approved annually by the Board of Directors.

The fixed component of remuneration is determined by the salary tables of the collective agreement applicable to personnel.

The variable component of the remuneration is referenced, in any case, to the performance of the recipients based on the global and specific objectives approved annually by the Board of Directors at the proposal of the CEO, following a report from the Remuneration Committee, and It must not suppose, at any time, a future cost for the Entity for the purpose of retirement of the recipients. It will have sufficient flexibility to allow its modulation, to the point that it is possible to eliminate it completely, if necessary, and it may not exceed, in any case, 40% of the fixed remuneration established for each managerial level.

In relation to the approach of the Corporate objectives for 2023, continuity is given to the key objective indicators of the previous year, increasing the focus on profitability in accordance with the lines established in the Business Plan 2021-2023. The indicators that activate the Malus Clause are maintained, relating them directly to the triggers established in the Recovery Plan.

The Entity's corporate objectives for the year 2023 are encompassed in five areas:

- Solvency
- Profitability
- Asset Management
- Customers

- Strategic Plan

Objectives			Indicators
Corporate Objectives	CET 1	Improve CET Fully Loaded	CET1 Fully Loaded
	Profitability	Risk-Adjusted Return On Capital (RAROC)	RAROC Reference (%)
		Recurring Revenue	Recurring revenue budget
		Reduction of operating expenses	Operating expenses budget
	Non-performing assets management	Non-performing assets – Irregular investment management	Total net change in doubtful loans
		Reduction of non-performing assets – Property sales	Net change in inventories of foreclosed assets (inflows+additional disbursements-sales)
	Clients	Customer acquisition	Customer acquisition of Personal Banking and Private Banking
		Customer acquisition	Acquisition of qualified companies
		Customer experience	Perceived Quality Ranking_Global Satisfaction BMKS (<=TOP 3)
	S.P.	Strategic Plan	Assessment of the 2023 Strategic Plan (*)

(\*) Includes ESG metrics

## 16.5 - Decision-making process followed to establish the Remuneration Policy for the Identified Group

The Remuneration Committee is responsible for proposing and reporting to the Board of Directors on the following:

- The remuneration policy for the Directors and the other conditions of their contracts.
- The periodic review of the remuneration programs, assessing their adequacy and performance.
- Transparency of remuneration and compliance with the remuneration policy established by the Bank.

The main activities carried out by the Commission in the area of remuneration consisted of informing the Board of Directors of the degree of monitoring and compliance with the objectives established in the previous year, as well as the determination of the objectives that will determine, if applicable, the accrual of the variable remuneration of the Identified Group.

In addition, at least once a year, an independent evaluation of the application of the Remuneration Policy is carried out in order to verify whether the adopted remuneration guidelines and procedures are being complied with. The conclusions of the evaluation carried out by the external expert are reported to the Remuneration Commission so that it can make any appropriate recommendations and proposals for changes to the Board of Directors.

The Committee's proposals and reports are submitted to the Board of Directors, which is responsible for:

- Approve the variable remuneration system for the persons included in the Identified Group.
- Verify, as an integral part of the general supervisory function referred to in the Regulations of the Board of Directors, the correct and effective application of variable remuneration.
- To adopt, as the case may be, the corrective measures that may be necessary or appropriate for the adequate and effective application of the provisions of the Policy.
- Agree on the inclusion or removal of persons in the Identified Group.

The Board of Directors, at the proposal of the Chief Executive Officer and following a report from the Remuneration Committee, is responsible for determining Ibercaja's Identified Group at any given time, in accordance with the identification policy approved by the Bank.

The general remuneration policy applied by Ibercaja is subject to prior review by the Internal Control functions (Regulatory Compliance, Risk Control and Internal Audit - within the framework of the annual centralised and independent review referred to in the Law 10/2014) and submitted to the consideration of the Remuneration Committee prior to its approval by the Board of Directors.

The People Area Management is in charge of preparing and applying the Entity's General Remuneration Policy, supervising the overall compensation structure.

The Risk Control Department shall annually assess whether the compensation policy is aligned with the Entity's risk profile. In particular, it must assist and report on the definition of appropriate risk adjusted performance measures (including ex post adjustments), as well as with the evaluation of how the variable compensation structure affects the risk profile and culture of the Entity.

The Regulatory Compliance Department shall review, at least on an annual basis, the adequacy of the Remuneration Policy with the applicable regulations in force at any given time and shall report its conclusions to Senior Management and the competent governing bodies.

In relation to the control and supervision of the policy, the Board of Directors of Ibercaja is responsible for establishing a system of control and supervision of the specific requirements of the Remuneration Policy applicable to the Identified Group that guarantees compliance with and effective application of the precepts established in the Policy.

The Remuneration Committee is responsible for monitoring and supervising the application of the aforementioned system, for which purpose periodic controls and evaluations of its effectiveness are established for the purpose of adopting the appropriate measures to remedy any deficiencies.

The Internal Audit Department annually carries out an internal, central and independent evaluation of the application of the Remuneration Policy of the Identified Group, which is submitted to the Remuneration Committee, in order to verify whether the adopted remuneration guidelines and procedures by the Board of Directors in its supervisory function, in accordance with the terms established in the LOSS and its implementing regulations, as well as in the EBA Guide, are being complied with. The conclusions of the evaluation are reported to the Remuneration Committee and the Board of Directors, proposing, where appropriate, the measures to be adopted.

## 16.6 - Characteristics of the senior management remuneration system

The remuneration of senior management consists of the following items:

- A fixed component, which shall be governed by the salary tables in the applicable collective agreement, comprising the basic salary or wage and any supplements or bonuses applicable in each case;
- A variable component, to be determined in accordance with the parameters and criteria set out below.

### 16.6.1 - Determination of objectives

It is the responsibility of the Board of Directors, at the proposal of the Remuneration Commission, to determine and review, on an annual basis, for each professional category included in the Identified Group, the proportion that the variable remuneration component should represent in relation to its fixed remuneration, as well as the percentage of weighting between the Global Objectives and Specific Objectives applicable in each case.

The setting of global and specific targets for variable remuneration is linked to prudent risk management, some of the main features of which are related to ex ante adjustments:

- Dependent and appropriate to the individual performance of the employees and to the results of the Entity, considering the impact of the underlying economic cycle, as well as the present and future risks.
- Flexibility and alignment with the Bank's strategic interests, without limiting the capacity to strengthen its solvency.
- Establishment of certain upper and lower limits that provide a clear mitigation of risks associated with their potential impact on the Entity's income statement and equity.

In accordance with the above, the annual objectives that apply to the Identified Group are generally measured in terms of two types of indicators:

- Corporate objectives (Entity's outcome objectives): these objectives are both quantitative (profit and loss account) and qualitative (customer satisfaction/quality of service).
- Specific objectives (Business unit and personal objectives): depending on the activity and area of responsibility of each member of the Identified Group, both quantitative and qualitative indicators are defined and linked to the Strategic Plan and the annual Budget.

In general, the overall and specific objectives are weighted by 50%, except for the Deputy Directors-General whose overall objectives are weighted by 70% and the specific objectives by 30%. For the other members of the Identified Group, not included among the members of the management team, who receive variable compensation for objectives, global objectives are weighted at 30% and specific objectives are weighted at 70%.

The definition of these objectives will be based on the decisions adopted by the Board of Directors, within the framework of the Remuneration Policy approved by the General Meeting of Shareholders, in the terms provided for in the applicable regulations in force. In any case, a substantial part, and in any case at least 40% of the variable remuneration element is deferred over the duration of the Strategic Plan in order to take into account the economic cycle, the nature of the business, its risks and the activities of the employee concerned, and in no case may the deferral period be less than three years.

Ibercaja applies KPI's directly related to the most relevant current triggers of the Recovery Plan approved by the Board of Directors on December 29, 2022. Failure to comply with any of these metrics would result in the loss of the entire variable remuneration

- 1) Solvency: CET 1 phased-in
- 2) Credit quality: extended NPL ratio
- 3) Liquidity: Stable funding ratio NSFR

The variable component of remuneration is not guaranteed, and is sufficiently flexible to allow for its modulation, to the point where it can be completely eliminated if necessary. In other words, it will only be paid if it is sustainable according to the situation of the Entity as a whole, and if it is justified in terms of the Entity's results and the level of performance of the individuals concerned.

Variable remuneration, including the deferred portion, shall be paid or vested only if it is sustainable according to the financial situation of the Entity as a whole, and if it is justified on the basis of the results of the Entity, the business unit and the individual concerned.

The variable component of the remuneration of the Identified Group members who participate in the control procedures shall be determined on the basis of the achievement of objectives related to their function, regardless of the results of the business units they control, and without prejudice to the fact that they may be considered as overall results of the Entity. In relation to the latter, care shall be taken to ensure that a) the amounts involved are not significant in relation to the total amount to be received by the person in question and b) that the objectives are not susceptible to direct influence by personnel with control functions and, therefore, to generate potential conflicts of interest.

Ibercaja has established pre-malus, malus and clawback clauses that may apply up to 100% of the total variable remuneration. In these clauses, specific criteria are determined that include, in particular, situations in which the member of the Identified Group has participated in or is responsible for conduct that has generated significant losses for the Entity and in which he/she fails to comply with the appropriate requirements of suitability and propriety.

In accordance with Article 94, paragraph 1, letter g) of the CRD, the ratio between fixed and variable remuneration of senior management has been set from 15% to 40% of variable over fixed remuneration.

## 16.6.2 - Performance Assessment

This is a systematic process of assessing how managers carry out activities and assume responsibilities for the positions they hold.

The variable component of the remuneration is determined according to the achievement by the member of the Identified Group of the Global Objectives and the Specific Objectives that have been approved for each financial year by the Board of Directors, at the proposal of the Managing Director and following a favourable report from the Remuneration Commission, and which will be subject to a weighting taking into account especially the professional category of the person concerned.

The evaluation of the results taken as a reference for determining variable remuneration will be included in the multi-year framework coinciding with the Strategic Plan to ensure that the evaluation process is based on long-term results and that it takes into account the Entity's underlying business cycle and its risks.

## 16.7 - Payment with instruments and retention period

In general, variable remuneration, both deferred and non-deferred, will be paid in instruments linked to the value and performance of the Bank.

In this regard, Ibercaja uses a payment system based on the revaluation or depreciation of theoretical shares into which the social capital is divided (Phantom shares or instruments)

Notwithstanding the above, in the case of the Managing Director and the members of the Management Committee, 50% of the non-deferred variable remuneration and 55% of the deferred variable remuneration will be paid in instruments.

In this way, the receipt of the amount of accrued variable remuneration will be divided into:

- 60% non-deferred (except for the Chief Executive Officer in which case the percentage will be 40%), in turn divided into:
  - 50% in cash in the year of payment.
  - 50% in instruments ("Phantom shares").
- 40% deferred (except for the Chief Executive Officer in which case the percentage will be 60%) in a 5-year period, divided into:
  - 45% in cash in each of the deferral years.
  - 55% in instruments ("Phantom shares") in each of the deferral years.



To comply with the provisions of this section, the Entity will use a payment system based on the revaluation or depreciation of theoretical shares into which the share capital is divided ("Phantom shares" or "instruments" without distinction).

The instruments granted will be valued at underlying book value on the grant date of the non-deferred part of the variable remuneration, and may be settled 1 year after their delivery.

In application of the Principle of Proportionality, Ibercaja has determined to neutralise the requirements of deferral, payment in instruments and malus clauses, for those members of the Identified Group whose annual variable remuneration does not exceed 50,000 euros gross and does not represent more than one third of their total annual remuneration. The foregoing shall not apply in any case to the Chief Executive Officer and members of the Management Committee.

The Bank's instruments delivered to the members of the Identified Group by application of this section will be subject to a one-year hold period from the date of delivery, this being conceived as an appropriate practice to ensure that the incentives are in line with the long-term interests of the Entity.

After the unavailability period has elapsed, the instruments will be settled at the underlying book value at that date, which may be higher or lower than their valuation on the grant date, taking into account the limits set forth above.

## 16.8 - Deferral

When the member of the Identified Staff is part of the Board of Directors or the Management Committee, their variable remuneration will be subject to the following deferral clause:

- 40% of the variable remuneration element will be deferred over a period of five (5) years.
- The deferred remuneration will be paid over the five (5) years immediately following the year in which the non-deferred portion is received by fifths, thus not receiving the remuneration payable under the deferral provisions more quickly than on a pro-rata basis.

On the other hand, the variable remuneration of the Chief Executive Officer shall be subject to the following deferral clause:

- 60% of the variable remuneration element will be deferred for a period of five (5) years.
- This deferred remuneration shall be paid over the five (5) years immediately following the receipt of the non-deferred component in equal parts, the remuneration payable under the deferral provisions not being received more rapidly than proportionally.

By way of exception, in the hypothetical event that a particularly high variable remuneration element was to occur in the future, notwithstanding the fact that this provision does not apply currently, the deferral rate would be 60% of the variable remuneration element, at a rate of

20% per year. For this purpose, any variable remuneration in an amount equivalent to that of the CEO will be considered a particularly high amount.

Finally, the deferred amounts will not give rise to the payment of interest or dividends.

## 16.9 - Malus clauses

The malus clauses are activated in the event that the Bank's relative situation worsens in the fundamental financial parameters (solvency, credit quality and liquidity) established in each case by the Board of Directors, following a report from the Remuneration Commission.

The parameters of comparison determining, if applicable, the application of the malus clauses, are established by the Board of Directors on an annual basis, following a report from the Remuneration Commission.

When, during the period of deferral until the consolidation of the variable remuneration, there is a restatement of annual accounts that does not arise from a regulatory change and provided that, in accordance with the aforementioned restatement, the variable remuneration to be paid is lower than that initially accrued or no remuneration has been paid in accordance with Ibercaja's variable remuneration system, the deferred variable remuneration, both in cash and in instruments, that is pending payment, will be subject to a reduction in proportion to the impact of the restatement of the annual accounts has had on the level of achievement of the variable remuneration of the member of the Identified Group.

The deferred variable remuneration, both in cash and in instruments, which is pending payment, will be subject to a 100% reduction if, during the period until its consolidation, any of the following circumstances occurs:

- A fraudulent action by the member of the Identified Group that gives rise to the Commission of a very serious infringement in accordance with the provisions of the collective bargaining agreement for savings banks and financial institutions.
- That the member of the Identified Group has been sanctioned for an infringement of the rules of regulation and discipline referred to in Title IV of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions, classified as serious or very serious.
- That a level corresponding to a recovery trigger is reached in the fundamental financial parameters (solvency, credit quality and liquidity) to be established in each case by the Board of Directors, following a report from the Compensation Committee.

The activation of the malus clauses will lead to a reduction or even the elimination of the variable component of the remuneration, depending on the degree of deviation of the financial parameters from those of comparison.

In addition, the internal policies also include pre-malus clauses. Thus, the variable remuneration of a member of the Identified Group may be reduced at the time of performance evaluation, in the event of a negative performance of the Entity's results or its capital ratios, either in relation to previous years or to those of similar entities, or a negative performance of other parameters such as the degree of achievement of budgeted objectives, and provided that a requirement or recommendation by the competent authority to the Entity to restrict its dividend policy is in force.

## 16.10 - Claw Back Clauses

When, during the deferral period and the retention period of the instruments applicable to the variable remuneration granted for the performance of a given year, regardless of the payment procedure in accordance with the Remuneration Policy, the Entity reformulates its financial statements for the year to which the variable remuneration refers, and provided that, in accordance with the aforementioned reformulation, if the variable remuneration to be settled is lower than that initially accrued or if no remuneration has been paid in accordance with the variable remuneration system implemented by Ibercaja Banco, the gross variable remuneration already paid, both in cash and in instruments, whether deferred or not, will be recovered in a proportion equivalent to the impact that the reformulation of the financial statements has had on the level of achievement of the variable remuneration of the member of the Identified Group.

The gross variable remuneration already paid, both in cash and in instruments, whether or not it has been deferred, will be 100% recovered when, during the period of deferral and the period of retention of the instruments applicable to the variable remuneration granted for the performance of a given year, it is demonstrated that the payment of the variable remuneration was due to objectives whose fulfilment was achieved as a direct or indirect consequence of one of the following circumstances:

- A fraudulent action by the member of the Identified Group that leads to a very serious infringement in accordance with the provisions of the collective agreement for savings banks and financial institutions.
- That the member of the Identified Group has been sanctioned for an infringement of the rules of order and discipline referred to in Title IV of Law 10/2014 of 26 June, on the order, supervision and solvency of credit institutions, classified as serious or very serious.
- When during the deferral period and the retention period of the instruments applicable to the variable remuneration granted for the performance of a given year, it is demonstrated that the payment of the variable remuneration was due to objectives whose fulfilment was achieved as a consequence, directly or indirectly, of a fraudulent action by the member of the Identified Group that leads to the commission of a serious or minor infringement in accordance with the provisions of the collective agreement for savings banks and financial institutions, the gross variable remuneration already paid, both in cash and in instruments, whether deferred or not, shall be subject to recovery in the proportion determined by the Board of Directors in each case.

The determination by the Board of Directors, following a report from the Remuneration Commission, that the circumstances that should trigger the application of this clause have occurred and the percentage that should be returned to the Entity, based on the above, and the procedure by which the Entity can claim the proportional refund of the gross amount paid or even compensate it against other remunerations of any nature that the individual is entitled to receive, as well as the obligation of the individual to refund part or all of the gross amount to the Entity, will be made in accordance with the policy for the application of the clause for the refund of remunerations.

## 16.11 - Incentive Plan (ILP)

### Management incentive plans

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

The purpose of the Incentive Plan is to preserve, motivate and compensate its participants by promoting the creation of mutual value for the company and its employees and, at the same time, to compensate the creation of sustainable value for our shareholders in the long term, through the definition of variable compensation in a multi-year context.

The Plan is linked to the permanence of the Beneficiaries and to the fulfilment of objectives in the period 2021-2023. The evaluation of the degree of compliance with the multi-year objectives will be measured from the start date to the end date.

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

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

- i. Compliance with the Bank's shareholder return set for the period 2021-2023.
- ii. Achievement of the tangible equity return target for the 2023 financial year.
- iii. Compliance with the "Fully-Loaded" common equity tier I capital ratio target set for 2023.
- iv. Compliance with sustainability objectives for the 2023 fiscal year.

## 16.12 - Characteristics of the remuneration system of the members of the governing bodies

In accordance with the provisions of the Company's Bylaws, the position of Board Member is remunerated, distinguishing between non-executive and executive Board Members. The purpose of this distinction is to adequately remunerate the "senior management" services provided by the Board Members, taking into account, in any case, not only the principles that inspire this Policy but also the remuneration concepts used by other entities in the sector.

The General Shareholders' Meeting of Ibercaja Banco held on June 30, 2022 approved the modification of the Remuneration Policy for the members of the Board of Directors of Ibercaja Banco, to adapt it to the best practices of the Sector, remaining adjusted to the provisions of the Capital Companies Law and Law 10/2014, of June 26, on the organisation, supervision and solvency of credit institutions and valid throughout fiscal year 2023.

As a consequence of this adaptation, article 34 of the Bylaws of Ibercaja Banco was modified, establishing that the remuneration of directors in their capacity as such will consist of: a) fixed annual allowances for their status as members of the board of administration and, where appropriate, its commissions; b) an annual allowance to be determined by the Board for those directors who have special dedication and duties and c) the remuneration in kind and insurance established at any time. The maximum remuneration that the Company can pay to the group of directors in their capacity as such will not exceed the amount determined for this purpose in the Remuneration Policy approved by the General Shareholders' Meeting and will remain in force as long as the General Meeting does not agree on its modification.

### 16.12.1 - Remuneration of the Executive Director: Chief Executive Officer

The remuneration system for the CEO, the Entity's Chief Executive Officer, consists of the following remuneration items:

- a fixed part, appropriate to the services and responsibilities assumed;
- a variable part, correlated with some indicator of the performance of the director or of the Entity;
- an assistance component, which will include appropriate welfare and insurance systems; and
- compensation in the event of separation or any other form of termination of the legal relationship with the Entity not due to a breach attributable to the director.

The contract signed with the CEO details all the items for which he may obtain remuneration for the performance of executive functions, including, where appropriate, any compensation for early termination of such functions as a result of a post-contractual agreement and the amounts to be paid by the Bank as insurance premiums or contributions to savings schemes.

The CEO may not receive any remuneration for the performance of executive duties for which the amounts or concepts are not provided for in the aforementioned contract. In accordance with Article 94, paragraph 1 g) of the CRD, the ratio between fixed and variable remuneration of the CEO has been set at 40%.

## 16.12.2 - Remuneration of Directors in their capacity as such

In accordance with the provisions of the Articles of Association and the Policy on the Remuneration of Directors, after the modification approved at the General Meeting held on June 30, 2022, the remuneration scheme for directors in their capacity as such and the specific scheme for the Chairman and Chief Executive Officer is as follows:

- **Directors in their capacity as such**

Directors' remuneration consists of (a) fixed annual allowances for their status as members of the Board of Directors and, where appropriate, as members of its committees; (b) an annual allowance to be determined by the Board for those directors who, by reason of their position, have a special dedication and duties; and c) the remuneration in kind and insurance premiums established at any time.

Likewise, and considering the special dedication, functions, and skills inherent to the performance of the Chairman and members of the internal committees of the Board of Directors (Delegate Committee, Audit and Compliance Committee, Large Risks and Solvency Committee, Strategy Committee, of Appointments and Remuneration Committee), the remuneration of the positions held in each of them will consist of a fixed annual amount, which includes Article 7 of the Remuneration Policy.

- **Chairman of the Board**

Due to the performance of his office and his exclusive dedication, the Chairman of the Board of Directors receives a remuneration consisting of a fixed amount, established by the Board of Directors. This remuneration is cumulative and not exclusive with the remuneration that he may receive for his performance as a member of the Board and of the Board committees of which he may be a part.

However, by unilateral decision, the Chairman has renounced receiving the fixed annual allowance that would correspond to him for his membership of the Commissions of which he is a part.

- **Chief Executive Officer**

The CEO, the only executive director of the Entity, shall be entitled to receive, as expressly established in the Bylaws, a remuneration made up of the concepts indicated in section 16.12.1 *Remuneration of the Executive Director: CEO* of this Report. In any case, said compensation will not exceed two times the annual fixed salary; without prejudice to that resulting from the application of the post-contractual non-competition agreement. Said remuneration is cumulative and not exclusive with the fixed fees established as consideration for his performance as a member of the Board and of the Board committees of which he may be a part.

However, by unilateral decision, the CEO has renounced receiving the fixed annual allowance that would correspond to him for belonging to the Committees of which he is a part.

The amount of remuneration that the Entity can pay to all of its directors for these items does not exceed the amount determined for this purpose by the General Meeting. The amount fixed shall remain unchanged until it is amended by a new resolution of the General Meeting.

The determination of the exact amount to be paid within this limit, its distribution among the different directors, and the periodicity of its perception corresponds to the Board of Directors. Comparable credit institutions (peers) have been taken into account in the definition of the Entity's remuneration policy, with the collaboration of the EY firm, as external advisor, in the design phase of the initial Policy approved in the year 2018. Particularly in the update of the Board of Directors Remuneration Policy carried out in the financial year 2022, currently valid and in relation to the remuneration of the members of the Board of Directors, what has been applied by other comparable credit institutions (peers) and other entities with a similar level of capitalisation to what the Entity would have if were listed on the Stock Market was considered. To this end, the Entity commissioned Spencer Stuart to conduct a study comparing the compensation of Ibercaja's external directors and board members, as well as their commissions, to that of other comparable businesses in order to adapt the policy of remuneration to market and financial sector best practices.

### **16.13 - Remuneration received**

Below is the quantitative (aggregate) information of the Identified Group.

No special payments are made to the Identified Group, which is why the EU REM2 template is not disclosed.



Table 86: Template EU REM1 - Remuneration awarded for the financial year

Remuneration awarded for the financial year					
		a	b	c	d
	(thousands of euros)	MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Number of identified staff	10	1	11	57
2	Total fixed remuneration	1,207	557	2,039	5,018
3	Of which: cash-based	1,124	497	1,946	4,907
4	(Not applicable in the EU)	-	-	-	-
EU-4a	Fixed remuneration	-	-	-	-
5	Of which: shares or equivalent ownership interests	-	-	-	-
EU-5x	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
6	Of which: other instruments	-	-	-	-
7	(Not applicable in the EU)	-	-	-	-
8	Of which: other forms	83	60	93	110
9	(Not applicable in the EU)	-	-	-	-
10	Number of identified staff	-	1	11	57
11	Total variable remuneration	-	710	2,814	2,271
12	Of which: cash-based	-	323	1,282	1,466
EU-13a	Of which: deferred	-	229	865	466
EU-14a	Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a	Of which: deferred	-	-	-	-
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments	-	388	1,531	805
EU-14b	Of which: deferred	-	280	1,057	570
EU-14x	Of which: other instruments	-	-	-	-
EU-14y	Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	-	-
16	Of which: deferred	-	-	-	-
17	Total remuneration (2+10)	1,207	1,268	4,853	7,289

Table 87: Template EU REM3 - Deferred remuneration

Deferred remuneration								
(thousands of euros)	a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e., Changes of value of deferred remuneration due to the changes of prices of instruments))	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
<b>1 MB Supervisory function</b>	-	-	-	-	-	-	-	-
<b>2 Cash-based</b>	-	-	-	-	-	-	-	-
<b>3 Shares or equivalent ownership interests</b>	-	-	-	-	-	-	-	-
<b>4 Share-linked instruments or equivalent non-cash instruments</b>	-	-	-	-	-	-	-	-
<b>5 Other instruments</b>	-	-	-	-	-	-	-	-
<b>6 Other forms</b>	-	-	-	-	-	-	-	-
<b>7 MB Management function</b>	<b>265</b>	<b>74</b>	<b>191</b>	-	-	-	<b>75</b>	<b>41</b>
<b>8 Cash-based</b>	99	33	66	-	-	-	33	-
<b>9 Shares or equivalent ownership interests</b>	-	-	-	-	-	-	-	-
<b>10 Share-linked instruments or equivalent non-cash instruments</b>	166	41	125	-	-	-	42	41
<b>11 Other instruments</b>	-	-	-	-	-	-	-	-
<b>12 Other forms</b>	-	-	-	-	-	-	-	-
<b>13 Other senior management</b>	<b>449</b>	<b>144</b>	<b>305</b>	-	-	-	<b>159</b>	<b>80</b>
<b>14 Cash-based</b>	159	64	94	-	-	-	64	-
<b>15 Shares or equivalent ownership interests</b>	-	-	-	-	-	-	-	-
<b>16 Share-linked instruments or equivalent non-cash instruments</b>	291	80	211	-	-	-	95	80
<b>17 Other instruments</b>	-	-	-	-	-	-	-	-
<b>18 Other forms</b>	-	-	-	-	-	-	-	-
<b>19 Other identified staff</b>	<b>58</b>	<b>12</b>	<b>46</b>	-	-	-	<b>5</b>	<b>6</b>
<b>20 Cash-based</b>	26	5	21	-	-	-	5	-
<b>21 Shares or equivalent ownership interests</b>	-	-	-	-	-	-	-	-
<b>22 Share-linked instruments or equivalent non-cash instruments</b>	32	6	26	-	-	-	-	6
<b>23 Other instruments</b>	-	-	-	-	-	-	-	-
<b>24 Other forms</b>	-	-	-	-	-	-	-	-
<b>25 Total amount</b>	<b>772</b>	<b>230</b>	<b>542</b>	-	-	-	<b>239</b>	<b>128</b>

Table 88: Template EU REM5 — Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)										
	a	b	c	d	e	f	g	h	i	j
(thousands of euros)	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
1 Total number of identified staff										79
2 Of which: members of the MB	10	1	11							
3 Of which: other senior management				1	4	1	3	2	0	
4 Of which: other identified staff				4	25	2	12	13	1	
5 Total remuneration of identified staff	1,207	1,268	2,474	896	5,282	789	2,973	2,121	80	
6 Of which: variable remuneration	-	710	710	401	2,163	384	1,340	781	16	
7 Of which: fixed remuneration	1,207	557	1,764	495	3,119	405	1,633	1,341	64	

Table 89: Template EU REM 4 – Remuneration of €1 million or more per year

thousands of euros	a
EUR	Personnel identified as highly remunerated in accordance with article 450, letter i) of the CRR
1 1 000 000 to less than 1 500 000	1
2 1 500 000 less than 2 000 000	
3 2 000 000 less than 2 500 000	
4 2 500 000 less than 3 000 000	
5 3 000 000 less than 3 500 000	
6 3 500 000 less than 4 000 000	
7 4 000 000 less than 4 500 000	
8 4 500 000 less than 5 000 000	
9 5 000 000 less than 6 000 000	
10 6 000 000 less than 7 000 000	
11 7 000 000 less than 8 000 000	

## ANNEXES

### ANNEX I: Main features of regulatory own funds instruments and eligible liabilities instruments (Template EU CCA)

Main Characteristics of CET 1 and additional TIER 1 Capital Instruments				
1	Issuer	Ibercaja Banco, S.A.	Ibercaja Banco, S.A.	Ibercaja Banco, S.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	ES08442510019	ES0244251015
2a	Public or private placement	Private	Public	Public
3	Governing law(s) of the instrument	Regulation (EU) No. 575/2013	Regulation (EU) No. 575/2013	Regulation (EU) No. 575/2013
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes
<b>Regulatory treatment</b>				
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 1 Capital	Additional Tier 1 Capital	Tier 2 Capital
5	Post-transitional CRR rules	Tier 1 Capital	Additional Tier 1 Capital	Tier 2 Capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub)consolidated	Individual and (sub)consolidated	Individual and (sub)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Actions	Preference shares	Subordinated Liabilities
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	214	350	500
9	Nominal amount of instrument	214	350	500
9a	Issue price	N/A	1	1
9b	Redemption price	N/A	1	1
10	Accounting classification	Equity	Equity	Liabilities (at amortised cost)
11	Original date of issuance	N/A	25/01/2023	23/01/2020
12	Perpetual or dated	Perpetual	Perpetual	Due date determined
13*	Original maturity date	No expiry date	No expiry date	23/07/2030
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	25/01/2028, and at any time for tax reasons or a capital event, and with the prior consent of the Competent Authority. Repurchase price, 100%.	23/07/2025, and at any time for tax reasons or a capital event, and with the prior consent of the Bank of Spain. Repurchase price, 100%.
16	Subsequent call dates, if applicable	N/A	Each payment date after the first early redemption date.	N/A

	Coupons / dividends			
17	Fixed or floating dividend/coupon	Variable	From fixed to variable	From fixed to variable
18	Coupon rate and any related index	N/A	9,125% payable quarterly until 25/01/2028. Thereafter MS 5 years + 683.3 bps.	2.75% up to 23/7/2025. Thereafter, MS 5 years + 288.2 bps.
19	Existence of a dividend stopper	No	Yes	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	N/A	Yes	N/A
31	If write-down, write-down trigger(s)	N/A	CET1 ratio below 5.125%	N/A
32	If write-down, full or partial	N/A	Partial, and may become total	N/A
33	If write-down, permanent or temporary	N/A	Temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A	Mechanism defined in the Issue Document	N/A
34a	Type of subordination (only for eligible liabilities)			
34b	Ranking of the instrument in normal insolvency proceedings	Rank1-Rankingininsolvency(masterscale)	Rank2-Rankingininsolvency(masterscale)	Rank3-Rankingininsolvency(masterscale)
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Last position	After subordinate creditors	After the common creditors
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	-	<a href="https://www.ibercaja.com/public/documentos/ref04999_alcoraz.pdf">https://www.ibercaja.com/public/documentos/ref04999_alcoraz.pdf</a>	<a href="https://www.ibercaja.com/public/documentos/ref05679_matarrana-prospectus.pdf">https://www.ibercaja.com/public/documentos/ref05679_matarrana-prospectus.pdf</a>

Main Characteristics of CET 2 and eligible liabilities instruments				
1	Issuer	Ibercaja Banco, S.A.	Ibercaja Banco, S.A.	Ibercaja Banco, S.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	ES0244251023	ES0344251006	ES0344251014
2a	Public or private placement	Private	Public	Public
3	Governing law(s) of the instrument	Law 11/2015, of June 18, on the recovery and resolution of credit institutions and investment services companies.	Law 11/2015, of June 18, on the recovery and resolution of credit institutions and investment services companies.	Law 11/2015, of June 18, on the recovery and resolution of credit institutions and investment services companies.
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes
Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	Subordinated debt	Subordinated debt	Subordinated debt
5	Post-transitional CRR rules	Subordinated debt	Subordinated debt	Subordinated debt
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub)consolidated	Individual and (sub)consolidated	Individual and (sub)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary liabilities	Ordinary liabilities	Ordinary liabilities
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	50	500	500
9	Nominal amount of instrument	50	500	500
9a	Issue price	0.99754	0.99862	0.99723
9b	Redemption price	1	1	1
10	Accounting classification	Liabilities (at amortised cost)	Liabilities (at amortised cost)	Liabilities (at amortised cost)
11	Original date of issuance	02/12/2021	15/06/2022	17/06/2023
12	Perpetual or dated	Due date determined	Due date determined	Due date determined
13*	Original maturity date	02/12/2027	15/06/2025	07/06/2025
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	02/12/2026, and at any time for tax reasons or for a subordinated debt disqualifying event, and with prior consent of the Bank of Spain. Repurchase price, 100%.	15/06/2024, and at any time for tax reasons or for a subordinated debt disqualifying event, and with prior consent of the Bank of Spain. Repurchase price, 100%.	07/06/2026, and at any time for tax reasons or for a subordinated debt disqualifying event, and with prior consent of the Bank of Spain. Repurchase price, 100%.
16	Subsequent call dates, if applicable	N/A	N/A	N/A

Coupons / dividends				
17	Fixed or floating dividend/coupon	From fixed to variable	From fixed to variable	From fixed to variable
18	Coupon rate and any related index	1.125% until 02/12/2026. Thereafter MS 1 year + 125 bps.	3.750% until 15/06/2024. Thereafter MS 1 year + 250 bps.	5.625% until 07/06/2026. Thereafter MS 1 year + 245 bps.
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	N/A	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	N/A	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	No subordination	No subordination	No subordination
34b	Ranking of the instrument in normal insolvency proceedings	Rank7-Rankingininsolvency(masterscale)	Rank7-Rankingininsolvency(masterscale)	Rank7-Rankingininsolvency(masterscale)
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After preferential creditor	After preferential creditor	After preferential creditor
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	<a href="https://www.ibercaja.com/archivo/sp/6425">https://www.ibercaja.com/archivo/sp/6425</a>	<a href="https://www.ibercaja.com/archivo/sp/6425">https://www.ibercaja.com/archivo/sp/6425</a>	<a href="https://www.ibercaja.com/archivo/sp/7265">https://www.ibercaja.com/archivo/sp/7265</a>



## ANNEX II: Own funds and phase-in and fully-loaded capital requirements

Own Funds and phase-in and fully-loaded capital requirements		
(thousands of euros)	2023 <i>phased-in</i>	2023 <i>fully loaded</i>
<b>TOTAL COMPUTABLE OWN FUNDS</b>	<b>3,248,322</b>	<b>3,212,210</b>
<b>Tier 1 Capital (T1)</b>	<b>2,748,322</b>	<b>2,712,210</b>
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>2,398,322</b>	<b>2,362,210</b>
Disbursed equity instruments	214,428	214,428
Share premium	-	-
Retained earnings from previous years	882,588	882,588
Eligible results	121,758	121,758
Other reserves	1,740,863	1,719,126
Common Equity Tier 1 Capital Instruments under the preemptive regime	-	-
Minority interests	-	-
Other accumulated comprehensive income	14,959	14,959
Deductions from Common Equity Tier 1 (CET 1) capital instruments	-576,274	-590,649
Losses for the current year	-	-
Intangible assets	-264,883	-264,883
Defined benefit pension fund assets	-	-
Treasury stock: Direct holdings of CET1 instruments	-	-
Reciprocal holdings of CET1 instruments	-	-
Deferred tax assets dependent on future returns	-268,233	-282,608
Holdings in financial sector entities with significant influence	-	-
Excess shareholdings in financial sector entities in which there is no significant influence	-	-
Exposures that would be weighted at 1250% not included in the requirements	-	-
Other deductions from Common Equity Tier 1 (CET1) capital	-43,158	-43,158
<b>Additional Tier 1 Capital (AT1)</b>	<b>350,000</b>	<b>350,000</b>
Additional Tier 1 capital instruments under the preemptive regime	350,000	350,000
Deductions from Additional Tier 1 (AT1) capital instrument	-	-
Treasury stock: Direct holdings of AT1 instruments	-	-
Reciprocal holdings of AT1 instruments	-	-
Intangible assets	-	-
Holdings in financial sector entities with significant influence	-	-
Excess shareholdings in financial sector entities in which there is no significant influence	-	-
Other Deductions from Additional Tier 1 Capital	-	-
<b>Tier 2 Capital (T2)</b>	<b>500,000</b>	<b>500,000</b>
Subordinated financing and subordinated loans and others	500,000	500,000
Deductions from Tier 2 (T2) capital instruments	-	-
Treasury stock: Direct holdings of AT1 instruments	-	-
Reciprocal holdings of T2 instruments - -	-	-
Subordinated debt and subordinated debt in financial sector entities with significant influence	-	-
Excess shareholdings in financial sector entities in which there is no significant influence	-	-
Other Tier 2 capital deductions	-	-
<b>Total capital requirements</b>	<b>1,488,746</b>	<b>1,487,859</b>
Capital requirements for credit, counterparty and dilution risk	1,363,674	1,362,786
Capital requirements for market risk	-	-
Capital requirements for operational risk	124,361	124,361
Capital requirements for credit valuation adjustment (CVA)	711	711
<b>Risk-weighted assets</b>	<b>18,609,328</b>	<b>18,598,235</b>

## ANNEX III: Phased-in and fully-loaded capital ratios

Phase-in and fully-loaded capital ratios		
(thousands of euros and %)	2023 phased-in	2023 fully loaded
<b>Common Equity Tier 1 capital ratio (CET1)</b>	<b>12.89%</b>	<b>12.70%</b>
Minimum required CET1	4.50%	4.50%
<b>Tier 1 Capital Ratio (T1)</b>	<b>14.77%</b>	<b>14.58%</b>
Minimum required T1	6.00%	6.00%
<b>Total capital requirements</b>	<b>17.46%</b>	<b>17.27%</b>
Minimum total capital requirement	8.00%	8.00%
<b>Total capital requirements</b>	<b>1,488,746</b>	<b>1,487,859</b>
Capital requirements for credit, counterparty and dilution risk	1,363,674	1,362,786
Capital requirements for market risk - -	-	-
Capital requirements for operational risk	124,361	124,361
Capital requirements for credit valuation adjustment (CVA)	711	711
<b>Risk-weighted assets</b>	<b>18,609,328</b>	<b>18,598,235</b>
<b>Leverage ratio</b>	<b>5.66%</b>	<b>5.57%</b>

## **ANNEX IV: Template IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR**

Grupo Ibercaja applies the transitory provisions of IFRS 9 established in article 473 bis of Regulation No. 575/2013 (introduced in article 1 of Regulation 2395/2017) and modified by Regulation (EU) 2020/873 (Quick Fix of the CRR), mitigating the impact of the adoption of IFRS 9 by applying a static and dynamic phased-in in their capital ratios. In order to recalculate the requirements established in this Regulation without taking into account the effects of the provisions for expected credit losses that have been included in its Common Equity Tier 1 capital, it has been chosen to assign a risk weight of 100% to these amounts, according to section 7 bis.

The Entity has not made use of the temporary treatment of accumulated unrealised gains and losses as of December 31, 2019, valued at fair value with changes in other comprehensive income, corresponding to exposures to central administrations, regional administrations or the local authorities and public sector entities pursuant to article 468 of Regulation No. 575/2013.

### Comparison of the own funds and the capital and leverage ratios of the entities with and without the application of the transitory provisions of IFRS 9 or similar ECL

(thousands of euros)		Dec-23	Sep-23	Jun-23	Mar-23	Dec-22
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	2,398,322	2,351,134	2,345,175	2,321,829	2,322,796
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2,375,314	2,325,361	2,316,740	2,295,114	2,256,765
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	-	-	-	-	-
3	Tier 1 Capital (T1)	2,748,322	2,701,134	2,695,175	2,671,829	2,672,796
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2,725,314	2,675,361	2,666,740	2,645,114	2,606,765
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	-	-	-	-	-
5	Total capital	3,248,322	3,201,134	3,195,175	3,171,829	3,172,796
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,225,314	3,175,361	3,166,740	3,145,114	3,106,765
6 <sup>a</sup>	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	-	-	-	-	-
<b>Risk-weighted assets (amounts)</b>						
7	Total risk-weighted assets	18,609,328	17,997,827	18,133,504	17,891,984	18,045,437
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18,598,235	17,985,585	18,120,164	17,878,859	18,012,898
<b>Capital ratios</b>						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	12.89%	13.06%	12.93%	12.98%	12.87%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.77%	12.93%	12.79%	12.84%	12.53%
10 <sup>a</sup>	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	-	-	-	-	-
11	Tier 1 (as a percentage of risk exposure amount)	14.77%	15.01%	14.86%	14.93%	14.81%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.65%	14.88%	14.72%	14.79%	14.47%
12 <sup>a</sup>	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	-	-	-	-	-
13	Total capital (as a percentage of risk exposure amount)	17.46%	17.79%	17.62%	17.73%	17.58%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.34%	17.66%	17.48%	17.59%	17.25%
14 <sup>a</sup>	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	-	-	-	-	-
<b>Leverage ratio</b>						
15	Leverage ratio total exposure measure	47,431,442	46,762,077	47,628,310	47,364,353	48,270,672
16	Leverage ratio	5.79%	5.78%	5.66%	5.64%	5.54%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.65%	5.63%	5.52%	5.50%	5.44%
17 <sup>a</sup>	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	-	-	-	-	-

## ANNEX V: Geographical distribution of relevant credit exposures

Below is a breakdown by country of the Group's credit exposures included in Spain, in accordance with Delegated Regulation (EU) No. 1152/2014, since they do not represent 2% of the aggregate total of its risk-weighted exposures.

Country	Exposure Dec-2023	Country	Exposure Dec-2023
1 SPAIN	29,348,498	34 TURKEY	430
2 GERMANY	60,722	35 THAILAND	344
3 NETHERLANDS	49,073	36 BRASIL	306
4 LUXEMBOURG	37,097	37 MOROCCO	305
5 SWISS	32,759	38 ISRAEL	295
6 UNITED STATES OF AMERICA	29,268	39 COLOMBIA	259
7 FRANCE	16,600	40 ICELAND	241
8 ITALY	13,908	41 UKRAINE	239
9 GREAT BRITAIN	13,526	42 EGYPT	180
10 IRELAND	10,778	43 ARGENTINA	172
11 PORTUGAL	9,564	44 KUWAIT	163
12 BELGIUM	5,869	45 TUNISIA	137
13 RUSSIA	3,966	46 POLAND	131
14 AUSTRALIA	3,814	47 LITHUANIA	122
15 FINLAND	2,820	48 INDONESIA	91
16 ANDORRA	1,683	49 ALGERIA	90
17 UNITED ARAB EMIRATES	1,658	50 AUSTRIA	88
18 SWEDEN	1,535	51 BELARUS	87
19 QATAR	1,206	52 HUNGARY	87
20 CHINA	1,186	53 LATVIA	82
21 SLOVAKIA	1,157	54 JAPON	60
22 DENMARK	1,141	55 RUMANIA	54
23 GIBRALTAR	1,110	56 LEBANON	42
24 IRAN	793	57 ECUADOR	38
25 MEXICO	716	58 SINGAPUR	33
26 HONG KONG	580	59 SYRIA	28
27 CHILE	549	60 SOUTH KOREA	26
28 SAUDI ARABIA	540	61 TAIWAN	25
29 VENEZUELA	522	62 PANAMA	12
30 PERU	506	63 PHILIPPINES	12
31 NORWAY	503	64 CZECH REPUBLIC	9
32 CANADA	501	65 KAZAKHSTAN	8
33 EQUATORIAL GUINEA	488	66 OTHER COUNTRIES	10

## ANNEX VI: CRR Mapping

CRRII Mapping			
Article	Content	Location in the IRP 2023	Tables
<b>431. Scope of disclosure requirements</b>			
431.1	Requirement to publish Pillar 3 disclosures	Pillar III Disclosure Report (Ibercaja Group website)	
431.2	Permission granted by the competent authorities under Part Three for the instruments and methodologies referred to in Title III shall be subject to the public disclosure by institutions of the information laid down therein.	Chapter 1	
431.3	<p>The management body or senior management shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place and maintain internal processes, systems and controls to verify that the institutions' disclosures are appropriate and in compliance with the requirements laid down in this Part. At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. The written attestation and the key elements of the institution's formal policies to comply with the disclosure requirements shall be included in institutions' disclosures.</p> <p>Information to be disclosed in accordance with this Part shall be subject to the same level of internal verification as that applicable to the management report included in the institution's financial report.</p> <p>Institutions shall also have policies in place to verify that their disclosures convey their risk profile comprehensively to market participants. Where institutions find that the disclosures required under this Part do not convey the risk profile comprehensively to market participants, they shall publicly disclose information in addition to the information required to be disclosed under this Part. Nonetheless, institutions shall only be required to disclose information that is material and not proprietary or confidential as referred to in Article 432.</p>	<p>Policy for the disclosure and verification of information with prudential relevance of Ibercaja Banco, S.A. and its Consolidated Group</p> <p>Chapter 1</p>	
431.4	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures. request.	Pillar III Disclosure Report (Ibercaja Group website)	
431.5	Institutions shall, if requested, explain their rating decisions to SMEs and other corporate applicants for loans, providing an explanation in writing when asked. The administrative costs of that explanation shall be proportionate to the size of the loan.	N/A	
<b>432. Non-material, proprietary or confidential information</b>			
432.1	Institutions may omit information that is not material if	Chapter 1	

	certain conditions are respected.		
432.2	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	Chapter 1	
432.3	Where 432.2 applies this must be stated in the disclosures, and more general information must be disclosed.	Chapter 1	
<b>433. Frequency of disclosure</b>			
433	The entities will publish the information required by virtue of Titles II and III as established in articles 433a, 433b and 433c.	Chapter 1	
<b>433a. Disclosures by large institutions</b>			
433a	Large institutions shall disclose the information outlined below with the following frequency	Chapter 1	
<b>433b. Disclosures by small and non-complex institutions</b>			
433b	Small and non-complex institutions shall disclose the information outlined below with the following frequency	N/A	
<b>433 c. Disclosures by other institutions</b>			
433c	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency	N/A	
<b>434. Means of disclosures</b>			
434.1	Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location.	Chapter 1	
434.2	Entities shall disclose on their website or, failing that, in any other appropriate place, a file with the information that must be disclosed in accordance with this part. This file must be kept accessible for a period of time not less than the retention period established in national law for the data included in the financial reports of the entities.	Chapter 1	
<b>434a. Uniform disclosure formats</b>			
434a	EBA shall develop draft implementing technical standards specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III shall be made.	N/A	
<b>435. Risk management objectives and policies</b>			
435.1	Disclose information for each separate category of risk:	Chapter 6	
435.1.a	The strategies and processes to manage risks.	Chapters 6.2.3	
435.1.b	The structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents.	Chapter 6.2.2	
435.1.c	Risk reporting and measurement systems	Chapter 6.2.3	
435.1.d	Hedging and mitigating risk - policies, strategies and processes.	Chapter 6.2.3	
435.1.e	A declaration of adequacy of risk management arrangements approved by the Board.	Chapter 6.2.1	
435.1.f	A concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include: (i) key ratios and figures providing external stakeholders a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body; (ii) information on intragroup transactions and transactions with related parties that may have a	Chapters 1 and 6.2.1	KM1



material impact of the risk profile of the consolidated group.

435.2	Information on governance arrangements, including information on Board composition and recruitment, and risk committees.	
435.2.a	Number of directorships held by Board members.	Chapter 3.2.1
435.2.b	Recruitment policy for the selection of Board members, their actual knowledge, skills and expertise. Policy on diversity of Board membership, objectives, and achievement status.	Chapters 3.2.1, 3.2.2 y 3.2.3 Cross reference to the Notes to the Financial Statements
435.2.c	Existence of a dedicated risk committee, and number of meetings during the year.	Chapter 3.2.6
435.2.d	Description of the information flow on risk to the Board.	Chapter 3.2.2
435.2.e	Information on governance arrangements, including information on Board composition and recruitment, and risk committees.	Chapters 3.2.2 and 6.2.1

#### 436. Scope of application of the requirements

436	Institutions shall disclose the following information regarding the scope of application of the requirements of this Regulation in accordance with Directive 2013/36/EU:		
436.a	Name of institution to which the requirements of this Regulation applies.	Chapter 3	
436.b	Difference in the basis of consolidation for accounting and prudential purposes, briefly describing entities that are: (i) fully consolidated (ii) proportionally consolidated  (iii) deducted from own funds  (iv) neither consolidated nor deducted	Chapter 3.4	LI1, LI2 and LI3
436.c	A breakdown of assets and liabilities of the consolidated financial statements prepared, by type of risk, in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One	Chapter 3.4	LI1
436.d	A reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the amounts of exposure used for regulatory purposes; such reconciliation may be complemented with qualitative information on said sources of differences.	Chapter 3.4	LI1 and LI2
436.e	A breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions;	Chapter 4.3.2	PV1
436.f	Impediments to transfer of own funds between parent and subsidiaries.	Chapter 3.5	
436.g	Capital shortfalls in any subsidiaries outside the scope of consolidation.	Chapter 3.5	
436.h	The circumstance of making use of articles on	Chapter 3.5	

	<p>derogations from:</p> <p>a) Prudential requirements</p> <p>b) Liquidity requirements for individual subsidiaries/entities</p>		
<b>437. Own Funds</b>			
437.1	Institutions shall disclose the following information regarding their own funds:	Chapter 4.1	
437.1.a	A full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution.	Chapters 4.1, 4.2 y Annex I	CC1, CC2 and CCA
437.1.b	Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments, as well as Tier 2 instruments issued by the institution	Chapter 4.2 y Annex I	CCA and CC1
437.1.c	Dull terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments	Annex I	CCA
437.1.d	<p>Disclosure of the nature and amounts of the following:</p> <p>(i) Each prudential filter applied pursuant to Articles 32 to 35;</p> <p>(ii) Each deduction made pursuant to Articles 36, 56 and 66;</p> <p>(iii) Items not deducted in accordance with Articles 47, 51, 56, 66 and 79.</p>	Chapter 4.2	CC1
437.1.e	Description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply.	Chapter 4.2	CC1
437.1.f	Explanation of the calculation basis of the disclosed capital ratios estimated using elements of own funds determined, on a basis other than that laid down in this Regulation.	Chapter 4.2	CC1
<b>437a. Disclosure of own funds and eligible liabilities</b>			
437.a	<p>Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities:</p> <p>(a) the composition of their own funds and eligible liabilities, their maturity and their main features;</p> <p>(b) the ranking of eligible liabilities in the creditor hierarchy;</p> <p>(c) the total amount of each issuance of eligible liabilities instruments referred to in Article 72b;</p> <p>(d) the total amount of excluded liabilities referred to in Article 72a(2).</p>	N/A	
<b>438. Disclosure of own funds requirements and risk-weighted exposure amounts</b>			
438	Institutions shall disclose the following information regarding the compliance by the institution with the requirements laid down in Article 92 of this Regulation and in Article 73 of Directive 2013/36/EU:		
438.a	A summary of their approach to assessing the adequacy of their internal capital to support current and future activities;	Chapter 5.1	
438.b	The amount of the additional own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments;	Chapter 1	KM1
438.c	Upon demand from the relevant competent authority,	Chapter 5.1	

	the result of the institution's internal capital adequacy assessment process;		
438.d	The total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts those results from applying capital floors and not deducting items from own funds;	Chapter 5	OV1
438.e	The on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2);	N/A	
438.f	The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;	Chapter 3.6	INS1
438.g	The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied;	Chapter 3.6	INS2
438.h	The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	N/A	
<b>439. Exposure to counterparty credit risk</b>			
439	Institutions shall disclose the following information regarding the institution's exposure to counterparty credit risk as referred to in Part Three, Title II, Chapter 6:		
439.a	Description of process to assign internal capital and credit limits to CCR exposures, including the methods to assign such limits to exposures to central counterparties;	Chapter 7.3	
439.b	A description of collateral policies and other credit risk mitigation techniques, such as policies for securing collateral and establishing credit reserves;	Chapters 7.3 and 6.2.3	
439.c	Discussion of management of wrong-way risk Exposures;	Chapter 7.3	
439.d	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	Chapter 7.3	
439.e	The amount of segregated and unsegregated collateral received and posted per type of collateral, also distinguishing between collateral used for securities financing operations and derivatives;	Chapter 7.3	CCR5
439.f	For derivative transactions, the exposure values before and after the effect of the credit risk mitigation, determined in accordance with the methods established in Part Three, Title II, Chapter 6, Sections 3 to 6, regardless of the method applicable, and the associated exposure risk amounts, broken down by applicable method;	Chapter 7.3	CCR1

439.g	For securities financing transactions, the exposure values before and after the effect of the credit risk mitigation determined in accordance with the methods established in Part Three, Title II, Chapter 6, Sections 3 to 6, regardless of the method applicable, and the associated exposure risk amounts, broken down by applicable method;	Chapter 7.3	CCR1
439.h	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method, as set out in Part Three, title VI	Chapter 7.3	CCR2
439.i	The exposure value to central counterparties and the associated risk exposures where Part Three, Title II, Chapter 6, Section 9 applies, separately for qualified and non-qualified central counterparties qualified, and broken down by types of exposure	Chapter 7.3	CCR8
439.j	The notional amounts and fair value of credit derivative; operations with credit derivatives will be broken down by type of product; within each type of product, operations with credit derivatives will also be broken down by credit risk coverage purchased and sold;	N/A	
439.k	The estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha	Chapter 7.3	CCR1
439.l	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452;	Chapter 7.3	CCR1, CCR3 and CCR5
439.m	For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance sheet derivative business, calculated in accordance with Article 273 bis, paragraphs 1 or 2, as applicable.	Chapter 7.3	CCR1
<b>440. Capital buffers</b>			
440	Disclosure of the following information in relation to its compliance with the requirement for a countercyclical capital buffer referred to in Title VII, Chapter 4 of Directive 2013/36/EU:		
440.a	Geographical distribution of credit exposures relevant for the calculation of countercyclical capital buffer.	Chapter 4.3.1	CCyB1
440.b	Amount of the specific countercyclical capital Buffer.	Chapter 4.3.2	CCyB2
<b>441. Indicators of global systemic importance</b>			
441	Disclosure of the indicators of global systemic importance.	N/A	
<b>442. Information on exposures to credit risk and dilution risk</b>			
442	Institutions shall disclose the following information regarding the institution's exposure to credit risk and dilution risk:		
442.a	The scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes;	Chapter 7.1	
442.b	A description of the approaches and methods adopted for determining specific and general credit risk adjustments;	Chapter 7.1	
442.c	Information on the amount and quality of performing, nonperforming and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees.	Chapters 7.2.1, 7.2.3, and 7.2.5	CR1, CQ1, CQ5 and CQ7
442.d	An ageing analysis of accounting past due exposures	Chapter 7.2.4	CQ3

442.e	The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off balance-sheet exposures;	Chapters 7.2.1 and 7.2.3	CR1 and CQ5
442.f	Any changes in the gross amount of defaulted on- and off-balance sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;	Chapter 7.2.4	CR2
442.g	Breakdown of loans and debt securities by residual maturity	Chapter 7.2.3	CR1-A
<b>443. Encumbered and unencumbered assets</b>			
443	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Information disclosed on encumbered and unencumbered assets will not reveal the urgent provision of liquidity by central banks.	Chapter 13.2	AE1, AE2 y AE3
<b>444. Use of the Standardised Approach</b>			
444	For institutions calculating the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2, the following information shall be disclosed for each of the exposure classes specified in Article 112:		
444.a	Names of the ECAs used in the calculation of Standardised approach risk-weighted assets and reasons for any changes.	Chapter 7.4	Table 49
444.b	Exposure classes associated with each ECAI.	Chapter 7.4	Table 49
444.c	Description of the process used to transfer credit assessments to non-trading book items.	Chapter 7.4	
444.d	Mapping of external rating to credit quality steps (CQS).	Chapter 7.4	
444.e	Exposure value pre and post-credit risk mitigation, by CQS.	Chapters 7.2.2, 7.3 and 7.5.2	CR5, CCR3 and CR4
<b>445. Exposure to market risk</b>			
445	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those points. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	N/A	
<b>446. Operational risk</b>			
446	Institutions shall disclose the following information about their operational risk management:		
446.a	The approaches for the assessment of own funds requirements for operation risk that the institution qualifies for;	Chapters 5.6 y 9.1	OR1
446.b	Where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of the relevant internal and external factors being considered in the institution's advanced measurement approach;	Chapter 9	OR1
446.c	In the case of partial use, the scope and coverage of the different methodologies used.	N/A	
<b>447. Disclosure of key metrics</b>			

447	Institutions shall disclose the following key metrics in a tabular format:		
447.a	The composition of their own funds and their own funds requirements as calculated in accordance with Article 92;	Chapter 1	KM1
447.b	The total risk exposure amount as calculated in accordance with Article 92(3);	Chapter 1	KM1
447.c	Where applicable, the amount and composition of additional own funds which the institutions are required to hold, in accordance with point (a) of Article 104(1) of Directive 2013/36/EU.	Chapter 1	KM1
447.d	Their combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU.	Chapter 1	KM1
447.e	Their leverage ratio and the total exposure measure as calculated in accordance with Article 429	Chapter 1	KM1
447.f	<p>The following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1):</p> <p>(i) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;</p> <p>(ii) the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;</p> <p>(iii) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;</p>		
447.g	<p>The following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six:</p> <p>(i) the net stable funding ratio at the end of each quarter of the relevant disclosure period;</p> <p>(ii) the available stable funding at the end of each quarter of the relevant disclosure period;</p> <p>(iii) the required stable funding at the end of each quarter of the relevant disclosure period;</p>		
447.h	Their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable.	N/A	
<b>448. Exposures to interest rate risk on positions not held in the trading book</b>			
448.1	As from 28 June 2021, institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities, referred to in Article 98(5) of Directive 2013/36/EU:		
448.1.a	The changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	Chapter 11.1	IRRBB1
448.1.b	The changes in the net interest income calculated	Chapter 11.1	IRRBB1

	under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;		
448.1.c	A description of key modelling and parametric assumptions, other than those referred to in points (b) and © of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;	Chapter 11	IRRBB1
448.1.d	An explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date;	Chapters 11 and 11.1	IRRBB1
448.1.e	The description of how institutions define, measure, mitigate and control the interest rate risk of their nontrading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including:	Chapter 11	IRRBB1
448.1.e.i	A description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income;	Chapter 11	IRRBB1
448.1.e.ii	A description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences;	Chapter 11	IRRBB1
448.1.e.iii	A description of the interest rate shock scenarios that institutions use to estimate the interest rate risk;	Chapter 11	IRRBB1
448.1.e.iv	The recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3);	Chapter 11.1	IRRBB1
448.1.e.v	An outline of how often the evaluation of the interest rate risk occurs;	Chapter 11	IRRBB1
448.1.f	The description of the overall risk management and mitigation strategies for those risks;	Chapter 6.2.3	
448.1.g	Average and longest repricing maturity assigned to non-maturity deposits.	Chapter 11	IRRBB1
448.2	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e) (iv) of paragraph 1 of this Article shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) of Directive 2013/36/EU.	N/A	
<b>449. Exposure to securitisation positions</b>			
449	Institutions calculating risk weighted exposure amounts in accordance with Part Three, Title II, Chapter 5 or own funds requirements in accordance with Articles 337 or 338 shall disclose the following information, where relevant, separately for their trading and non-trading book:		
449.a	A description of their securitisation and re-securitisation activities, including their risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS) as defined in point 10 of Article 242, and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where	Chapters 7.6.1 y 7.6.2	



	applicable, a separate description of their synthetic securitisation risk transfer policy;	
449.b	The type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties;	Chapter 7.6.2
449.c	Their approaches for calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions;	Chapter 7.6.6
449.d	A list of sspes falling into any of the following categories, with a description of their types of exposures to those sspes, including derivative contracts: (i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation;	Chapter 7.6.3
449.e	A list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three;	Chapter 7.6.5
449.f	A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions;	Chapter 7.6.5
449.g	A summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions;	Chapter 7.6.4
449.h	The names of the ecais used for securitisations and the types of exposure for which each agency is used;	Chapter 7.6.5
449.i	Where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three, including the structure of the internal assessment process and the relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels;	N/A
449.j	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on whether institutions have transferred significant credit risk in accordance with Articles 244 and 245, for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures;	N/A
449.k	For the non-trading book activities, the following	N/A

information:			
449.k.i	The aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1 250 %, broken down between traditional and synthetic securitisations and between securitisation and re-securitisation exposures, separately for STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements;	N/A	
449.k.ii	The aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1 250 %, broken down between traditional and synthetic securitisations, securitisation and re-securitisation positions, and STS and non-STS positions, and further broken down into a meaningful number of risk weight or capital requirement bands and by approach used to calculate the capital requirements;	N/A	
449.l	Full for exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type.	Chapter 7.5	SEC5

#### 449 a. Disclosure of environmental, social and governance risks (ESG risks)

449.a	From 28 June 2022, large institutions which have issued securities that are admitted to trading on a regulated market of any Member State, as defined in point (21) of Article 4(1) of Directive 2014/65/EU, shall disclose information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive 2013/36/EU. The information referred to in the first paragraph shall be disclosed on an annual basis for the first year and biannually thereafter.	Chapters 2.5.7 and 15	Templates ESG: Template 1 Template 2 Template 3 Template 4 Template 5 Template 6 Template 7 Template 8 Template 10 (Implementing Regulation (EU) 2022/2453)
-------	--	-----------------------	---

#### 450. Remuneration policy

450.1	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the institutions:		
450.1.a	Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year.	Chapters 3.2.2 and 16.5	
450.1.b	Information about the link between pay of the staff and their performance;	Chapters 16.6.1 and 16.11	
450.1.c	The most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	Chapters 16.6.1, 16.6.2 y 16.8	
450.1.d	The ratios between fixed and variable remuneration established	Chapter 16.6.1	
450.1.e	Information on the performance criteria on which the entitlement to shares, options or variable components	Chapter 16.7	

	of remuneration is based;		
450.1.f	The main parameters and rationale for any variable component scheme and any other non-cash benefits;	Chapters 16.11, 16.12 and 16.6.1	
450.1.g	Aggregate quantitative information on remuneration, broken down by business area;	Chapter 16.13	
	Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following: i) the amounts of remuneration awarded for the financial year, split into fixed remuneration and variable remuneration, and the number of beneficiaries, ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types, iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; iv) the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments; v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards, vi) the severance payments awarded in previous periods, that have been paid out during the financial year, and the number of beneficiaries of those awards, vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	Chapters 16.3 and 16.13	REM1 and REM3
450.1.h			
450.1.i	The number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;	Chapter 16.13	REM4
450.1.j	Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management;	Chapter 16.13 Cross-reference to notes 5.1 and 5.2 of the Financial Statements	
450.1.k	Information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU.	N/A	
450.2	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members.	Chapter 16.13	
<b>451. Leverage</b>			
451.1.a	Leverage ratio.	Chapter 14.2	LR2
451.1.b	A breakdown of the total exposure measures, including the reconciliation to financial statements.	Chapter 14.2	LR1, LR2 and LR3
451.1.c	If applicable, the total amount of the derecognised fiduciary items.	Chapter 14.2	LR2
451.1.d	Description of the processes used to manage the risk	Chapter 14.3.1	

	of excessive leverage		
451.1.e	Description of the factors that impacted the leverage ratio during the year.	Chapter 14.3.2	
451.2	Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without the adjustment to the total exposure measure determined in accordance with point (d) of the first subparagraph of Article 429a(1).	Chapter 14.2	LR2
451.3	In addition to points (a) and (b) of paragraph 1 of this Article, large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7).	Chapter 14.2	LR2
<b>451a. Disclosure of liquidity requirements</b>			
451a.1	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	Chapters 6.2.3 and 12.1	
451a.2	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1):	Chapter 12	
451a.2.a	The average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Chapter 12.1	LIQ1
451a.2.b	The average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer;	Chapter 12.1	LIQ1
451a.2.c	The averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	Chapter 12.1	LIQ1
451a.3	Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six:	Chapter 12	LIQ2
451a.3.a	Quarter-end figures of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period;	Chapter 12.1	LIQ2
451a.3.b	An overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six;	Chapter 12.1	LIQ2
451a.3.c	An overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six.	Chapter 12.1	LIQ2
451a.4	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU.	Chapters 6.2.3 and 12	
<b>452. Use of the IRB Approach to credit risk</b>			
452	Institutions calculating the risk-weighted exposure amounts under the IRB Approach shall disclose the following information:	N/A	
452.a	Permission for use of the IRB approach from the competent authority.	N/A	

452.b	For each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach laid down in Chapter 2 of Title II of Part Three or to the IRB Approach laid down in Chapter 3 of Title II of Part Three, as well as the part of each exposure class subject to a roll-out plan; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk weighted exposure amounts, they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission.	N/A
452.c	The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on: i) The relationship between the risk management function and the internal audit function, ii) The rating system review, iii) The procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models, iv) The procedure to ensure the accountability of the functions in charge of developing and reviewing the models;	N/A
452.d	The role of the functions involved in the development, approval and subsequent changes of the credit risk models;	N/A
452.e	The scope and main content of the reporting related to credit risk models;	N/A
452.f	A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering:	N/A
452.f.i	The definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods,	N/A
452.f.ii	Where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure,	N/A
452.f.iii	Where applicable, the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those variables;	N/A
452.g	As applicable, the following information in relation to each exposure class referred to in Article 147:	N/A
452.g.i	Their gross on-balance-sheet exposure;	N/A
452.g.ii	Their off-balance-sheet exposure values prior to the relevant conversion factor;	N/A
452.g.iii	Their exposure after applying the relevant conversion factor and credit risk mitigation;	N/A
452.g.iv	Any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk;	N/A

452.g.v	Separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission;	N/A	
452.h	Institutions' estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate.	N/A	
<b>453. Use of credit risk mitigation techniques</b>			
453	Institutions applying credit risk mitigation techniques shall disclose the following information:		
453.a	The core features of the policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting.	Chapter 7.5.1	
453.b	The core features of the policies and processes for eligible collateral evaluation and management.	Chapter 7.5.1	
453.c	A description of the main types of collateral taken by the institution to mitigate credit risk.	Chapter 7.5.1	
453.d	Main types of guarantors and credit derivative counterparty, as well as their solvency.	Chapter 7.5.1	
453.e	Market or credit risk concentrations within risk mitigation exposures.	Chapter 7.5	
453.f	For institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures;	Chapter 7.5.2	CR3
453.g	The corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect;	Chapters 7.1 and 7.5.2	CR4
453.h	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation;	Chapter 7.5.2	CR4
453.i	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class.	Chapter 7.5.2	CR4
453.j	For institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation	N/A	

of risk weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.

#### 454. Use of the Advanced Measurement Approaches to operational risk

454	Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk.	N/A
-----	---	-----

#### 455. Use of internal market risk models

455	Institutions calculating their capital requirements in accordance with Article 363 shall disclose the following information:	N/A
-----	--	-----

For each sub-portfolio covered:

455.a	<ul style="list-style-type: none"> <li>i) The characteristics of the models used;</li> <li>ii) Where applicable, for the internal models for incremental default and migration risk and for correlation trading, the methodologies used and the risks measured through the use of an internal model including a description of the approach used by the institution to determine liquidity horizons, the methodologies used to achieve a capital assessment that is consistent with the required soundness standard and the approaches used in the validation of the model,</li> <li>iii) A description of stress testing applied to the sub-portfolio;</li> <li>iv) A description of the approaches used for back-testing and validating the accuracy and consistency of the internal models and modelling processes;</li> </ul>	N/A
-------	---	-----

455.b	Scope of permission for use of the models.	N/A
-------	--	-----

455.c	Policies and processes to determine trading book classification, and to comply with prudential valuation requirements.	N/A
-------	--	-----

455.d	<p>The highest, the lowest and the mean of the following:</p> <ul style="list-style-type: none"> <li>(i) the daily value-at-risk measures over the reporting period and at the end of the reporting period;</li> <li>(ii) the stressed value-at-risk measures over the reporting period and at the end of the reporting period;</li> <li>(iii) the risk numbers for incremental default and migration risk and for the specific risk of the correlation trading portfolio over the reporting period and at the end of the reporting period;</li> </ul>	N/A
-------	--	-----

455.e	The elements of the own fund calculation.	N/A
-------	---	-----

455.f	The weighted average liquidity horizon for each sub-portfolio covered by the internal models for incremental default and migration risk and for correlation trading;	N/A
-------	--	-----

455.g	A comparison of the daily end-of-day value-at-risk measures to the one-day changes of the portfolio's value by the end of the subsequent business day together with an analysis of any important overshooting during the reporting period.	N/A
-------	--	-----



## Index of Tables

Table 1: Template EU KM1 – Key metrics template .....	8
Table 2: Members of the Board of Directors .....	35
Table 3: Composition of the Board of Directors .....	38
Table 4: Composition of the Executive Commission .....	39
Table 5: Composition of the Audit and Compliance Commission.....	40
Table 6: Composition of the Appointments Commission.....	41
Table 7: Composition of the Remuneration Commission .....	43
Table 8: Composition of the Major Risks and Solvency Commission .....	44
Table 9: Composition of the Strategy Commission .....	45
Table 10: Number of directorships held by members of the management body in other companies .....	47
Table 11: Subsidiaries, full consolidation .....	51
Table 12: Subsidiaries or multi-group companies, equity method .....	51
Table 13: Significant holdings in insurance companies.....	52
Table 14: Changes in the scope Companies liquidated in 2022 .....	52
Table 15: Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories .....	53
Table 16: Template EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity).....	55
Table 17: Template EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements.....	56
Table 18: Own Resources Ibercaja Gestión.....	57
Table 19: Own Resources Ibercaja Pensión .....	57
Table 20: Template EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio .....	58
Table 21: Significant holdings in insurance companies.....	58
Table 22: Template EU INS1 - Insurance participations .....	58
Table 23: Solvency requirements.....	61
Table 24: Template EU CC2 – Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements.....	62
Table 25: Template EU CC1 – Composition of Regulatory Own Funds.....	64
Table 26: Template EU CCyB2 – Amount of Institution-Specific Countercyclical Capital Buffer .....	68
Table 27: Template EU CCyB1 – Geographical Distribution of Credit Exposures Relevant for the Calculation of the Countercyclical Buffer.....	69
Table 28: Template EU PV1 – Prudent Valuation Adjustments (PVA) .....	70
Table 29: Template EU OV1 – Overview of total risk exposure amounts .....	72
Table 30: Capital Requirements for Credit Risk .....	75
Table 31: Capital Requirements for Counterparty Risk .....	75
Table 32: SME exposures subject to supporting factor .....	76
Table 33: Capital requirements for Position Risk .....	76
Table 34: Capital Requirements for Operational Risk .....	77
Table 35: Capital Requirements for CVA .....	77
Table 36: Template EU CR1 - Performing and non-performing exposures and related provisions.....	118
Table 37: Template EU CR5 – Standard approach.....	119
Table 38: Template EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry .....	120
Table 39: Template EU CR1-A - Maturity of exposures .....	121
Table 40: Template EU CR2 - Changes in the stock of non-performing loans and advances .....	121
Table 41: Template EU CQ3 - Credit quality of performing and non-performing exposures by past due days .....	122
Table 42: Template EU CQ1 - Credit quality of forborne exposures .....	123
Table 43: Template EU CQ7 - Collateral obtained by taking possession and execution processes .....	124
Table 44: Template EU CCR2 – Transactions subject to own funds requirements for CVA risk.....	126
Table 45: Template EU CCR5 – Composition of collateral for CCR exposures .....	127
Table 46: Template EU CCR1 – Analysis of CCR exposure by approach .....	129

Table 47: Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights .....	130
Table 48: Template EU CCR8 – Exposures to CCPs .....	131
Table 49: External rating agencies .....	132
Table 50: Template EU CR4 – standard approach – Credit risk exposure and CRM effects .....	136
Table 51: Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques.....	137
Table 52: Exposure net of value adjustments .....	137
Table 53: Exposure categories and quality levels .....	138
Table 54: Template EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments .....	146
Table 55: Template EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts .....	153
Table 56: Value of exposures to equity and capital instruments .....	160
Table 57: Balance sheet sensitivity profile on December 31, 2023 .....	165
Table 58: Impact of changes in interest rates .....	165
Table 59: Template EU IRRBB1 - Interest rate risks of non-trading book activities .....	166
Table 60: Sections (1) (2) of the Template EU IRRBBA – Disclosure of the average and longest repricing maturity assigned to non-maturity deposits .....	167
Table 61: Breakdown of available liquidity .....	169
Table 62: Breakdown by term of contractual maturities of assets and liabilities.....	170
Table 63: Quarterly evolution of the LCR - values on March 31.....	173
Table 64: Quarterly evolution of the LCR - values on June 30.....	173
Table 65: Quarterly evolution of the LCR - values on September 30 .....	173
Table 66: Quarterly evolution of the LCR - values on December 31 .....	174
Table 67: Template EU LIQ1 – Quantitative Information of LCR .....	175
Table 68: Template EU LIQ2 - Net Stable Funding Ratio .....	177
Table 69: Maturities of wholesale financing .....	179
Table 70: Template EU AE1 - Encumbered and unencumbered assets.....	182
Table 71: Template EU AE2 - Collateral received and own debt securities issued.....	183
Table 72: Template EU AE3 — Sources of encumbrance .....	183
Table 73: Template EU LR3 - LRSpl: Breakdown of on balance sheet exposures (excluding derivatives, SFTs and excluded exposures) .....	187
Table 74: Template EU LR2 - LRCom: Leverage ratio common disclosure.....	188
Table 75: Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures .....	192
Table 76. Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity .....	224
Table 77. Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral .....	229
Table 78. Environmental risk analysis matrix .....	230
Table 79: Template 3: Banking book –Climate change transition risk: Alignment metrics .....	232
Table 80 Template 4: Banking book –Climate change transition risk: Exposures to top 20 carbon-intensive.....	232
Table 81. Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk .....	234
Table 82. Resumen de los indicadores clave de resultados sobre las exposiciones que se ajustan a la taxonomía .....	235
Table 83. Plantilla 7 Medidas de mitigación: Activos para el cálculo de la GAR .....	237
Table 84. Plantilla 8. GAR (%) .....	242
Table 85. Plantilla 10: Otras medidas de mitigación del cambio climático no incluidas en el Reglamento (UE) 2020/852.....	246
Table 86: Template EU REM1 - Remuneration awarded for the financial year.....	266
Table 87: Template EU REM3 - Deferred remuneration .....	267
Table 88: Template EU REM5 — Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) .....	268

## Index of Illustrations

Illustration 1: Scope of consolidation.....	33
Illustration 2: Governing bodies.....	34
Illustration 3: Committees of the Board of Directors.....	38
Illustration 4: Members of the Executive Commission.....	38
Illustration 5: Members of the Audit and Compliance Commission .....	40
Illustration 6: Members of the Appointments Commission .....	41
Illustration 7: Members of the Remuneration Commission.....	43
Illustration 8: Members of the Major Risks and Solvency Commission .....	44
Illustration 9: Members of the Strategy Commission.....	45
Illustration 10: Own funds minimum requirements .....	73
Illustration 11: Contribution by Business Line of the RWA of shareholders' equity for Operational Risk in %.....	154
Illustration 12: Loss events by risk category as a %.....	157
Illustration 13: Climatic risk indicators .....	208