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CONSOLIDATED DIRECTORS' REPORT
FOR 2020

Ibercaja Banco, S.A. and subsidiaries

EL BANCO DEL Vamos

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1 LETTER FROM THE CHAIRMAN AND CEO

Letter from the Chairman and CEO

102-2, 102-4, 102-5, 102-6, 102-9, 102-14, 102-15, 102-3, 103-1, 103-2

In 2020, COVID-19 **pandemic caused** an unprecedented upset **to the international economy and financial markets** never before witnessed in recent history. Firstly, the drastic widespread halt in non-essential activity in March, April and May, and then the restrictions on mobility and the concentration of people decreed to check successive outbreaks subsequently caused a very severe recession in most of the advanced economies.

In particular, the **Spanish economy**, with a specific higher weight of the sectors most affected by this crisis (tourism, hospitality, passenger transport and leisure) saw its GDP shrink by 11% in one year, as compared with an average of 6.8% in the eurozone. Of the leading global powers, only China ended the year with an aggregate positive GDP.

Governments and **central banks**, faced with the exceptional nature of this situation and unlike the 2008-2012 crisis, acted quickly and decisively. In the **monetary aspect**, the liquidity injections and the interest rate reductions facilitated the availability of financing for all economic players, at costs even negative for the public authorities. On the **tax front**, the design of public expenditure programmes, transfers to vulnerable homes, employment protection mechanisms at companies with drastic falls in billings and public guarantees for loans to companies, SMEs and self-employed workers has considerably cushioned the impact of the crisis on the income of families and companies.

Therefore, the **Spanish banking sector** has faced a highly adverse context, with the responsibility of protecting the health and safety of employees and customers, while still providing a service considered to be essential and thereby ensuring the continuity of economic activities and the finances of individuals and companies in our country. Also the sector has been highly actively involved in the implementation of actions, many of them in public-private collaboration, to support more vulnerable groups during the pandemic.

Despite the severity of this recession, the banking sector has much more robust levels of **solvency and risk and liquidity quality** than those of the previous recession. However, the sector's profitability challenge is still pending, since the pressure on margins in a negative interest rate climate is accompanied by the need to recognise provisions faced with the abrupt deterioration of the economic climate and its potential effect on the quality of loan portfolios, based on the expected rise in the non-payments of receivables (individuals and, especially, companies).

In this unprecedented scenario, in 2020, Ibercaja focused its management on **three main procedural planes.**

Firstly, the Bank has continued to attend to its customers at all times as an **essential service**, keeping virtually all its branches open, even during the strict lockdown period, and keeping its automatic ATM network operative without interruptions and reinforcing its *call centre*. All of the foregoing, of course, while implementing the most rigorous prevention recommendations to protect the health of customers and employees as an unrenounceable priority. Likewise, the Bank has introduced new functions in its digital assets, such as the Start-up Mode in the APP and the recent renewal of digital banks for individuals and companies, offering an adequate response to the growing use of these digital channels by customers.

Likewise, Ibercaja has deployed an ample range of **measures to protect the most vulnerable groups** during the pandemic. Furthermore, it applied moratoria (public and sectoral) on loans to families whose earnings were affected by the paralysation of the economy, brought forward retirement and unemployment benefits and, lastly, arranged financing for SMEs and self-employed workers in the form of Spanish Official Credit Institute COVID loans (liquidity and investment) partially guaranteed by the State. Furthermore, the “Let's go” solidarity platforms were promoted in different autonomous communities and provinces with the mobilisation of donations totalling almost 1 million euros.

Secondly, faced with the scale of the crisis, the Bank strengthened its **financial soundness**, increasing the CET 1 *fully loaded* capital ratio to 12.6%, recognising 90 million euros in provisions due to the crisis caused by the pandemic, reducing the default rate to 3.2% and individually monitoring, on an on-going basis, the loan transactions affected by the crisis in terms of the ability of customers (individuals and companies) to meet their payment obligations.

Alongside this, the Bank achieved **significant commercial achievements** in the priority growth segments, particularly in asset management, with the volume administered in investment funds already exceeding 5.5% of the Spanish market share at year-end.

Thirdly, Ibercaja completed the **2018 – 2020 strategic cycle**, attaining the goals set in the solvency areas (the reduction of non-performing assets, digitalisation, people management models, institutional projection and progress in geographical growth pledges (Madrid and the Mediterranean Arc) and customer segments (business banking, personal banking and private banking).

With such a complicated scenario in all areas, Ibercaja's **corporate purpose** (“Help people build their life story because it will be our story”) has acquired an even more pragmatic meaning. Undoubtedly, the banking and social function being exercised by the Bank for the last 145 years is being revalidated and reinforced during this pandemic and, likewise, it will continue to be in force to contribute to the most speedy and integrating economic and social recovery possible.

In order to crystallise and systematise this firm rooted commitment to society, in December Ibercaja's Board of Directors approved the Bank's **Sustainability Policy**. The challenge that Ibercaja has thus taken on is to ensure that its business objectives promote sustainable development, mitigating climate change and promoting a more just and inclusive society. In the coming years, these principles of economic, social and environmental sustainability will be deployed in all areas of the Bank's management, among others, in the setting up of business strategies, governance and global risk management.

Despite the difficulties, the Bank will continue to move towards the future with a clear defined roadmap, which will take form in the new **2021 – 2023 Strategic Plan**, the reference guide to reinforce Ibercaja's competitiveness as an independent retail banking project, with a profitable sustainable business model and a distinguishing utility for people, companies, institutions and society as a whole.

José Luis Aguirre Loaso
CHAIRMAN

Víctor Iglesias Ruiz
CHIEF EXECUTIVE OFFICER

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2 MAIN FIGURES: ECONOMIC, SOCIAL AND SUSTAINABILITY IMPACT

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ECONOMIC IMPACT
IBERCAJA 2020

RELEVANT FIGURES
ENTITY'S RESULTS

Solvency and Liquidity

12.6% (+124 bp)
FULLY LOADED CET1

17.3% (+181 bp)
FULLY LOADED TOTAL CAPITAL

25.6%
AVAILABLE LIQUIDITY/TOTAL ASSETS

Asset Quality

-21.7%
NON-PERFORMING ASSETS

3.2% (-76 bp)
CREDIT DELINQUENCY RATE

5.1% (-71 bp)
NPA RATIO

62.2%
COVERAGE OF PROBLEM ASSETS

Commercial Activity

+7.9%
RETAIL RESOURCES

+4.9%
ASSET MANAGEMENT AND INSURANCE

+18.2%
CREDIT CONTRACTS

Results

€24 million
NET RESULT

€90 million
COVID PROVISIONS

€143 million (+11.5%)
PBT EX COVID-19

€341 million (-0.2%)
RECURRING INCOME BEFORE WRITE-DOWNS

-5.4% vs. 2019
RECURRING OPERATING EXPENSES

NATIONAL DIMENSION

€58,401 million
TOTAL ASSETS

€1.6 million
CARDS

1,031
BRANCH OFFICES

842,486
DIGITAL CUSTOMERS

5,307 (5,055 parent)
EMPLOYEES

76%
DIGITAL TRANSACTIONS

1,287
ATMs

2.5%
SHARE OF CREDIT AND HOUSEHOLDS

3.5%
SHARE OF CUSTOMER RESOURCES

5.0%
ASSET MANAGEMENT AND INSURANCE SHARE

Intermediary market shares

7 POSITION	**5.5%** INVESTMENT FUNDS
5 POSITION	**5.9%** PENSION PLANS
7 POSITION	**3.6%** LIFE INSURANCE
10 POSITION	**2.8%** LEASING OUTSTANDING INVESTMENT

RECOGNITION

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SOCIAL IMPACT
IBERCAJA 2020

WE CONTRIBUTE TO SOCIETY AND OUR ENVIRONMENT

+€12.5 million
INVESTMENT IN SOCIAL ACTION
by Fundación Ibercaja

Almost 1 million
BENEFICIARIES
of social action

136
LOCATIONS SERVED
by Ibercaja as the only entity present

WE STAY CLOSE TO OUR CUSTOMERS: FAMILIES AND BUSINESSES

1,031
BRANCH OFFICES
on national territory

+350,000
SMES AND THE SELF-EMPLOYED
trust Ibercaja

216
MANAGERS
who specialise in companies
Customer rating 9.4/10

1 in 4
BRANCH OFFICES
in municipalities of less than 1,000 residents

WE ARE A FAMILY RESPONSIBLE COMPANY

5,307
EMPLOYEES
in the Ibercaja Group

30%
MANAGERIAL POSITIONS HELD BY WOMEN

192
UNIVERSITY STUDENTS
carried out internships in Ibercaja Banco

Certification

efr

WE LOOK AFTER THE ENVIRONMENT

Objective:
CARBON NEUTRAL IN 2020

100%
GREEN ENERGY
at the Headquarters

9,138 Tn
CO_2 AVOIDED
by purchasing green energy

ISO 14001
CERTIFICATION
in environmental management

AENOR Gestión Ambiental UNE-EN ISO 14001

1,714.29 Tn
CO_2 OFFSET
with our sustainable products

WE ADVANCE IN INNOVATION AND DIGITALISATION

76%
TRANSACTIONS
through digital banking

WE ARE COMMITTED TO SUSTAINABILITY

Global Compact — We are signatories of the United Nations Global Compact

UNEP FINANCE INITIATIVE — PRINCIPLES FOR RESPONSIBLE BANKING — We are signatories to the United Nations Principles for Responsible Banking

TCFD — TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES — Adherence to TCFD recommendations

€5,795.38 million
MANAGED UNDER
socially responsible INVESTMENT

RECOGNITION

Sello de EMPRESA RSA+ 2021

Committed to sustainability and the

OBJETIVOS SUSTAINABLE DEVELOPMENT

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3 KEYS TO THIS DOCUMENT

EL BANCO DEL vamos

Keys to this document

102-21, 102-4, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-54

THIS CONSOLIDATED DIRECTORS' REPORT INCLUDES THE MOST SIGNIFICANT INFORMATION REGARDING IBERCAJA BANCO AND ITS SUBSIDIARIES IN 2020.

SCOPE

For the first time, the Consolidated Directors' Report includes, **in a single document**, all **significant financial and non-financial information on the Ibercaja Group**, encompassing what used to be included in the Directors' Report and the Annual Report. Accordingly, our intention is to provide stakeholders with more enhanced and more complete information in a transparent manner and in a single document. This report, as a whole, presents a global vision of the Bank's strategic lines, activities, business model, financial results and sustainable commitment (environmental, social and staff-related, human rights, corruption and bribery issues). Its contents are made public with free access on the corporate web page *(www.ibercaja.com).*

> *Our intention is to provide stakeholders with more **enhanced and more complete information** in a **transparent** manner.*

The **Appendix *"Requirements of Law 11/2018 on non-financial information and diversity"*** includes information pursuant to **Law 11/2018** amending the Spanish Commercial Code, the consolidated Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Audit Law 22/2015, of 20 July, in relation to **non-financial information and diversity**. This **statement** has been prepared taking into account the **European Commission** guidelines on non-financial reporting and their supplement **on climate-related information**, as well as the recommendations provided by the CNMV to the Bank. The contents identified in this Appendix form the Consolidated Statement of Non-financial Information.

The **reporting scope** coincides with that of the consolidated financial statements, which is 100% of the consolidation scope of the Ibercaja Banco Group, except for those aspects indicated in the final table of the "Requirements of Law 11/2018 on Non-Financial Information and Diversity" Appendix.

The objective of this Report is also to address those aspects necessary for its consideration as a **Sustainability Report**, according to the criteria of the **Global Reporting Initiative (GRI)**, in line with the **"essential"** conformity option, whose directives have oriented Ibercaja's annual reports since 2005 and, in turn, serve as a **"Progress Report"**, in accordance with the reporting requirements of the **Global Compact,** relating to the 10 Principles of the United Nations Global Compact. It also includes the first **implementation report** of the **United Nations Responsible Banking Principles**, signed by the Bank in 2019, together with the progress made in the report **on climate-related information**, in line with the recommendations of the **TCFD** (Task Force on Climate-Related Financial Disclosures), of which Ibercaja Banco became a member in August 2019.

MATERIALITY

Ibercaja performs a **materiality study** to identify the priority financial, economic, social and environmental matters for its stakeholders and for its business and thereby determine what information must be reported and its correct dimensioning. Significant aspects are deemed to be those matters that have a high probability of generating a significant impact, both at the business and in the valuations and decisions of the stakeholders.

In accordance with the Global Reporting Initiative *"Materiality is the principle that determines which matters are sufficiently important for it to be essential to report on them. Significant matters are those that may reasonably be considered important to reflect the organisation's economic, environmental and social impacts or influence the decisions of stakeholders".*

With this approach, in 2015 the first materiality study was drawn up to **identify those aspects that influence the ability to create value for Ibercaja** and that are of interest to the people and/or groups with which it is related. This materiality analysis was valid during the 2015-2017 Strategic Plan, ending with the 2017 Annual Report.

In 2018, coinciding with the launch of the 2018-2020 Strategic Plan, a thorough review of the materiality analysis was conducted, to identify the material issues to be included, in line with this strategic cycle.

This analysis has made it possible to create a **new materiality matrix** in which the most relevant aspects are identified, both for Ibercaja Banco and for its stakeholders and which, therefore, are an essential part of this report.

METHODOLOGY

THE REVIEW OF THE MATERIALITY MATRIX WAS CARRIED OUT IN 4 PHASES:

1. Review of material issues

Based on the material issues identified in the previous matrix, a **review** was conducted, performing an inventory **of all those aspects that require this rating for Ibercaja** and which have served as a starting point to consult the stakeholders.

The following points have been taken into account for this review:

- Entity's internal documentation: strengths, contents of the Strategic Plan, former materiality, previous annual reports, etc.
- Legislation/Regulations: analysis of regulatory requirements and recommendations.
- External documentation: relevant issues in the financial sector, international standards, trend reports, Sustainable Development Goals, etc.

The material issues identified after this analysis were as follows:

1) Corporate governance of the Entity
2) Solvency/ profitability/ financial strength
3) Ethical conduct and integrity
4) Risk management and compliance
5) Transparency in customer relations and communication
6) Business model and customer support
7) IT security and data protection
8) Digital transformation and multichannel
9) Respect for Human Rights
10) Diversity and work-life balance
11) Talent attraction and retention
12) Social action / community support projects
13) Financial products with high social and/or environmental value
14) Environmental management
15) Relations with suppliers and collaborators

2. Assessment of material issues

Once the material issues had been identified, **internal and external enquiries** were made, through personalised on-line surveys, to determine those aspects that are most important for the main stakeholders and for Ibercaja, and which will be the basis of the materiality matrix.

3. Preparation of the materiality matrix

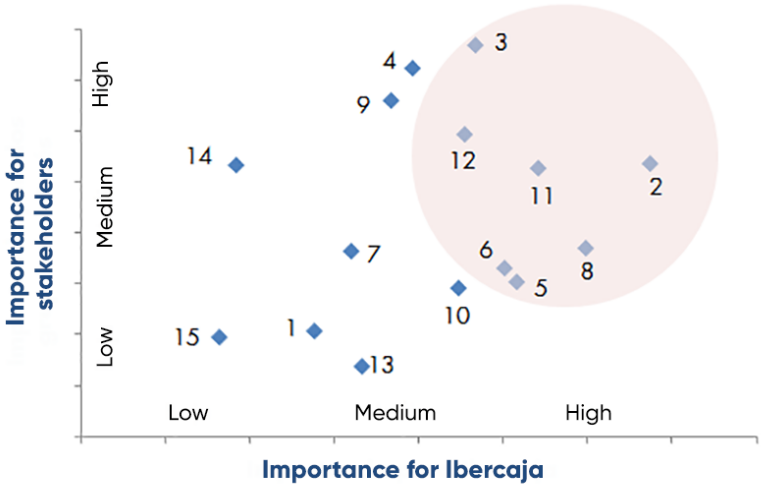
The **results obtained** in the previous point **were transferred to a matrix**, to **identify those matters that are most important for the stakeholders and for Ibercaja**; these aspects focus the contents of this Annual Report, with the aim of responding in an appropriate manner to the requests of the stakeholders consulted.

4. Interrelation with GRI standards

As a last step, **the relationship between material issues and the GRI Standards** was identified, so as to determine the content needed to address each matter.

RESULTS OF THE MATERIALITY MATRIX

1	The Entity's Corporate Governance policy
2	Solvency/profitability/financial strength
3	Ethical conduct and integrity
4	Risk management and regulatory compliance
5	Transparency in customer relations and communication
6	Business model and customer advice
7	Computer security and data protection
8	Digital transformation and multichannel
9	Respect for Human Rights
10	Diversity and work-life balance
11	Attracting and retaining talent
12	Social action/community support projects
13	Financial products with high social and / or environmental value
14	Environmental management
15	Relations with suppliers and collaborators



RELATIONSHIP WITH GRI STANDARDS AND IDENTIFICATION OF MATERIAL ISSUES

MATERIAL ISSUES IDENTIFIED	RELATED GRI STANDARDS
The Entity's Corporate Governance policy	Governance strategy
Solvency/profitability/financial strength	Economic performance Market presence
Ethical conduct and integrity	Ethics and integrity Governance Unfair competition Anti-corruption Audit
Risk management and regulatory compliance	Governance Anti-corruption Strategy Socio-economic compliance
Transparency in customer relations and communication	Organisation profile Customer privacy Customer health and safety Marketing and labelling
Business model and customer advice	Customer health and safety Customer privacy Marketing and labelling Product portfolio
Computer security and data protection	Customer privacy Customer health and safety
Digital transformation and multichannel	Strategy
Respect for Human Rights	Evaluation of human rights
Diversity and work-life balance	Diversity and equal opportunities Labour/management relations
Attracting and retaining talent	Employment Labour/management relations Teaching and training Occupational health and safety
Social action/community support projects	Local communities Socio-economic compliance Evaluation of human rights
Financial products with high social and / or environmental value	Local communities Organisation profile Environmental dimension
Environmental management	Materials; Energy; Waters, Emissions; Effluents and Waste Environmental compliance
Relations with suppliers and collaborators	Social evaluation of suppliers Environmental evaluation of suppliers Procurement practices Participation of stakeholders

As reflected in the materiality matrix, the following **material issues** were identified, which form the basis of this Report:

- **Solvency/profitability/financial strength**
- **Ethical conduct and integrity**
- **Transparency in customer relations and communication**
- **Business model and customer advice**
- **Digital transformation and multichannel**
- **Attracting and retaining talent**
- **Social action/community support projects**

The materiality matrix remained in force during the 2018-2020 Strategic Plan and communication channels with stakeholders remain open to meet their expectations.

RIGOUR

Throughout the process of compiling and presenting the information, **Ibercaja has had in mind the principles of balance, precision, clarity, periodicity and reliability**, necessary to guarantee the maximum quality of the information contained therein.

EXTERNAL REVIEW BY THE AUDITOR

The contents of the Consolidated Directors' Report 2020 have been subject to an independent external review process by the auditor, PricewaterhouseCoopers Auditores, S.L. as follows:

- PricewaterhouseCoopers Auditores, S.L. has issued an independent verification report, with a limited assurance scope, on the non-financial information and diversity indicators that comply with Law 11/2018, and on the indicators that comply with the GRI Standards in line with the “essential” conformity option, and with the Financial Services Sectoral Supplement of Guide G4 of the GRI. This Report is included in the “Independent Verification Report” Appendix of this document.

  PricewaterhouseCoopers Auditores, S.L. has issued an Auditor's Report on Information related to the Internal Control over Financial Reporting (ICFR) System, which is included as an Appendix to the Annual Corporate Governance Report.

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4 PRESENTATION OF THE GROUP AND ITS CONTEXT

EL BANCO DEL vamos

4.1 Description, shareholding and organisational structure

102-1, 102-2, 102-3, 102-5, 102-45

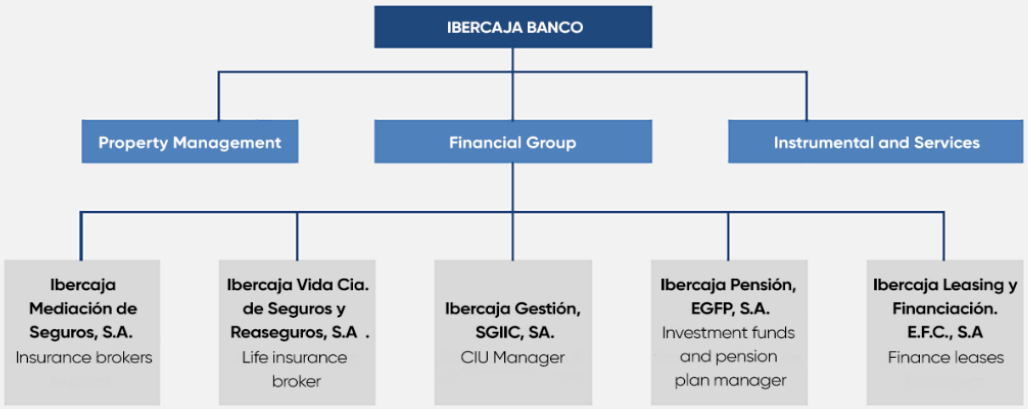
IBERCAJA IS A NATIONAL BANKING ENTITY SPECIALISED IN THE BUSINESS OF INDIVIDUALS AND COMPANIES, WHOSE OBJECTIVE IS TO GENERATE VALUE FOR ITS CUSTOMERS, SHAREHOLDERS AND SOCIETY IN GENERAL.

The **Group primarily engages in retail banking and carries out practically all of its business in Spain**. Its corporate purpose extends to all manner of general banking activities, transactions, business, contracts and services permitted under prevailing law and regulations, including the provision of investment and auxiliary services.

The majority shareholder of Ibercaja Banco is Fundación Bancaria Ibercaja, which owns 88.04% of its capital. As a result of the acquisition in June 2013 of Banco Grupo Caja3, the following are also shareholders of Ibercaja: **Fundación Caja Inmaculada** (4.73%), **Fundación Caja Badajoz** (3.90%) and **Fundación Bancaria Caja Círculo** (3.33%).

From an organisational standpoint, **the Bank is the parent of a group of subsidiaries,** the most notable of which-due to their wide range of banking products and high levels of profitability- belong to the Financial Group, which comprises companies specialising in investment funds, pension plans, bancassurance and leasings and rentals.

THE KEY COMPANIES THAT MAKE UP THE SCOPE OF CONSOLIDATION ARE:



4.2 Purpose, mission, vision and values

102-2, 102-16, 102-40, 102-42

IBERCAJA IS AN ENTITY GUIDED BY ITS PURPOSE. THE BANK'S MISSION, VISION AND VALUES CONSTITUTE THE AXIS ON WHICH ITS CORPORATE PURPOSE IS BASED, SETTING THE ENTITY'S COURSE SINCE ITS FOUNDATION. THESE AXES FORM THE BASE OF ITS CORPORATE CULTURE, ITS WORK PHILOSOPHY, THE WAY OF RELATING TO CUSTOMERS, EMPLOYEES, INVESTORS AND SOCIETY IN GENERAL.

Corporate purpose

Ibercaja's corporate purpose is the Bank's reason for being, the Organisation's guide, that which gives meaning to the daily work of its employees and impregnates its strategy. It is summarised **in "Helping people to build the story of their lives, because it will be our story"**, that is, working by and for people, helping and supporting them in all their decisions throughout their life, building their life stories and walking together, with a mutual commitment.

This purpose is reflected in the Bank's mission and vision, which are based on the corporate values that have set the Entity's course since its foundation. They set the axes of its strategy and business model, enabling it to establish a strong relationship with customers, employees, investors and society in general.

Ibercaja continues to work on **"activating" its Purpose** (defined in 2018), to make it visible, known, shared and internalised by the whole Organisation, and which fulfils its function of mobilising action.

Mission

Ibercaja's mission reflects how the Institution should act in order to achieve its Purpose: **to improve the lives of families and companies**, helping them to manage their finances with the objective of providing the client with an efficient service and personalized and quality advice, which will help them to achieve their own objectives.

MISSION

CONTRIBUTE **TO IMPROVE THE LIFE** OF FAMILIES AND COMPANIES, **HELPING THEM TO MANAGE** THEIR FINANCES BY OFFERING A **PERSONALISED GLOBAL FINANCIAL SERVICE** SO THEY CAN ATTAIN THEIR OWN OBJECTIVES

Since its origins, Ibercaja has been committed to society and works on generating resources that are partly returned to society through shareholder foundations.

Ibercaja understands that, in the carrying out its activity, its contribution to society and the environment makes the company stronger and more sustainable. Therefore, it accepts the triple challenge of generating business, social and environmental benefits so as to drive the transition towards a more sustainable economy.

Vision

The **vision** directs the Entity's steps towards the future, towards what we want to be, towards **our goal**: **To be an excellent bank.** Our commitment with our stakeholders and with the transition towards a more sustainable, social and environmental economy is the centre of the daily work of Ibercaja.

CUSTOMERS

THEY ARE THE **CENTRE OF OUR STRATEGY** AND WE AIM TO ACCOMPANY THEM, TO MAKE THEIR LIFE PROJECTS A REALITY

SHAREHOLDERS

WE WORK TO BE **AN ATTRACTIVE PROJECT**, WITH THE ABILITY TO **ATTRACT THE CAPITAL** OF THIRD PARTIES

ENVIRONMENT

WE WANT TO BE AN AGENT OF CHANGE, DRIVING AND ACCOMPANYING THE TRANSITION TO A **MORE SUSTAINABLE ECONOMY**

TO BE AN EXCELLENT BANK AND BECOME EVEN BETTER EVERY DAY, ANTICIPATING THE NEEDS OF OUR STAKEHOLDERS

PEOPLE

WE ASPIRE TO BE A **HIGH PERFORMANCE ORGANISATION**, WITH A DYNAMIC, EFFICIENT AND COMMITTED TEAM, IN AN ENVIRONMENT THAT FACILITATES **PEOPLE'S** PERSONAL AND PROFESSIONAL DEVELOPMENT

COMMUNITY

WE ASPIRE TO CONTINUE DEVELOPING A BANKING PRACTICE WITH A HIGH LEVEL OF **SOCIAL COMMITMENT**, INCORPORATING SOCIAL CRITERIA IN DECISION MAKING IN LINE WITH THE SUSTAINABLE DEVELOPMENT GOALS

Values

Ibercaja's corporate values define its business culture and have guided its path since the beginning. They are the basis of the entity's ethical commitments, which are reflected in its **Code of Ethics**.

Corporate Brand

The **brand** the Bank's internal and external identification is one of Ibercaja's most valuable intangible assets: it represents our identity, our values and our corporate purpose, and makes them visible at every point of contact with customers and society.

The **communication concept: *"El Banco del vamos"***, (the "let's go" bank) created in 2018, responds to our brand DNA, the result of our 145 years of history, and helps to convey our Corporate Purpose.

This concept is developed in all institutional and commercial actions, our positioning and communication style. It helps us to show ourselves as a Bank that is close, transparent, honest in the information we offer, proactive, committed and dynamic, that will always have people and the important moments of their lives as the centre of its attention.

Let's go is always going together

In 2020, following the end of the State of Alarm, an **institutional campaign** was carried out under the slogan ***"Let's go is always going together"***, to notify the different stakeholders of the measures implemented from the Bank to help customers and the Company to overcome the difficult situation caused by the pandemic, grouped into five main lines:

1. **Let's go is helping you with your loans and payments**
2. **Let's go is helping you to receive an advance on your earnings**
3. **Let's go is being where you are**
4. **Let's go is helping you to know more to decide better**
5. **Let's go is helping those that most need it**

Ibercaja sustainable

To support our **positioning in sustainability** and grant greater possible visibility to the project, both internally and externally, a **specific brand image** was designed with its own identity, tied to the Ibercaja brand:

A symbol that represents:

- **UNIVERSALITY.** The circle is the absolute symbol of unity. It also represents the Circular Economy.
- **SDG.** The symbology of sustainability par excellence.
- **THE PLANET.** The place that includes everything: people, peace, equality, hope and the objectives to ensure a better place full of equilibrium.
- **DIVERSITY.** The different colours, aside from referring to the 17 SDG, remind us that we are diverse and that we must join together to achieve a better world.

This image will help to make **Ibercaja's effort and pledge** for sustainability more visible, in the conviction that, in our way of doing banking, we can help to achieve a better world for future generations.

4.3 Economic and financial environment

103-1

COVID-19 HAS CAUSED AN HISTORICAL RECESSION OF THE SPANISH ECONOMY, WHICH FACES ITS RECOVERY IN A CLIMATE MARKED BY UNCERTAINTY.

World economic scenario

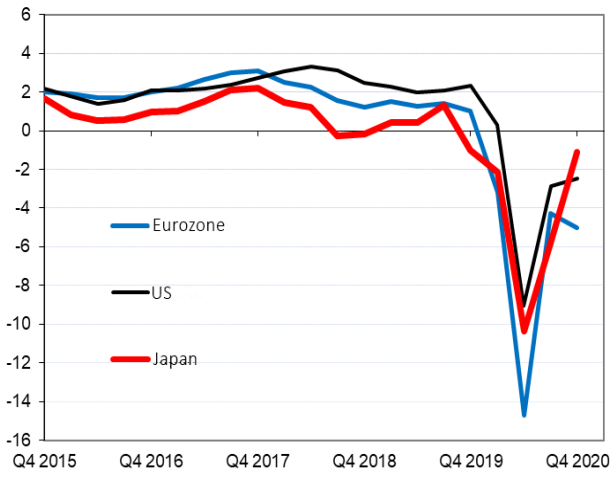
The **global economy** has suffered an historical contraction due to the measures to restrict mobility and non-essential activities to contain the expansion of COVID-19. The IMF considers that **the GDP at global level could dip to 4.3%.** The recovery of the economic cycle is tied to the rate and effectiveness of the vaccination commenced in the last few days of the year. In any case, it does not seem that pre-COVID levels can be attained quickly and the reactivation will be asymmetrical by country and sector.

The main economies have experienced severe drops, depending on their economic structure, public aid and effective health control. **China**, where the pandemic began, is the exception, with **year-on-year growth of 2.3%** which, although it is the lowest in decades, exceeds the most optimistic forecasts.

The **reduction in the Japanese GDP** for the whole of the fiscal year is estimated at around **5%**, dragged down by consumption and private investment, while exports displayed the best rate. The Bank of Japan adopted a very flexible monetary policy and the Government maintains almost unlimited tax stimulation, while it undertakes reforms in immigration and natality to favour growth.

The fall in the US economy, **3.5%**, is lower than that of the eurozone, in a shaky year in the healthcare and political arena, following the end of the Republican Administration in a climate of unprecedented tension. The employment market, although it has recovered part of the jobs destroyed, shows worrying signs and a new package of fiscal stimulation will be required to reactivate the economy.

GDP TRENDS BY COUNTRY (YEAR-ON-YEAR % RATE)



The **contraction of the GDP in the eurozone amounted to 6.8%**, with a marked dispersion among countries. Those of the South are more affected, due to their dependence on the tertiary sector, especially in the tourism and leisure sector. The second wave of cases, from October, has once again depressed economic activity and made the prospects of recovery go cold. This was accompanied by a delay in the Brexit agreement as a factor of uncertainty at the end of the year. Hopes, aside from vaccination campaigns, are pinned on the European Recovery Fund, amounting to 750,000 million euros, encompassed within the 2021-2027 budget, which will be channelled through transfers and loans to Governments, mainly to finance investment related to digital and ecological transformation.

Monetary policy and financial markets

At its meeting on 10 December, the **ECB** stated its intention **to maintain financial conditions** enabling governments to implement **expansive policies** and for **credit to flow to the real economy**. Noteworthy among the measures adopted in the year were **the extension of the PEPP** to 1.85 billion euros, with a timescale set for March 2022, and the announcement of **new rounds of liquidity** for banks through TLTROs III.

Following the March crash, **stock markets have reacted unevenly**. In Europe, the German Dax managed to end the year positively (+3.6%), while the French CAC 40 (-7.1%), el FTSE 100 in the United Kingdom (-14.3%) and the Spanish Ibex 35 (-15.5%) closed in the red. The US indexes reached historical maximums, as a result of the high weight of the technological sector, whose demand for services was strengthened by the crisis. Gains totalled 43.6% and 16.3% on the Nasdaq and the S&P 500, respectively.

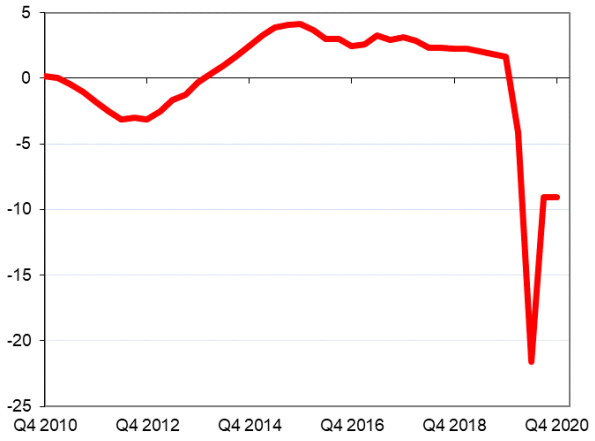
Public debt was significantly strained during the outset of the pandemic, a tendency which was reversed following the commitment to support the economy of central banks. The IRR of the 10-year Spanish bond was close to 0% and the **12-month Euribor** hit **minimum lows of less than -0.50%.**

The Spanish economy

The **drop in the Spanish GDP, 11%**, is more marked than that of our surrounding countries. This was due to an initial more severe lockdown, faced with the uncontrolled expansion of the virus, the high contribution to the GDP of the sectors related with leisure and tourism, the high rate of structural unemployment, which limits consumption, and a fragmented production fabric, with low productivity and which was more vulnerable faced with shocks of this type.

Domestic demand drains 9.1 p.p. from growth. Household consumption fell by 12.6% on 2019 and investment shrunk by 12.4%, with construction being especially affected, and only the progress of public expenditure (4.5%) acted as a counterweight. In turn, the **foreign sector axed 1.9 p.p.** from growth, due to the important fall-off in the exportation of tourism-related services.

GDP TREND IN SPAIN (YEAR-ON-YEAR % RATE)



On the **employment market**, following the significant destruction of jobs in March and April, unemployment reached **16.1%** according to the LFS of the fourth quarter. The number of unemployed workers stood at 3.7 million and the number of temporarily laid off workers brushed 800.000.

The performance of **inflation** has been conditioned by the drop in the price of oil, weak demand, the strength of the euro and the changes in the consumption patterns caused by mobility restrictions. The y-o-y variation in the HCPI (-0.3% on average in the year) was negative.

The key to overcoming the delicate year-end situation is to improve the epidemiological situation, through prevention and vaccines, to the extent that it is possible to gradually normalise the activities most affected while waiting for the European recovery funds to begin to flow from the second half of 2021.

Banking and regulatory environment

The soundness **of the Spanish banking system** has significantly improved since the 2008 crisis. The quality of its balance sheet and the solvency levels, significantly higher than the regulatory requirements, means that, with the support of the Government and the regulatory authorities, it has become a key player in responding to the economic crisis, **playing an essential role in the containment of the negative effects of the pandemic and the recovery of activity**. The channelling of the credit flow towards economic players and the payment moratoria in the mortgage and consumer loan instalments, together with other campaigns in which banks participate, is preventing a solvency crisis at companies and individuals.

For the first time since 2008, **loans to households and companies in the system** accounted for year-on-**year growth of 2.4%**, due to the acceleration of that granted to production activities (+8.1), under the protection of the Spanish Official Credit Institute (ICO) facilities, partially backed by the State and created to provide liquidity to the companies most affected by the pandemic. On the contrary, household loans reported a contraction of 1.2%, due to the fall in housing (-1.3%) and consumption (-2.7%).

The system's **retail deposits** **rose by 9.2%** in the last twelve months. The significant progression affects both homes (+7.4%) and companies (+15.0%). The uncertainty generated by the healthcare crisis has boosted the savings rate of families and, in turn, companies have stored up liquidity to face the consequences of a drop in activity and a decline in demand. The **investment funds** have overcome the market collapse in March, recovering their net worth and reporting positive net contributions for the whole of the year.

Doubtful assets **maintained their downward trend** reporting a fall of 2.7% until November. The ratio of non-performing loans to the private sector of deposit institutions as a whole stood at 4.50% (-29 bp vs. December 2019). The deterioration of the economic situation does not translate into an increase in the index, due to support measures: moratoriums and liquidity lines guaranteed by the State. However, **the increased asset impairment provisions**, anticipating the negative impact of the pandemic on the credit rating, **led to a notable drop in banking sector earnings**.

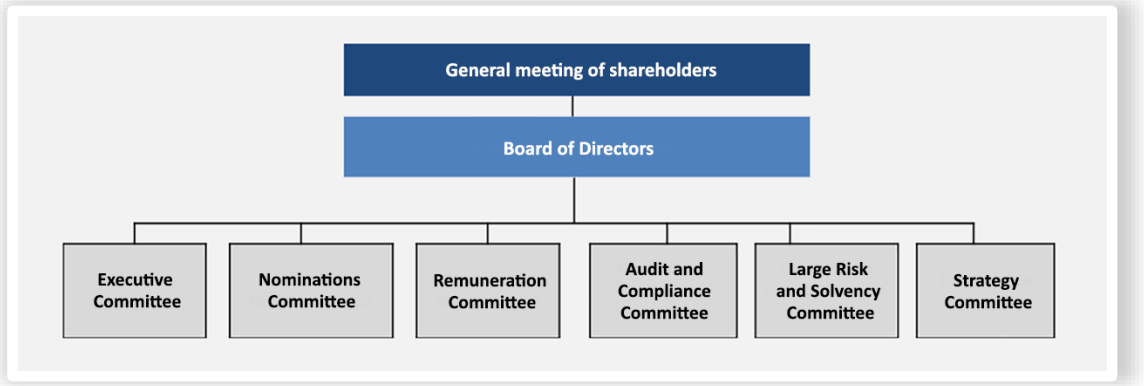
In the **regulatory area**, the ECB adopted an **ample package of measures** so that the credit institutions under its supervision provide financing to the real economy that helps to mitigate the economic effects of the coronavirus. Noteworthy, among others, was the relaxation of solvency and liquidity demands, the flexibilisation of the handling of doubtful loans backed by public guarantees or affected by the moratoria granted in the context of COVID-19, and the review of the capital requirements banking regulations, known as *Quick Fix.*

4.4 Corporate governance

102-15, 102-16, 102-17, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-28, 102-30, 102-31, 102-32, 102-35, 102-36, 103-1, 103-2, 103-3, 405-1

IBERCAJA'S GOVERNANCE STRUCTURE CARRIES OUT ITS FUNCTIONS EFFICIENTLY GUIDED BY THE RULES AND CODES OF GOOD CORPORATE GOVERNANCE.

Ibercaja Banco's **governance model** consists of the **General Shareholders' Meeting** and the **Board of Directors**, which in turn has six committees.



The Ibercaja Group's governing bodies, along with their composition and their internal rules, are governed by the **Bylaws** and the **Regulations of the Board of Directors**, the contents of which are compliant, among other regulations, with the law on the organisation, supervision and solvency of credit institutions, the Corporate Enterprises Act, the Audit Act, the guidelines issued by international bodies such as the EBA or the ESMA, and the Code of Good Governance of Listed Companies, which is taken as a benchmark of best practices in this field.

The **composition, independence** and manner of action of the governing bodies, the **codes of conduct and internal rules** of mandatory compliance, the established **monitoring systems**, the **communication policy and transparency**, the fight against fraud and corruption and confidentiality in the handling of information all form the **basis of Ibercaja's corporate governance**.

GENERAL SHAREHOLDERS' MEETING

The **General Shareholders**' Meeting is the most senior decision-making body at the Bank and its resolutions are binding on the Board of Directors. The General Meeting has the broadest of authorities to govern the Bank and may validly adopt resolutions regarding any matters submitted for deliberation, in accordance with applicable law and the Bank's own Bylaws.

BOARD OF DIRECTORS

Meanwhile, the **Board of Directors has the broadest of authorities to manage, administer and represent the Bank** and, except for those matters reserved for the General Shareholders' Meeting, it is the supreme decision-making body at the Bank. The Board has six committees: Executive Committee, Nominations Committee, Remuneration Committee, Audit and Compliance Committee, Large Risk and Solvency Committee and Strategy Committee.

THE COMPOSITION OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2020 WAS AS FOLLOWS:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr. José Luis Aguirre Loaso	Proprietary
First Deputy Chairman	Mr. Jesús Máximo Bueno Arrese	Proprietary
CEO	Mr Víctor Manuel Iglesias Ruiz	Executive
Member	Ms. Gabriela González-Bueno Lillo	Independent
Member	Mr. Emilio Jiménez Labrador	Proprietary
Member	Mr Vicente Cóndor López	Independent
Member	Mr. Jesús Solchaga Loitegui	Independent
Member	Mr. Jesús Tejel Giménez	Independent
Member	Mr. Félix Santiago Longás Lafuente	Independent
Member	Mr. Luis Enrique Arrufat Guerra	Proprietary
Member	Ms. Maria Pilar Segura Bas	Other external directors

9.09	36.37	45.45	9.09	17
% of executive Directors	% of proprietary Directors	% of independent Directors	% of other external Directors	Number of meetings

EXECUTIVE COMMITTEE

The **powers delegated** by the Board of Directors to the Executive Committee are expressly set out in the **Board of Directors' Regulations**:

- Hear and adopt resolutions regarding proposals to grant, modify, novate or cancel risk transactions which, under the Policies and Procedures Manual to manage lending risk approved by the Board of Directors, fall within its competencies. It will also hear and adopt resolutions regarding proposals to acquire assets by the Entity in lieu of receivables that must be submitted to the Committee in accordance with the Asset Management Policies and Manuals.
- Hear and adopt resolutions regarding personnel matters (disciplinary cases, granting of leaves of absences, etc.), except in those cases in which the decision falls to the CEO or to the plenary Board of Directors' Meeting, since it involves employees that report directly to the CEO.
- Shall hear and adopt resolutions regarding matters relating to the Entity's assets (properties, expenses, purchases, etc.) and investments and divestments in investee companies that must be submitted for its consideration in accordance with internal Policies and Manuals, except for those that must be decided by shareholders at a General Meeting in accordance with the law.
- When appropriate, shall grant the authority that is necessary or advisable to execute the resolutions adopted.

AT 31 DECEMBER 2020, THE COMPOSITION OF THE EXECUTIVE COMMITTEE WAS AS FOLLOWS:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr. José Luis Aguirre Loaso	Proprietary
Member	Mr Vicente Cóndor López	Independent
Member	Mr. Jesús Máximo Bueno Arrese	Proprietary
Member	Mr Víctor Manuel Iglesias Ruiz	Executive
Member	Mr. Jesús Tejel Giménez	Independent
Member	Mr. Emilio Jiménez Labrador	Proprietary

16.67	50.00	33.33	0.00	23
% of Executive Directors	% of proprietary Directors	% of independent Directors	% of other external Directors	Number of meetings

NOMINATIONS COMMITTEE

The Nominations Committee is responsible for **proposing nominations** to the Board of Directors. In particular, it is responsible for: assessing the suitability of directors, establishing a representation target for the under-represented sex on the Board, making proposals to the Shareholders' Meeting for the appointment, re-election or removal of independent directors, reporting on proposals for the appointment and removal of senior managers and persons with key functions and the basic terms of their contracts, and examining and organizing the succession of the Chairman and Chief Executive Officer.

AT 31 DECEMBER 2020, THE COMPOSITION OF THE NOMINATIONS COMMITTEE WAS AS FOLLOWS:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr. Jesús Solchaga Loitegui	Independent
Member	Mr. Félix Santiago Longás Lafuente	Independent
Member	Ms. Maria Pilar Segura Bas	Other External Directors
Member	Ms. Gabriela González-Bueno Lillo	Independent

0.00	0.00	75.00	25.00	2
% of executive Directors	% of proprietary Directors	% of independent Directors	% of other external Directors	Number of meetings

REMUNERATION COMMITTEE

The Remuneration Committee has the duty of **reporting, advising and proposing matters regarding compensation for directors,** general managers and similar personnel, as well as for the persons whose professional activity has a significant impact on the Bank's risk profile.

AT 31 DECEMBER 2020, THE COMPOSITION OF THE REMUNERATION COMMITTEE WAS AS FOLLOWS:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr. Jesús Solchaga Loitegui	Independent
Member	Mr. Félix Santiago Longás Lafuente	Independent
Member	Ms. Maria Pilar Segura Bas	Other External Directors
Member	Ms. Gabriela González-Bueno Lillo	Independent

0.00	0.00	75.00	25.00	1
% of executive Directors	% of proprietary Directors	% of independent Directors	% of other external Directors	Number of meetings

AUDIT AND COMPLIANCE COMMITTEE

The committee's duties are expressly stipulated in the Regulations of the Board of Directors. In particular: to report to the General Shareholders' Meeting on issues raised by shareholders on matters within its competence, to **supervise the effectiveness of the Entity's internal control, internal audit and risk management systems**, including tax risks, to supervise the process of preparation and presentation of regulated financial information, to propose the appointment or re-election of the auditor, to establish appropriate relations with the external auditor to receive information on matters relating to its independence and to receive annual written confirmation from the external auditor of its independence vis-à-vis the Entity or its Group, issuing the corresponding report.

AT 31 DECEMBER 2020, THE COMPOSITION OF THE ENTITY'S AUDIT AND COMPLIANCE COMMITTEE WAS AS FOLLOWS:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr. Jesús Tejel Giménez	Independent
Member	Mr. Jesús Máximo Bueno Arrese	Proprietary
Member	Mr. Félix Santiago Longás Lafuente	Independent
Member	Mr. Emilio Jiménez Labrador	Proprietary
Member	Mr Vicente Cóndor López	Independent

0.00	40.00	60.00	0.00	12
% of executive Directors	% of proprietary Directors	% of independent Directors	% of other external Directors	Number of meetings

LARGE RISK AND SOLVENCY COMMITTEE

The Committee has the primary duty of advising **the Board as to the overall current and future risk appetite** of the Bank and its Group, and the strategy in this respect. It also assists the Board with supervising the application of that strategy by the senior management by monitoring the Bank's solvency levels and proposing any action deemed appropriate for improvement.

AT 31 DECEMBER 2020, THE COMPOSITION OF THE LARGE RISK AND SOLVENCY COMMITTEE WAS AS FOLLOWS:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr Vicente Cóndor López	Independent
Member	Mr. Jesús Tejel Giménez	Independent
Member	Mr. Jesús Máximo Bueno Arrese	Proprietary
Member	Ms. Maria Pilar Segura Bas	Other External Directors
Member	Mr. Jesús Solchaga Loitegui	Independent

0.00	20.00	60.00	20.00	13
% of executive Directors	% of proprietary Directors	% of independent Directors	% of other external Directors	Number of meetings

STRATEGY COMMITTEE

The Strategy Committee has the core function of reporting to the Board of Directors on the Company's strategic policy while ensuring there is specific organisation in place for implementing this strategy. The committee regularly **evaluated the Strategic Plan** approved by the Board of Directors, which is of great importance for the proper management of the Bank in the medium and long-term. It also implemented **quarterly follow-up measures regarding the development of the budget** and the specific implementation of the mandates set out in the Strategic Plan, reporting the conclusions obtained to the Board of Directors.

AT 31 DECEMBER 2020, THE COMPOSITION OF THE STRATEGY COMMITTEE WAS AS FOLLOWS:

POSITION	DIRECTOR	CATEGORY
Chairman	Mr. José Luis Aguirre Loaso	Proprietary
Member	Mr. Jesús Solchaga Loitegui	Independent
Member	Mr. Félix Santiago Longás Lafuente	Independent
Member	Mr. Luis Enrique Arrufat Guerra	Proprietary
Member	Mr. Emilio Jiménez Labrador	Proprietary

0.00	60.00	40.00	0.00	10
% of executive Directors	% of proprietary Directors	% of independent Directors	% of other external Directors	Number of meetings

Information on the **composition of the different governing bodies** and the **remuneration policy** is disclosed in the **Annual Corporate Governance Report** and which is available on the website of the Bank under the section titled “Shareholders and investors - Corporate Governance and Remuneration Policy”.

Likewise, Ibercaja has a management team comprising the following people at 31 December 2020:

CEO	Mr Víctor Iglesias	
General Secretariat and Control Directorate	Mr Francisco Serrano	Assistant General Manager
Real Estate Area Division	Mr Luis Miguel Carrasco	Assistant General Manager
Branch Network Area Division	Mr José Ignacio Oto	Deputy General Manager
Finance Area Division	Mr Antonio Martínez	Deputy General Manager
Credit Risk Area Division	Ms Raquel Martínez	Deputy General Manager
Resources Area Division	Ms José Palma	Deputy General Manager
People Area Division	Ms Teresa Fernández	Deputy General Manager
Marketing and Digital Strategy Area Division	Mr Ignacio Torre	Deputy Manager
Finance Group Area Division	Mr Rodrigo Galán	Deputy General Manager
Corporate Information and Management Analysis Area Division	Ms Ana Jesús Sangrós	Deputy Manager
Internal Audit Division (Reports to the Audit and Compliance Committee)	Ms Ángel Carlos Serrano	Deputy General Manager

Suitability of the members of the Board of Directors

All members of the Board of Directors must **meet** requirements in order to be appointed and hold the position of director, in line with **current regulations** and those included in the **Entity's internal governance rules**.

Ibercaja has a **policy to assess the suitability and diversity** of the members of the Board of Directors and key function holders at the Bank, in keeping with EBA/GL/2017/12 Guidelines and European Central Bank (ECB) Guidelines, on the assessment of suitability, establishing the criteria and systems that will be taken into account to assess the suitability of the members of the Board of Directors, general or similar managers, heads of internal control and other key function holders for the Entity's day-to-day operations.

To **assess the suitability of the aforementioned key posts** and positions which, in any case, must take place prior to their appointment, the following will be taken into account:

- Their commercial and professional repute
- Their knowledge and experience
- In the case of Board members, good governance aspects will also be considered, using indicators such as the ability to devote the amount of time required, independence of mind and the absence of significant conflicts of interest

Care shall likewise be taken to ensure that the selection criteria take into **account the diversity** of knowledge, training, professional experience, age and gender, and are not implicitly biased in a way that could lead to discrimination (in particular, on the grounds of gender, ethnic origin, age or disability). In particular, the Entity will ensure that the selection processes are not implicitly biased so as to hinder the selection of women aimed at including women that meet the sought-after professional profiles among the potential candidates.

In the event that during the performance of their respective functions any of the persons subject to the scope of the Policy is affected by a situation that modifies the criteria taken into account for the favourable assessment of their suitability for the performance of the position, the Entity will adopt the appropriate measures and notify the competent supervisory authority within a maximum period of 15 working days.

Nevertheless, the Entity periodically promotes **training sessions** aimed at the members of the Board of Directors, whose content in various areas is determined according to the training needs of the directors, regulatory developments affecting credit institutions and relevant economic and social issues.

Performance assessment - self-assessment of the Board and committees

Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions assigns responsibility to the **Board of Directors** for the **oversight, control and periodic assessment of the effectiveness of the corporate governance system**. The European Banking Authority (EBA) Guidelines on internal governance (EBA/GL/2017/11) and the Bank of Spain's guidelines on the internal capital adequacy assessment process at credit institutions provide for the management body to periodically assess the individual and collective efficiency and effectiveness of its corporate governance activities, practices and procedures, as well as the functioning of the delegated committees. This obligation is stipulated in the Corporate Enterprises Act for listed companies and in the CNMV'S Code of Good Governance. These legal obligations and good practices are included in the Bank's Board of Directors' Regulations, which stipulate that one of the Board's duties is to annually prepare a self-assessment report of its performance and that of its internal committees Every three years said performance assessment is performed by an external party.

Remuneration of Governing Bodies and Senior Management

The **position of member** of the Board of Directors is **remunerated**, in accordance with article 34 of the Bylaws.

The maximum amount of the annual remuneration of all the directors is approved by the General Shareholders' Meeting and remains in force until their modification is approved. Unless otherwise agreed by the General Shareholders' Meeting, the distribution of the remuneration among the directors will be established by agreement of the Board of Directors, following a favourable report from the internal committee of the Board with competence in terms of remuneration, taking into consideration the functions and responsibilities attributed to each director.

In particular, the **Board of Directors** **shall determine the CEO's remuneration** and the terms and conditions of his or her contract with the Entity, in accordance with the current regulations and this remuneration policy.

The remuneration policy of the members of the Board of Directors and senior management staff (Management Committee) is aimed at establishing a remuneration scheme **appropriate to the dedication and responsibility assumed**, all in accordance with the provisions of current legislation, and promoting sound and effective risk management, which does not imply an assumption of excessive risks.

The setting of the global and specific objectives of the variable remuneration (which, in no case, can exceed 40% of the fixed remuneration) is linked to prudent risk management, with the following being some of its **main characteristics** in relation to the *ex ante* adjustments:

- **Depends on and is adapted to the individual performance** of employees and the results of the Entity, considering the impact of the underlying economic cycle and the present and future risks.
- **Flexibility and alignment with the Entity's strategic interests,** without limiting its ability to reinforce its solvency.
- **Setting of certain upper and lower limits** that clearly mitigate risks associated with their potential impact on the income statement and on the Entity's own funds.

The quantitative data on remuneration of directors and those of Senior Management are provided in the Annual Corporate Governance Report (sections C.1.6 and C.1.7).

Conflicts of interest of the administrative, management and supervisory bodies

The members of the administrative, management and supervisory bodies of Ibercaja Banco **comply with the requirements established in the Corporate Enterprises Act**, and no conflicts of interest have been disclosed between persons, their private interests and other duties, and their activity at the Entity.

No conflicts of interest of the Entity's directors that could affect the performance of their position as provided in article 229 of the Corporate Enterprises Act have been reported. In those specific situations in which a director considers that a potential conflict of interest could be involved, the director has refrained from intervening in the deliberations and participating in the voting.

Internal Rules and Control Bodies

103-1, 103-2, 103-3, 417-1

Ibercaja has established internal rules and control bodies to ensure full and rigorous compliance **with the Entity's good governance measures**, including **the following**:

- **Internal Code of Conduct** for security market activities applicable to the governing bodies, management and employees of the Entity that operate or whose professional activities are related with the securities market or can have access to significant Company information.
- **Body to report suspicious activities** involving market abuse.
- Ibercaja Group **Customer Protection Rules**.
- **Code of ethics**, which include a memorandum of operating conduct and security that affects all the Bank's employees.
- **Style Manual for customer service**, which contains general customer services criteria.
- **Retail savings product marketing manual**, in accordance with MiFID regulations.
- **Conflicts of interest policy**, prepared in accordance with MiFID regulations, whose purpose is to objectively manage conflicts of interest that may arise between the Ibercaja Group and its customers.
- **Anti-money Laundering and Counter-Terrorism Financing Prevention Committee** (Internal Control Body-ICB) that has been commissioned the functions established in the anti-money laundering and counter-terrorism financing regulations.
- **Data Processing Officer** (DPO) of the Group and Privacy Office, whose duty is to ensure compliance with the personal data protection regulations.
- **Control body for the criminal risk prevention system.**

Control functions

The Group has an internal control system in place to oversee the financial and operational risks inherent in its business activities. The **General Secretary's Office and Control area** brings together the **second line of defence**, formed by the Risk Control Department and the Regulatory Compliance Department. The General Secretary of the Bank is also the Chief Risk Officer.

The **Risk Control Department** verifies compliance with the risk limits approved by the Board of Directors and the **Regulatory Compliance Department** supervises observance of the laws that govern the Group's business activities. Ibercaja also has an **Internal Audit Department** that reviews the proper functioning of the risk control systems, while verifying compliance with established policies, procedures and standards. The Board of Directors' **Audit and Compliance Committee** checks the effectiveness of the internal audit and control and of the risk management systems.

The head of the Risk Control Department reports regularly to the Large Risk and Solvency Committee, while the heads of the Regulatory Compliance Department and the Internal Audit Department report regularly to the Audit and Compliance Committee. The chairmen of the committees, as well as the CRO, report to the plenary session of the Board of Directors within the scope of their respective areas of concern.

Commitment to privacy

103-1, 103-2, 103-3

All processes and actions of the Ibercaja Group are conducted with the utmost possible respect and protection for the privacy and security of personal data.

The Ibercaja Group's Privacy Office and Data Protection Officer (corporate DPO) promote **maximum respect for privacy**, above general standards, with a medium-term view aimed at anticipating future regulatory duties. Some of the key milestones that have been achieved are:

- **The necessary regulatory modifications to ensure maximum respect for the protection of the personal data** of our customers, employees and suppliers.
- **Establishment of mandatory lines of action** to ensure that only the data essential for each transaction are processed.
- **Strengthening the protection of minors**.
- **Adapting the privacy policy to legal requirements and the Spanish Data Protection Agency's mandates,** giving every person the maximum control over the data that the Bank has or collects from them.
- **Promoting the privacy of all people who make up the Group,** implementing new controls, verifying that monitoring systems at work are in line with the most stringent privacy standards, approving a specific privacy policy for employees and making them aware of their rights.
- **Implementation of new procedures for the exercise of GDPR** rights that improve efficiency and resource allocation.
- **Establishing a strict procedure for the approval of suppliers that may have access to personal data.**

4.5 Business Model and Strategic Plan

103-3

IBERCAJA'S BUSINESS MODEL, WITH A STRONG RETAIL PROFILE, COMBINES UNIVERSALITY WITH SPECIALISATION BY SEGMENTS.

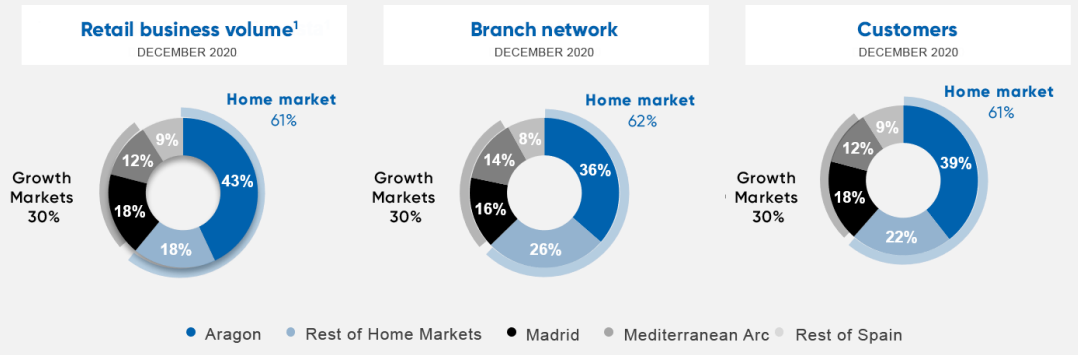
4.5.1 Business positioning and markets in which it operates

102-2, 102-4, 102-6, 103-1, 103-2

The Group, with a balance sheet of **58,401 million euros**, is the **tenth largest in terms of asset volume in the Spanish banking system**. It primarily engages in retail banking**,** focusing on the financing of households, particularly first home mortgages and SMEs, savings management and other financial services. The eminently retail nature of the business is reflected in the structure of the balance sheet, where loans to individuals and small and medium-size enterprises account for almost 90% of loans and advances to customers, and retail deposits 78.4% of borrowings. At the national level, it has a market share of **2.5% in loans to households and non-financial companies**, reaching 3.8% in the home purchase segment for individuals (source: Bank of Spain), and **3.5% in customer funds** (source: Bank of Spain, INVERCO and ICEA).

The Bank has a **leadership position in its traditional area of operation** (Aragón, La Rioja, Guadalajara, Burgos and Badajoz), where **61% of customers are concentrated** and **where it obtains 61% of retail turnover**. The market share in this territory, 30% in private sector deposits and 23% in credit, reaches 42% and 32% in Aragón, respectively (source: Bank of Spain). It also has a **significant presence in other areas of major economic significance such as Madrid and the Mediterranean coast** (Catalonia and Valencia), which account for 18% and 12% of the Bank's customers and 18% and 12% of its revenue.

DISTRIBUTION OF BUSINESS MODEL, NETWORK AND CUSTOMERS BY AREA OF OPERATION

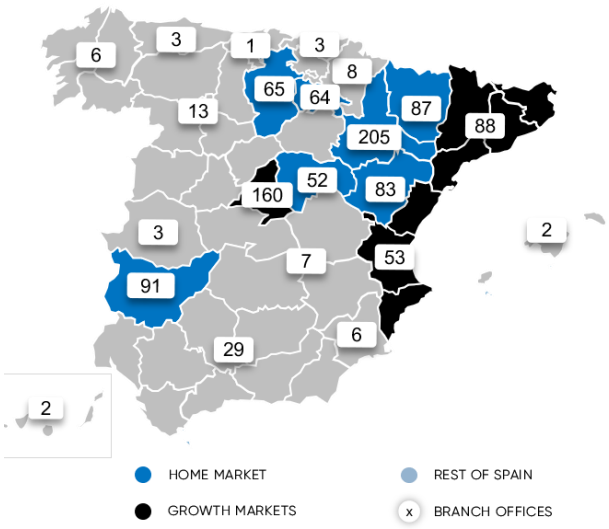


[1]RETAIL BUSINESS VOLUME IN NORMAL SITUATION: LOANS AND ADVANCES TO CUSTOMERS EX REVERSE REPURCHASE AGREEMENTS AND DOUBTFUL ASSETS + RETAIL DEPOSITS + ASSET MANAGEMENT AND INSURANCE

At December 2020, the **Bank** had **1,031 branches**, 4.5% of the Spanish banking system, of which 280 are rural. Two branches were opened and 55 were closed during the year. Their closure, in line with a policy of economic streamlining, was compatible in every case with the commitment to guarantee business continuity, conserve customer proximity and maintain the Bank's presence in small towns and villages.

The **distribution of branches by Autonomous Community is as follows**: 375 points of sale in Aragón, 160 in the Community of Madrid, 94 in Extremadura, 64 in La Rioja, 78 in Castilla y León, 88 in Cataluña, 59 in Castilla-La Mancha, 53 in the Community of Valencia, 29 in Andalucía and 31 in other Autonomous Communities.

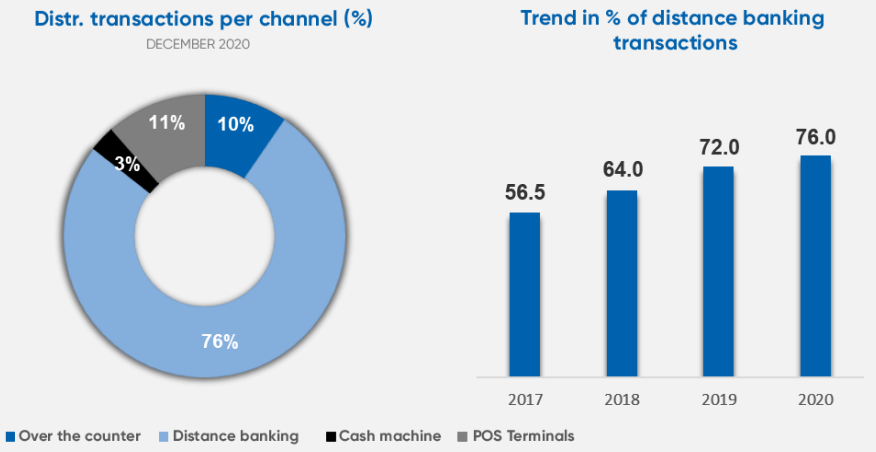
DISTRIBUTION OF IBERCAJA BANCO'S BRANCH NETWORK



The **Group** has a total of **5,307 employees (5,055 at the parent).** In December 2020, Management of Ibercaja Banco and the employee's representatives, as part of a redundancy programme enforceable until 30 June 2022, reached an agreement that envisaged a compensated lay-off plan. It affected a maximum of 750 employees, establishing voluntary participation as a preferential selection criteria, either due to age or due to the closure of the centre of employment. Employee terminations will take place on a staggered basis.

The branch network is complemented by remote channels so that customers can carry out transactions in the most practical and simple remote environment, whether over the Internet or by mobile phone. The situation created by the healthcare crisis has accelerated the use of virtual services and digital assets. The digitalisation strategy being deployed by Ibercaja in recent years has enabled it to respond to the greater demand for *online* services, at the same time maintaining the quality service. **Digital banking accounted for 76% of transactions performed in 2020, as compared with 72% in 2019**. The **number of digital banking customers** that have used any of the various channels in the last month totalled **842,486**, with growth of over 10% since December 2019.

DISTRIBUTION OF THE NUMBER OF TRANSACTIONS PER CHANNEL AND PERFORMANCE OF DISTANCE BANKING

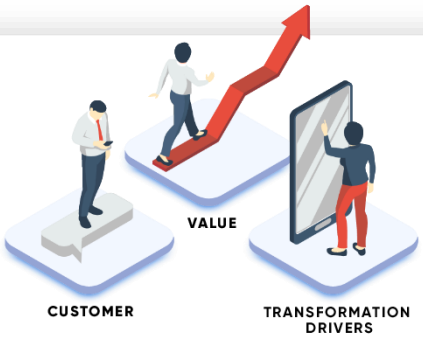


4.5.2 Goals and Strategies

102-2, 102-9

In the last three years, the Bank has used the **"Plan+ 2020 Strategic Plan"** as a guideline, whose objective is to make Ibercaja the best financial institution in the country in terms of satisfied customers and commercial efficiency, anticipating the needs of its stakeholders and supporting the transition towards a sustainable economy.

*To address this challenge, **THREE MAJOR PROGRAMMES** were defined: **Customer**, **Value and Transformation** Drivers with the guidelines to compete successfully in an environment of rapid changes in consumer habits, technology, the economic and business context and the regulatory framework.*



THE BALANCE OF THE PLAN+ 2020 THAT HAS JUST ENDED IS HIGHLY SATISFACTORY.

A **high percentage of the financial and operating targets** established for 2020 **were fully attained**, mainly those related to the strength of the balance sheet and the increased solvency. Profitability goals were especially affected by the COVID-19 crisis, leading to an increase in the cost of risk and a negative rates climate (the 12-month Euribor during the 2020 Plan was 0.67%).

		OBJECTIVE	REAL	
	2017	2020	2020	
SOLVENCY				
CET1 fully loaded	10.5%	>11.5%	12.6%	✓
Total capital fully loaded	12.7%	>15.0%	17.3%	✓
PROFITABILITY				
ROTE	5.3%	>9.0%	0.9%	✗
RORWA	0.6%	1.2%	0.1%	✗
Recurring cost-to-income ratio	69.8%	<55.0%	62.5%	✗
ASSET QUALITY				
Cost of risk	70 bp	35 bp	71 bp	✗
Non-performing assets ratio	11.9%	6.5%	5.1%	✓
Texas Ratio	86%	<55%	42%	✓
Coverage ratio	52%	54%	62%	✓

The **stock market flotation**, goal of the Strategic Plan for 2020, **had to be postponed as a result of the impact of the health crisis on financial markets.** As part of the measures to reduce the economic consequences of the pandemic, the modification to the Savings Bank and Banking Foundations Law was approved, extending the period until December 2022, so that the latter comply with the divestment target envisaged by Law.

CUSTOMER PROGRAMME

Within the **Customer programme**, cornerstone of the_business model transformation, different initiatives have been **implemented**:

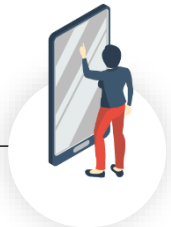
- **Deployment throughout the network of the Commercial and Management System,** which will contribute to the simplified integrated management of customers focused on attraction.
- **Promotion of remote channels,** including new features into mobile banking (Digital On Boarding, payment service through Apple Pay, Samsung Pay and Google Pay and the aggregation of accounts from other banks). Furthermore, the web page was renewed www.ibercaja.es, to offer solutions that are better suited to the financial needs of individuals, and the new digital banking for Individuals and Companies was implemented.
- **Reform of the office network organisational model** with three main measures:
    - *Grouping together of head and satellite branches*. The head office is responsible for supervision and control functions and tasks, in addition to the management of small businesses, professionals and the self-employed. Meanwhile, the satellite branch is focused on other commercial tasks. The new organisation will make it possible to increase levels of specialisation, optimise staffing, share services, encourage support between branches, and improve commercial capacity and control levels, among other benefits.
    - *Implementation of the remote-digital management model*. The 48 digital personal banking managers provide a virtual personalised service to almost 29,000 customers.
    - *Start-up of the mobile branch*. Created initially in La Rioja, it serves the rural areas effectively and prevents the financial exclusion of small towns. It is located on a bus, providing the same technical support as the rest of the network, which makes frequent routes in 27 La Rioja towns, giving customers the same service as any other branch.

VALUE PROGRAMME

The **Value programme** seeks to ensure that our business is geared towards the most profitable opportunities. It relates to the reduction of unproductive assets, the development of risk management processes, the more efficient allocation of prices and capital and the optimisation of information systems, all with a view to increasing the Bank's profitability and solvency. The most important **achievements** are summarised as:

- During the term of the Plan+ 2020, **important steps were taken to reduce non-performing assets**. Accordingly, a new model was implemented to recover irregular investment and the SIREC tool was developed, which allows tasks to be identified that make debt recovery more efficient. Also, in the wholesale area, three portfolios were sold, both doubtful receivables and foreclosed properties, amounting to 1,248 million euros. The improvement in internal processes combined with wholesale sales allowed the NPA ratio to drop by almost seven percentage points in three years.
- **Deployment in the management of the RAROC methodology** to set prices based on risk-adjusted returns and capital consumption.
- **Progress in the design of the internal IRB models** with the objectives of achieving an integrated management of the organization's risks, improving the Bank's competitive position and allowing sectorial comparison in standardised terms.
- The quality of the information supports the Bank's credibility before the regulators, rating agencies and investors. To optimise it, **information systems** were strengthened and the Data Governance framework was established, which involves a modification of organisational structure, the definition of roles, responsibilities, data policies and principles and the adaptation of technological architecture.

TRANSFORMATION DRIVERS PROGRAMME



The **Transformation Driver programme**, the third pillar of the Plan, encompasses technology, processes and people.

- The **technology** at the heart of most initiatives, taken to facilitate internal processes, boost efficiency, opens up business opportunities and improve the customer experience. At the same time, significant progress was made in the cybersecurity and risk management area and in the renewal of technological infrastructure to provide the Entity with new capacity.
- The **optimisation of processes**, with the aim of streamlining less profitable tasks and concentrating efforts on tasks that have an impact on the customer, has had four main lines of action: reorganisation of administrative processes, simplification of operational processes, digitalisation and self-service plan.

- The **people**, their capacity and commitment are crucial in any project. The People Area has worked to encourage professional and personal growth of Group employees, with measures to promote the development of talent and boost skills. The following are of note:
    - The *roll-out of the Inspirational Leadership Model*, a framework for people who lead teams to exercise a uniform and consistent leadership aligned with Ibercaja's strategy.
    - The Bank has obtained the *Family Responsible Company (FRC) Certification*, which endorses the organisation's involvement in generating a culture based on efficiency, flexibility and commitment to people. With this achievement, Ibercaja takes an important step forward in terms of equality and balance of personal, family and professional life.

*Ibercaja made progress in a series of projects that evidence the **Group's commitment to sustainable development** and **value creation** through its activity.*

In 2019, the Bank formed a **cross-cutting Sustainable Finance team**, involving all business areas, to work on the Bank's **Sustainability Roadmap** and incorporate ESG aspects into strategy, decision-making and risk management. Likewise, it has signed the United Nations Principles for Responsible Banking and the New Deal for Europe "CEO's call to action" initiative, together with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). Likewise, on 11 December 2020, the Board of Directors approved the **Sustainability Policy**, which establishes the Bank's procedural framework in the area of sustainability.

The **new Strategic Plan with a 2023 horizon** is already under way and its main **challenge is to improve profitability**. The management objectives for the current period are framed within two major programmes: "Customer" and "Productivity and Efficiency". The Plan will be presented in the first half of 2021.

4.5.3 Impact of the COVID-19 crisis

On 11 March 2020, the World Health Organisation classified COVID-19 as an international pandemic. To cope with this situation in Spain, under Royal Decree 463/2020, of 14 March. a State of Alarm was declared, with diverse restrictions on mobility and on the exercise of non-essential activities, which was extended until 22 June. In light of a new outbreak, in October, pursuant to Royal Decree 926/2020, of 25 October, a State of Alarm was once again declared, which is expected to end in May 2021.

In this context of a healthcare crisis, global and Spanish economic activity was severely affected. Through different Royal Decrees, the **Government** has established **legislative moratoria** for individuals and professionals which, under certain requirements, temporarily suspend payment commitments as receivables. Likewise, **credit facilities** were implemented, partially guaranteed by the State, through the ICO, to guarantee company liquidity and production. **Member banks of the Confederación Española de Cajas de Ahorro (CECA)** provided a **sectoral moratoria**, in which Ibercaja participated to extend the scope of the mortgage moratoria approved by the Government. In turn, the **ECB** adopted **measures to grant liquidity to the system, to favour credit and to make an expansive tax policy possible for European governments**. The **EU** approved the **European Recovery Fund** which, through transfers and loans, will support the economies most affected during the coming years.

Below are details of the **most relevant impacts of the crisis** on strategic guidance, objectives, activities and results of the Bank, the support provided to customers, as well as other organisational and management measures.

IMPACT ON STRATEGIC ORIENTATION AND OBJECTIVES

Since the Bank is in the last year of the Plan+ 2020, the year that has just ended has consolidated the initiatives launched in 2018, hence **a strategic reorientation was not required.**

The Bank Transformation Roadmap established in the Plan+ 2020 to comply with the main milestones defined therein have enabled Ibercaja to have the necessary means and resources to face this crisis in much more favourable conditions than the previous crisis in 2008.

Among the **15 strategic initiatives** of the Plan+ 2020, those that were priority for the Bank's transformation (IRB models, pricing, data governance, digital transformation and IT governance and architecture), have continued to be developed, focusing more efforts and resources on them so that they can be completed in the periods envisaged despite the circumstances.

The Bank has exceeded in its objectives of strengthening solvency and those related with asset quality, both with regard to the reduction of non-performing assets and to the hedging rates, set in the Strategic Plan. However, the attainment of profitability indicators and the cost of the risk were affected by the outbreak of the pandemic, which altered the macro-economic framework and the negative interest rate climate, removed from that envisaged in the Plan+ 2020.

ORGANISATIONAL MEASURES ADOPTED BY IBERCAJA TO MITIGATE THE EFFECTS OF COVID-19

Ibercaja has **endeavoured**, at all times, **to guarantee the continuity** of customer care, **protect the health of employees and customers** and decisively back individuals, companies and, in general, the most vulnerable groups.

Ibercaja has ***protected the health of employees and customers.***

Following the approval on 14 March of Royal Decree 463/2020, the Bank implemented various procedures and protocols within its continuity strategy. The bodies were activated that intervene in the Business Continuity Plan, together with the Pandemic Contingency Plan to achieve the best possible isolation of staff and preserve the Bank's critical functions.

HEALTH AND SAFETY MEASURES:

- Certification of healthcare and informative management processes.
- Creation of a database to manage and centralise information relating to the health crisis.
- Reinforcement of the medical service.
- Distribution to all employees of individual protection equipment.
- Testing for the detection of the virus.
- COVID enquiry and psychological support lines for employees.
- Care and individual monitoring of the evolution of employees affected by coronavirus.
- Disinfection of work centres in certain circumstances.

ORGANISATIONAL MEASURES:

- Implementation of teleworking for most employees at central services.
- Reduction, at the worst moments of the crisis, through rotations of 50% of the workforce of the branch network in face-to-face work and redistribution of spaces and limited capacity.
- Fitting out of the Cogullada Data Processing Centre as a centre earmarked to separate critical teams that, due to their specific operations, require additional means aside from remote working.
- Reinforcement during the State of Alarm of a team of professionals from Ibercaja Connect's telephone service, a company committed to giving support to digital banking, attending to the demand for information on the Bank and to accompanying customers in the digitalisation process. The number of calls received in 2020 exceeded 928,000, up 51% on 2019. In 2020, this *call centre* renewed the Aenor certification, in line with the UNE-EN ISO 18295 Standard, which it obtained in 2019, and it was the first centre belonging to a financial entity in Spain to achieve it.
- Launch of Ibercaja Próxima aimed at individuals. This service has the accompaniment of a digital adviser that helps the customer to perform any transaction, providing them with savings and investment advice and providing them with information on Ibercaja products, taking out the transactions in virtually all cases. The 48 digital personal banking managers provide a virtual personalised service to almost 29,000 customers.
- Admission of leave and working day reduction requests, due to COVID-19, and the adoption of flexible timetable measures, to facilitate a work-life balance.
- Suspension of all trips, displacement and face-to-face events, promoting remote meetings.
- Holding of virtual internal events that were scheduled in 2020.

REMOTE WORK AND RIGHT TO DISCONNECT:

One of the measures implemented by Ibercaja to protect the health of employees with respect to Coronavirus was to reduce physical attendance at the work place. At year-end, **65% of the central services workforce continued to work from home**. Basing itself on the evolution of the pandemic, the Continuity Committee will decide the schedule for employees to physically rejoin, complying at all times with the security measures and recommendations of the health authorities.

The remote working regulations are included in Royal Decree 28/2020, of 22 September 2020, and in the Collective Bargaining Agreement signed on 30 September 2020 (Spanish Official State Gazette of 3 December 2020), by the CECA and the trade union organisations, representing the companies included and the personnel employed, respectively. Also, the Agreement enacts the **right to digital disconnection in the workplace**. The aforementioned remote working legislation is pending implementation by Ibercaja through an agreement between trade union representatives and the Bank.

CYBERSECURITY:

The extension of tele-working at most companies has led cyber delinquents to increase their attacks. Aware of this new reality, **existing cybersecurity controls have been reinforced to detect and prevent threats** and **new training measures** and awareness raising for employees have been implemented. The recommendations published have helped to detect cyber-attacks and adequately protect sensitive information and Bank devices.

FAMILY AND COMPANY PROTECTION MEASURES

*Ibercaja has placed its **organisation at the service of the customer**, trying to be of **use** to it **and helping it to** perform all its **dealings**.*

The Bank is processing the **public moratoria** requests in the payment of lending transactions for debtors in a situation of economic vulnerability as quickly as possible. At year-end, 7.695 moratoria had been arranged under Royal Decree-Law 8/2020, of 17 March 2020, on extraordinary urgent measures to address the economic and social impact of COVID-19. With the firm will to support families affected economically by the crisis but that cannot avail themselves of the public moratoria, Ibercaja launched a **private moratoria**, encompassed within a sectoral agreement, of which 3.645 files were executed. The transfer from the public to the private moratoria was also expected, hence those that have availed themselves of the former, once the maximum period has elapsed, can access the private moratoria by complying with the requirements marked thereby.

Ibercaja actively participates in the processing of loan **transactions within the ICO Liquidity and Investment facilities,** with a public guarantee established in Royal Decree Law 8/2020, of 17 March, and in Royal Decree Law 25/2020, of 3 July, to support companies and self-employed workers affected by the economic consequences of the crisis. At year-end, 17,082 transactions were arranged for an aggregate amount of 1,830 million euros, 82% of which are earmarked to SMEs and self-employed workers.

Aimed at companies and self-employed workers, improvements have been implemented to help **extend working capital loan products** close to maturity. Faced with increased **POS requests**, due to health recommendations to avoid cash payments, instructions were handed down to advise customers on the most adequate rate and the payment of monthly instalments was excluded at establishments forced to close during the State of Alarm.

The Bank designed measures to facilitate the **payment of insurance**, offering the possibility of instalments without a surcharge on the receipts, and of establishing payment deferrals and discounts for customers experiencing economic difficulties due to the crisis. In **pension plans**, a response has been given to the legislative measures to extend the assumptions of availability of the plans: unemployment of employees and cessation of activity of self-employed workers due to COVID-19.

Related with **payment methods**, the Bank has ensured the availability of cash at ATMs and increased the contactless card limits to avoid typing the PIN. As a balance, at the end of 2020, almost 130 million purchase transactions had been performed using Ibercaja cards at company or third-party ATMs. Likewise, incentives have been provided for the use of digital channels, so that the number of transactions made through them represents 76.0% as opposed to 72.0% in December 2019. Likewise, advances on **pensions and unemployment benefits were made,** amounting to 4,056 million euros and 635 million euros, respectively.

In March, Ibercaja launched the **"Let's go is always going together" campaign** and the **"Let's go"** solidarity platform to help the most vulnerable. The campaign has the support of the Bank's shareholder Foundations, and of the different public and private institutions and entities that have collaborated with their own donations. The total amount collected totalled **almost one million euros**.

IMPACT ON THE GROUP'S ACTIVITY, RESULTS AND FINANCIAL CONDITION

The **impact of COVID-19 on the Group's** commercial activities **was limited**. Following the effects of the second quarter, the "recurring" commercial dynamism recovered in the third and fourth quarter.

*The most significant effect of the crisis on Group results was the **extraordinary provision** **due to credit risk amounting to 90 million euros.***

The **loan portfolio** was aimed at protecting the customers most affected by the economic consequences of the pandemic. New loan transactions totalled 6,424 million euros, 18.2% more than in 2019. Most of them, 4,273 million, were earmarked to companies and self-employed workers through ICO facilities. Meanwhile, mortgage loans amounted to 1,440 million euros.

Borrowing activities of customers performed very well. Customer deposits rose by 10.4% in the year. The rise occurred both at companies, on depositing part of their liquidity to meet the effects of the pandemic, and at homes, which increased their tendency to save out of caution. **Asset management activities**, following the shock of the market crash in March, recovered their force. The investment funds administered by Ibercaja Gestión posted positive net contributions exceeding 1,000 million euros in the year and managed assets rose by 9.1%. The market share (5.52%) reached an historical record for the Bank.

In relation with the **quality of the loan portfolio**, no signs of impairment have been noticed to date. Doubtful assets maintained their downward trend, more marked than that of the sector (-21.7% vs. -2.7%), and additions of real estate assets in the balance sheet dropped by 1.9%, although a certain slowdown in sales was observed. However, the Group performed on ongoing monitoring of the main indicators to anticipate possible negative effects.

The Group held a **sound solvency position, which was reinforced in the year**. The CET1 phased in ratio, 13.62%, presented an excess of 5.49 percentage points on the minimum requirements notified by the supervisor for 2020. Likewise, the CET1 fully loaded ratio, 12.59%, exceeded the average of the Spanish companies supervised by the ECB by over 50 basis points (12.0% at September 2020). The **available liquidity** at year-end exceeded 14,959 million euros, representing 25.6% of the balance sheet and enabling debt maturities to be easily covered. These robust levels of solvency and liquidity, a diversified business model, in which 37% of recurrent revenues comes from asset management and insurance) and a credit portfolio highly focused on mortgages to individuals, with a low relative exposure to the sectors most affected by the crisis, enabled Ibercaja to meet the change of economic cycle suffered by our country with guarantees.

The most significant impact of the crisis on the Group's results is the **extraordinary provision for credit risk** of 90 million euros to cover a shrinkage in the repayment capacity of the loans that increase the entry flow of doubtful assets. It was determined using the macroeconomic projections, mainly those published by the Bank of Spain and taking into account the type of portfolio of the Bank. This provision, tied to other extraordinary expenses aimed at improving the Bank's future profitability, took results for the year to 24 million euros, below that envisaged in the budget and Plan+ 2020.

TENDENCIES EXPECTED IN ACTIVITIES AND RESULTS

The effects of COVID-19 on activities and future returns are subject to significant **uncertainty**. There are no close precedents that may serve as a base to determine them accurately, and they are tied to the time taken to control the health situation and the effectiveness of the measures to support the economy that have been adopted until now. Hence, when authorising for issue the financial statements, it is difficult to perform a valuation or quantification of the **possible future impacts** of COVID-19 on the Group.

A gradual recovery of the most pressured earnings is expected over the coming months (fees, insurance activities, results of entities accounted for using the equity method, etc.), in line with the gradual normalisation expected of economic activities. However, it cannot be ruled out that a worsening of the macroeconomic framework leads to a fall in lending activities and higher losses due to the impairment of assets that drags down business profitability in the short term. Expenditure control, efficient management and service quality will be decisive to mitigate the adverse consequences of the pandemic.

iberCaja

EL BANCO DEL Vamos

COVID-19 MEASURES

CONTINUITY PLAN

Service maintenance

100%
OPERATIONAL BRANCHES

100%
ATMS

Human capital

65%
PEOPLE TELEWORKING IN CENTRAL SERVICES

ROTATION OF EQUIPMENT IN NETWORK DURING FIRST STATE OF ALARM

Boosting digital channels

842,486
DIGITAL USERS

76.0% vs. 72.0% in 2019
DIGITAL TRANSACTIONS

48 MANAGERS
IBERCAJA PRÓXIMA LAUNCH

Call centre reinforcement
IBERCAJA CONNECT

"Startup Mode" in app

New DIGITAL BANKING FOR BUSINESSES AND INDIVIDUALS

GLOBAL SYSTEM OF SECURITIES
Online broker

WE SUPPORT OUR CUSTOMERS

Households

Moratoriums

8,664
NO. TRANSACTIONS GRANTED

€741 million
AMOUNT GRANTED

MORTGAGE LOANS
93%

€366 million
OUTSTANDING BALANCE

MORTGAGE LOANS
€340 million

CONSUMER LOANS AND OTHER OPERATIONS
€26 million

Advance payment of pension and unemployment benefit

€4,056 million
ADVANCE PAYMENT OF PENSION

€635 million
ADVANCE PAYMENT OF PENSION AND UNEMPLOYMENT BENEFIT

Other measures

Suspension of fees for cash withdrawals at ATMs of other Spanish banks.

Splitting the bill for life insurance.

Relaxation of conditions of the Vamos Account.

Redeeming the pension plans of customers affected by COVID-19.

Strengthening relationship channels with our customers.

Companies

COVID-19 ICO Lines

17,082
NO. TRANSACTIONS GRANTED

€1,830 million
FINANCING AMOUNT
82% SMEs and self-employed

SUPPORTING SOCIETY

~ €1 million million
PRIVATE DONATION PLAN

#LET'SGO
EsIrSiempreJuntos

Data at 31 December 2020

4.5.4 Lines of the Group's Business Model

102-2, 102-4, 102-6, 102-9, 103-1, 103-2, 103-3, 417-1, FS6, FS14

Ibercaja pledges for a **universal banking model**, focused on the retail business and based on advisory services, service quality and innovation. It serves a **stable base of 1.8 million customers** (management units): families, companies and public and private institutions. It has specific channels, special products adapted to different customer segments, and offers basic banking services, other complements, such as insurance, investment funds and pension plans, all marketed through its highly specialised financial group, whose companies it owns in full.

*We pledge for a **model based** on **advisory services**, **quality service** and on **innovation**.*

IN IBERCAJA'S BUSINESS MODEL, THERE ARE THREE MAIN AREAS DEPENDING ON THE COMMERCIAL STRATEGY DEFINED FOR EACH TYPE OF CUSTOMER:

PRIVATE BANKING
Households
Personal banking
Private Banking

BUSINESSES AND INSTITUTIONS
Companies business
Stores
Institutions

OTHER LINES OF BUSINESS
Financial markets
Business shareholdings

RETAIL BANKING

*The Bank manages **1.7 million customers who contribute more than 80% of the retail turnover**. It concentrates 70% of credit and 85% of retail customer loans. Their high level of engagement with the Bank can be seen in the average age of 20 years, and in the average number of products or services arranged, 6.9. **Private banking includes the household, personal and private banking segments**.*

HOUSEHOLDS

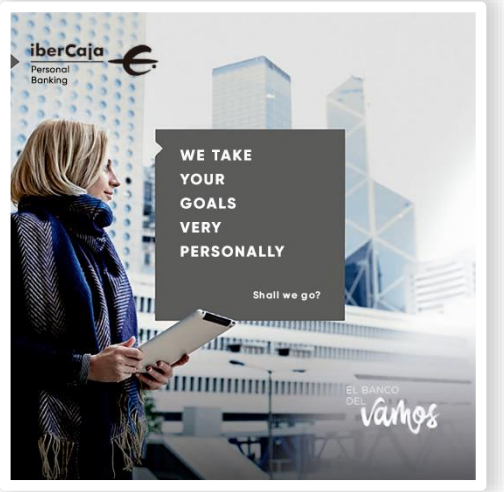
Households **provide the largest number of customers, 1.4 million, and the highest percentages of managed funds (22%) and loan portfolios (57%)**. The management of the branch network in this segment focuses on capturing new customers and consolidating the loyalty of existing ones. The Bank carries out its mission through proposals adapted to personal needs, depending on the risk profile and available income.

Activity in the year was governed by the outbreak of the health crisis. The priority of commercial management has been to be close to the customer, to guarantee security and service continuity and to transmit the Group's social sensitivity. In particular, pensions and unemployment benefits were paid in advance and public, sectoral and in-house aid has been made available to the customers most affected by COVID-19, endeavouring the find the best solution for each customer in a situation of vulnerability. Faced with a change in habits and social conduct, the business model with the customer has been adapted, prioritising the fact that all procedures can be conducted through the Bank's digital channels.

Ibercaja boosted the asset and liability products, launched the previous year, linked to the “Banco del Vamos” advertising concept. The “Cuenta Vamos” and the mortgage offering has favoured the attraction and loyalty building of new individual customers. With regard to the loan portfolio, Ibercaja has historically specialised in **housing financing**, with an extensive range of products. 22% of new financing was allocated for this purpose, with fixed-rate mortgages being of special note. Furthermore, the arrangement of products through real estate portals rose significantly, in a decisive boost towards the digitalisation of processes. **Retail customer loans** in this segment rose by 6%, in line with the increase in the savings rates of households.

Noteworthy among the digitalisation-related projects deployed in the year were the **new digital banking products for individuals**, encompassed within the guidelines of the 2018-2020 Strategic Plan to place Ibercaja at the forefront of digital banking in Spain. The application facilitates the performance of all manner of transactions for customers in any easy intuitive manner from any device. Furthermore, the **latest version of the on-line broker** was included in all digital channels. This new functionality provides improvements to information, such as those relating to corporate finance transactions, shareholders' meetings, capital increases, dividends, etc., as well as access, not only to equity securities but also to international fixed income assets.

PERSONAL BANKING

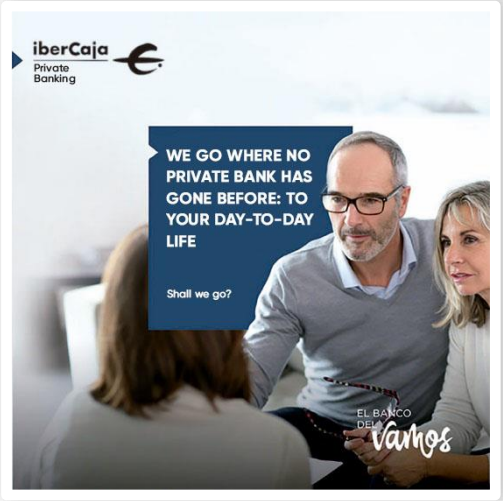


Personal banking encompasses over 290,000 customers with a **savings balance of more than 100,000 euros or 75,000 euros outside the Home Market.** This segment contributes over 50% of the Group's retail customer loans with a *mix*, in which almost 50% relates to asset management and insurance. The customer care model for this group is based on a personal manager who proposes the best investment strategy for the customer's profile and preferences. The **451 specialised managers**, based on their knowledge of the customer, offer them investment alternatives, mainly funds, pension plans and insurance, adapted to their risk profile, objectives and experience in financial products.

In the last year, **digital personal banking** has gained ground, a new form of working, whereby the customer, through a digital banking adviser, receives, on a virtual basis, the same attention that they would receive at their branch. The current team of **48 advisers**, which provides a service to nearly 29,000 customers, will be extended insofar as the project devised in Aragón is progressively implemented in other communities.

In 2020, Ibercaja has obtained the **service excellence management certification in the Personal Banking segment**, granted by Aenor, becoming the first Spanish entity to receive it. This stamp reinforces the Bank's leadership in professional advisory services in terms of customer savings management and is accompanied by the **personal asset management advisory services certification**, also granted by Aenor, held by the Bank since 2012.

PRIVATE BANKING



Private banking is aimed at **customers or household management units with financial wealth in excess of 500,000 euros (300,000 euros in Extremadura).** The over 10,000 customers are assisted by a private banking manager who analyses their needs and provides them with the best investment alternatives and financial-tax planning. The range of financial assets available to the private banking group is very broad: securities listed on national and international markets, investment funds both from Ibercaja and external providers, SICAVs, structured deposits, etc. The average number of products contracted by each client exceeds 21, and 80% of the resources managed correspond to asset management and insurance.

The work team assigned to the private banking services is made up of **80 people**, distributed among the branches of Madrid, Zaragoza, Logroño, Valencia, Guadalajara, Barcelona, Burgos, Seville and Badajoz, as well as the customer service offices of Huesca, Teruel and Pamplona.

In a context of economic uncertainty and great market volatility, emphasis was placed on **improving the information to help the customer to take decisions**. In this regard, we have the daily market report, the weekly analysis of the performance of different assets and the investment keys, the monthly funds, plans and markets report and the new services related with tax optimisation and inheritance planning.

Investment products with a socially responsible profile have been well received by savers. Socially responsible investment, implemented through the Ibercaja Sustainable and Solidarity and Ibercaja Megatrends funds, accumulates **contributions in the year exceeding 165 million euros**. In pension plans, Ibercaja Pensión incorporated the Sustainable Trust Plan into its catalogue, which complements the already existing Sustainable Europe and Sustainable Solidarity Pension Plans.

The **main strategic challenges and trends that will mark the activity of Retail Banking in the near future are:** to foster customer loyalty by improving the customer experience and enhancing digital channels, consolidate the progress of the personal and private banking lines, relying on personalised advice as a differentiating factor, and expand the range of investment and financing products with ESG criteria.

BUSINESSES AND INSTITUTIONS

*This area comprises more than **176,000 customers** (management units), companies, retailers, institutions and others, and contributes around **18% of retail business volume.***

COMPANIES

Within this group, **76,000 customers** form part of the **strategic business group of companies (management units)**. Microenterprises and SMEs, with a turnover of less than 50 million euros, provide more than 80% of our business volume with this segment. The companies with the highest turnover and most complex operations, numbering approximately 39,000, are served by 219 specialised managers, supported by 368 office directors. In 2020, 124 business commercial managers were appointed, a new figure whose task is to manage the Bank's relations with companies that bill less than 2 million euros.

During the Plan+ 2020, the foundations were laid to ensure that Ibercaja becomes a benchmark entity in the business world, capable of providing an agile, individual response to customer demands.

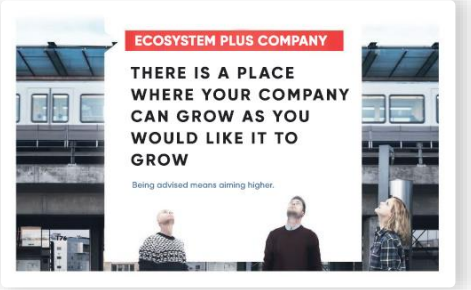
The arrangement of loans and credits aimed at financing business activities, 4,273 million euros, represents 67% of new transactions performed by the Entity in 2020. As a result of the pandemic, Ibercaja has been highly active in the marketing of **ICO Liquidity and ICO Investment lines**, executing **17,082 transactions with a volume exceeding 1,830 million euros**.

The sales offering was completed in 2020 with products such as **EasyPay**, which enables the most common payments to be comfortably financed through any channel, the **SEPA confirming** and **employment plans designed for SMEs**. We are also working on new developments: foreign currency loans and international confirming.

The **business centre of companies inaugurated in the Basque Country** was linked to those already existing in Zaragoza, Madrid (3), Barcelona, Valencia and Alicante. These centres are responsible for managing customers with a turnover of more than 6 million or 10 million euros, depending on the area of operation, and which require a greater degree of specialisation.

The **new digital business banking**, as part of the Strategic Plan's digital transformation, is a leading platform. It enables the user to browse on any device, can be customised to the customer's taste and allows all company transactions to be carried out easily and efficiently.

The **Ecosystem+ Companies initiative**, promoted by Ibercaja and its Foundation, is an innovation platform and meeting point to make economic activity more dynamic, improve competitiveness, exchange knowledge and generate business value. It has almost 4,000 members that may access programmes, reports, solutions and a wide range of business contacts. To consolidate the Entity's positioning in the area of entrepreneurs and start-ups at the beginning of 2021, **Ibercaja Start-up** will be presented, which aspires to provide a response to the training and financial needs of this group.



COMMERCIAL

The **15,000 stores**, customers of Ibercaja, generate significant business opportunities in the area of financing, insurance and collection and payment services. The range of products and services adapted to the needs of small and medium-sized businesses is very broad: daily cash management, aid for the internationalisation of the business, point-of-sale terminals with the latest technology and, for those who make their sales through online channels, virtual devices that guarantee the security of the transaction and the control of the activity through the Internet.

To encourage the attraction of new customers the Cuenta Vamos has continued to be marketed for stores. Together with the advantages of this account, a free guidance and legal assistance service was included for one year.

In 2020, Ibercaja implemented the **Retail Trade Support Plan**, aimed at helping local stores, one of the sectors most affected by the health crisis, boosting its business and facilitating the adaptation to changes in consumer habits. The Plan envisages financial solutions, management aid and free training and digital contents on matters of interest. The Bank participates in different initiatives implemented in recent months to reactivate the sector, holding, in most provinces and autonomous communities, especially in their original territories (Aragón, La Rioja, Guadalajara, Burgos and Badajoz), alliances, agreements and sponsorship with different sectoral organisations to provide its affiliates with financial services in preferential terms.

The main strategic challenges and trends that will mark the activity of Negocios e Instituciones in the near future are: consolidate the implementation of Ibercaja within the business segment growing in market share, raise awareness of the new digital banking and its functionalities, intensify the participation of professionals and companies in the “Ecosistema+ Empresas” and “Ibercaja Emprende” initiatives, as well as offer specialised solutions for retailers, businesses and the agricultural sector.

OTHER LINES OF BUSINESS

The Group's **Financial Markets area activity** has focused on ensuring the availability of liquid funds on the balance sheet, managing portfolios of fixed-income and equity instruments, planning placements and buy-backs of securities and hedging structured and other deposits.

Ibercaja holds business holdings in various sectors: **Investment in investees** aims to support the **production fabric, preferably SMEs, in projects that contribute to creating wealth and jobs in areas in which the Bank operates**. Hence, the economic benefit that may be provided to the Bank is added to the social advantages. Ibercaja encourages investments in sustainable projects with environmental value and in those companies with high levels of corporate social responsibility.

Under the guidelines of the 2018-2020 Plan, an **active policy of disposals of non-strategic business interests has been implemented**, as well as in those consolidated projects that have reached a sufficient degree of development and autonomy. All of the foregoing, without ruling out the possibility of investing in initiatives that meet the criteria required by the Bank (profitability, sustainability and the promotion of development). In 2020, 14 divestments took place, 8 of them total and 6 partial, with a carrying amount of almost 59 million euros, which generated profits and freed the use of own funds. Investment during the year centred on business projects considered strategic and on development capital funds.

PROGRESS IN DIGITAL TRANSFORMATION AND MULTICHANNELLING

The **Digital Transformation** project, one of the main milestones of the 2018-2020 Strategic Plan, has included the **most advanced technological solutions** into the Entity's business, providing a service aligned with each client's digital capabilities and needs.

The impact of COVID-19 has put the robustness of the Bank's digital channels to the test. Digitalisation has been a fundamental tool to speedily respond to customer needs in this period. The Company's guaranteed service continuity, information management and the channelling of solidarity have been the three axes that have guided activity during the peak months of the crisis.

The Strategic Plan **comes to an end having complied with the main objectives** in the area of digital transformation, both in terms of the use of channels, and due to the level of satisfaction generated, in accordance with the latest study by Inmark 2020.

TRANSFORMATION OF THE RELATIONSHIP MODEL DUE TO COVID-19

- **Continuity of service:** expansion of the Contact Center team to guide the customer through the digitisation process.
- Launch of **Ibercaja Próxima**.
- Channelling of the company's solidarity through the donations platform for crowdfunding vulnerable groups **Vamos Challenges**.
- Communication on the Public Website of **the measures adopted by the Bank to manage COVID-19**.

RELATIONSHIP MANAGEMENT

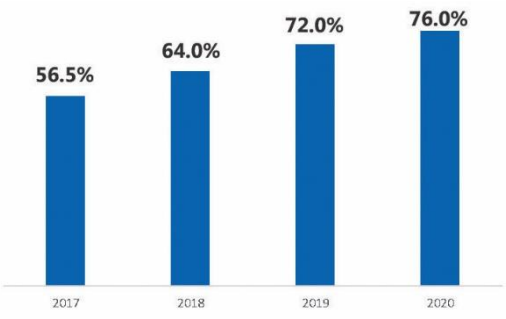
- **"My Manager":** allows individuals and companies to converse, exchange documentation and arrange appointments easily and securely, both in digital and mobile banking.
- **Digital managers:** serve digital customers who need to engage with financial experts.

DIGITAL BANKING

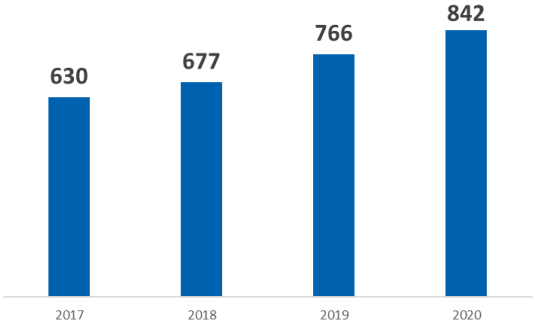
In the last three years, the Bank has renewed its main channels (Private Digital Banking, Company Digital Banking, Mobile Banking, ATMs and Public Website) and it has implemented an advanced design system to guarantee an agile uniform performance of all of them. The most relevant developments in 2020 are:

- **"Starter Mode" in the App:** facilitates accessibility to the Entity's digital assets to anyone regardless of their technical capabilities or financial knowledge.
- **Digital banking For companies and individuals.**
- **Global Securities System.**
- **"Consíguelo":** sales platform, with the possibility of financing, of non-banking products.

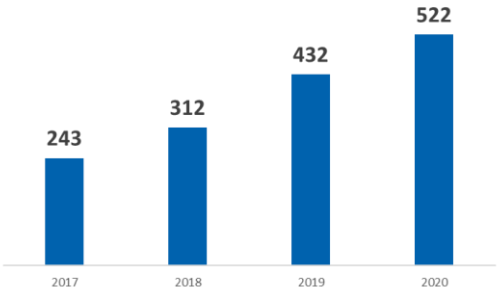
% TRANSACTIONS CARRIED OUT BY REMOTE BANKING



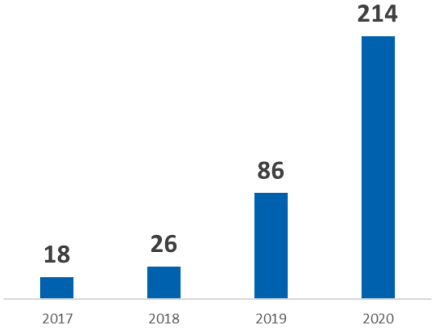
ACTIVE DIGITAL BANKING USERS PER MONTH (THOUSANDS)



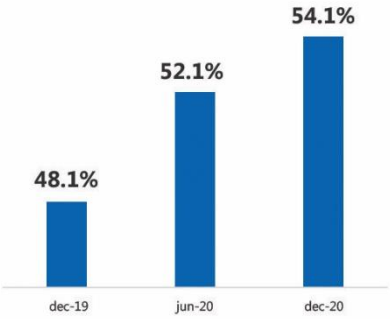
ACTIVE MOBILE BANKING USERS PER MONTH (THOUSANDS)



ACTIVE MOBILE PAYMENT USERS PER MONTH (THOUSANDS)



% DIGITAL CUSTOMERS



PROMOTION OF VIRTUAL SALES

The improvement in virtual sales processes has meant they are made through digital channels:

- 8.5% of **non-subrogated mortgage loans taken out since April**.
- 75% of **consumer loan transactions**.
- The **arrangement of non-life risk insurance.**

BUSINESS MODEL AND SUSTAINABILITY

Since it was formed 145 years ago, the Bank has maintained a **sustainability commitment**, which is reflected in the social, economic and environmental approach of its activities. The Group is aware that financial institutions have a key role in sustainable development, mobilising the necessary capital flows and integrating environmental, social and corporate governance risks and opportunities into management. This purpose was reinforced by the healthcare and economic crisis lived in the last year. In 2019, the Bank created a **cross-cutting Sustainable Finance team**, involving all business areas, to work on the **Sustainability Roadmap** and incorporate ESG aspects into its strategy, decision-making and risk management. In December 2020, the Board of Directors approved the **Group's Sustainability Policy**, including the commitment to sustainable growth and establishing the global sustainability procedural framework.

Ibercaja incorporates sustainability into its business model through different channels, including most notably:

- **Offer of financial products** that contribute to achieving sustainable development by reducing the carbon footprint and mitigating the effects of economic activity on the climate: catalog of investment funds and pension plans managed with ESG criteria, financing of renewable energy projects, financing for companies committed to sustainability and the environment, zero-emission vehicle leasing, etc.
- Environmental care in **energy and property management**: central headquarters recognised as a green building in line with ISO 14001.
- The **Organisation's commitment to the Sustainable Development Goals** of the 2030 Agenda; signing of the United Nations Principles for Responsible Banking, together with the Bank's inclusion in the New Deal for Europe “CEO's call to action” initiative and the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD).
- **Commitment to employees:** development of their capabilities, Family Responsible Company Seal, training in sustainable finance, corporate volunteering, etc.

- **Commitment to society:** our social awareness is inherent in our daily activities and in the obtaining of resources that revert to society through the creation of wealth and welfare and through the social action of the Bank's shareholder foundations

Sections 2 and 6 of this document explain in further depth and quantify the aspects related to sustainability.

FACTORS AND TRENDS THAT MAY AFFECT THE FUTURE PERFORMANCE OF THE GROUP

The tendencies for 2021 are encompassed within a context in which the health crisis has generated a profound economic recession. It is expected that in 2021, the pandemic will be controlled and that the hardest hit sectors will begin to reactivate themselves, and that a decisive fiscal policy will be essential to support the recovery and that the arrival of the NGEU European Funds will enable investments to be undertaken in the area of infrastructures, digitalisation and environment to modernise and relaunch the economy.

In the banking area, the situation of negative interest rates, which pressures income from loans, will be prolonged over time. In this scenario, **the Group's objectives and strategies focus on boosting the profitable growth of loans**, in particular, those aimed at companies, maintaining the pledge for other alternative income sources which, in turn, provide the customer with value-added products and services, such as investment funds and pension plans, accelerating the growth in risk insurance at the same time. The reduction in non-performing assets and of the risk cost, together with the surveillance of default, are priority at a time in which bad debt, contained due to the positive impact of the ICO loans and moratoria, may increase in the most punished sectors of the economy. The reduction in costs constitutes a permanent objective, given the narrowing of margins, competence between companies and a growing offer of financial services by new players.

The pandemic has accelerated changes in the manner of working and socialising. Digitalisation in all areas of business must continue to progress to boost digital proximity with the customer, to make their relationship with the Bank easier and more efficient and to foster efficiency and productivity. Lastly, it is necessary to favour the transition towards a sustainable economy by developing the guidelines expressed in the Sustainability Policy approved by the Board of Directors.

The **specific strategic challenges of each of the business areas** in the short and medium term are described above in the relevant sections.

4.5.5 Financial Group

102-5, 102-45, 103-1, 103-2, 103-3, FS6

THE GROUP IS A SOURCE OF BUSINESS DIVERSIFICATION AND GENERATION OF RECURRING REVENUES. IT PROVIDES THE BRANCH NETWORK WITH FINANCIAL PRODUCTS OF RECOGNISED PRESTIGE AND EXPERT SUPPORT TO STRENGTHEN THE COMMERCIAL RELATIONSHIP WITH CUSTOMERS.

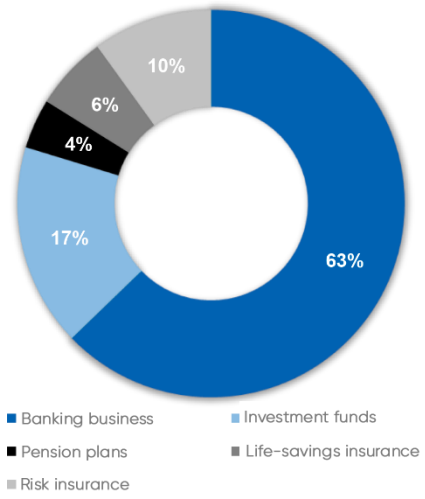
Created in 1988 and wholly owned by Ibercaja, the division is made up of **companies specialising in investment funds, savings and pension plans, bancassurance and leasing.** Its products, targeted at both individuals and businesses, are marketed and sold through the branch network and supplement the Bank's extensive range of banking services.

Innovative capacity *and* ***specialised offerings*** *place the Financial Group in a* ***prominent position among Spanish financial*** *institutions.*

The Financial Group **has an ESG Committee**, whose objective is to promote the implementation of responsible asset management investment strategies. It also **forms part of the Sustainable Finance Team created by Ibercaja Banco** to design and implement the sustainability roadmap, facilitating the Group's adaptation to the regulatory environment, to a greater demand for sustainable products and assuming the Bank's in-house objectives and values.

CONTRIBUTION TO RECURRING REVENUES:

Managed assets and insurance provide **37% of the Group's recurring revenues and 45% of retail customer loans** administered by the Bank, which represents one of the most diversified savings *mixes* of the Spanish national banking sector.



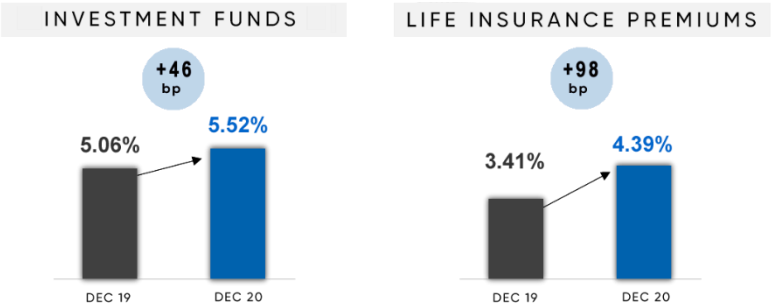
THE COMPANIES THAT FORM PART OF THE FINANCIAL GROUP ARE:

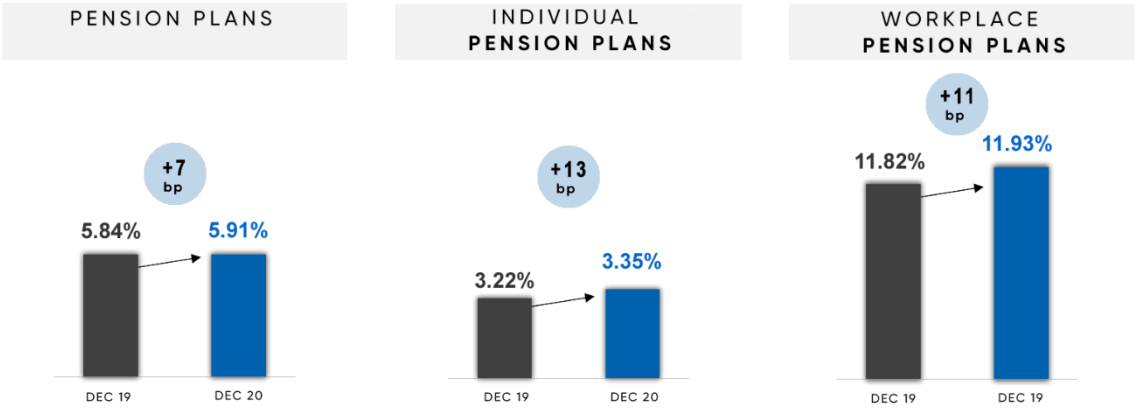
IBERCAJA BANCO

100% OWNED BY IBERCAJA

IBERCAJA GESTIÓN	CIU manager	Equity €15.2 bn	Mkt share 5.5%	#7
IBERCAJA PENSIÓN	Pension plan management company	Equity €7.0 bn	Mkt share 5.9%	#5
IBERCAJA VIDA	Life insurance broker	Technical reserves €7.0bn	Mkt share 3.6%	#7
IBERCAJA LEASING	Leasing & Renting	Outstanding investment €0.6 bn	Mkt share 2.8%	#10
IBERCAJA MEDIACIÓN	Insurance brokers	Premiums €0.3bn	Alliance with Caser	caser insurance

DESPITE THE COMPLICATED BACKDROP, IBERCAJA GAINED MARKET SHARE IN KEY SEGMENTS:





MANAGEMENT OF COLLECTIVE INVESTMENT UNDERTAKINGS

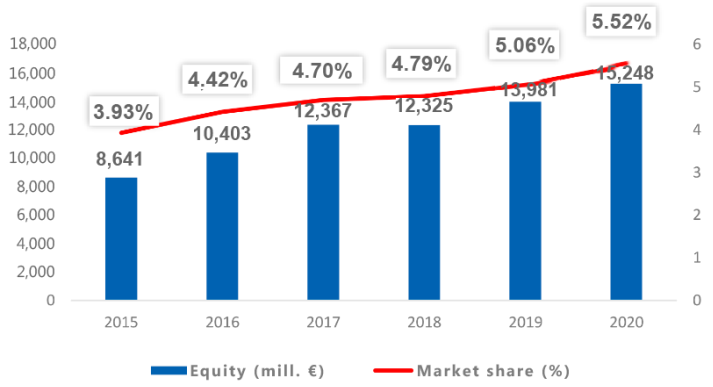
Ibercaja Gestión, SGIIC, S.A. is the company tasked with managing the Group's investment funds.

The **assets managed by Ibercaja Gestión** **(15,248 million euros)** were up by 9.1% vs. 0% sector. This progress, the second among the ten largest managers of our country, has been fueled by the Bank's commercial activity and the rapid recovery of fund portfolios, following the significant falls experienced on markets in March.

- **Net contributions** (1.167 million euros), are up by more than 50% on those of 2019, constituting the second leading bank with the best attraction figures in Spain in 2020.
- **Weighted average returns** were 1.80%, as compared with a sector average of 1.04%. 70% of the funds administered by Ibercaja Gestión ended the year with gains.

The **market share**, **5.52%** (source: INVERCO), reached a new record high, adding **46 basis points** since the previous December. In the past five years, the management company's market share in the investment fund industry has increased by 159 basis points. The Company consolidated its **seventh position in the sectoral ranking.**

TRENDS IN ASSETS AND MARKET SHARE IN INVESTMENT FUNDS:



Ibercaja Gestión has 100 investment funds tailored to each investor and capable of obtaining returns in any market situation. It also manages 11 SICAVs in Spain with a volume of 63 million euros and one Ibercaja Global Internacional, registered in Luxembourg, with assets of almost 40 million euros, for private banking customers.

The **commitment to socially responsible investment** is reflected in the **net inflows of more than 165 million euros** received by the Ibercaja Sostenible y Solidario and Ibercaja Megatrends funds. Aside from providing significant returns to the unitholders, it converts them into fund investors that consider social, environmental and governance criteria in the selection of assets and promote the best business practices.

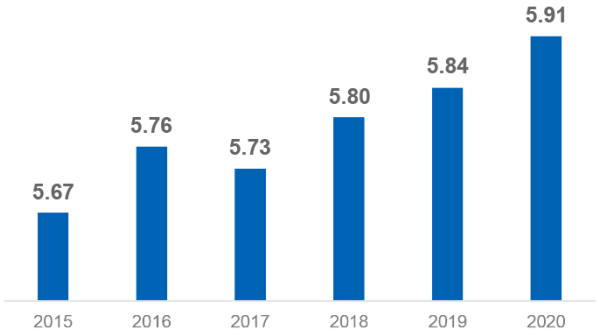
In the 2020 edition of the **Expansión-AllFunds Bank** prizes, Ibercaja Gestión was the finalist in the "Best National Manager", "Best Fixed Income Manager", "Best Asset Allocation Manager" and the "Best Equity Manager".

PENSION PLAN MANAGEMENT

Ibercaja Pensión, EGFP, S.A. is the Group company engaged in managing different kinds of pension plans. The company is a signatory of the United Nations Principles for Responsible Investment and a founding member of Spainsif, the Spanish forum for Socially Responsible Investment.

The **assets managed** at year-end, **7,010 million euros**, were 3.2% up on 2019 (sector 1.8%). The **market share** reached an all-time high of **5.91%**, after **gaining 7 basis points** during the year, and the Gestora retained its **fifth position** in the sector ranking (source: INVERCO).

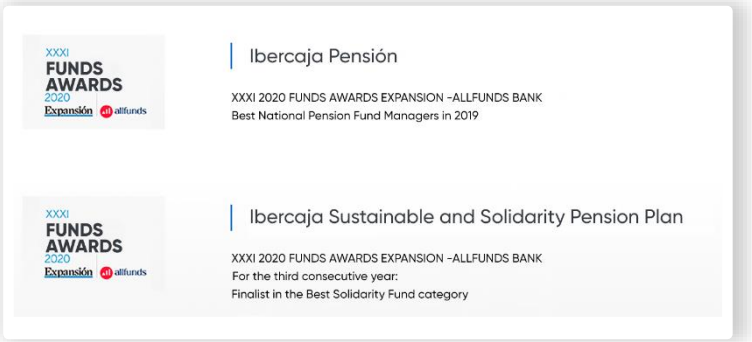
TREND IN PENSION PLAN MARKET SHARE:



Savings managed in **individual system pension plans** increased by 6.9% to 2,751 million euros, greatly above the variation experienced by the sector (+2.7%). Customer contributions totalled 176 million euros, up 10.9% on 2019, exceeding the increase of the industry as a whole, which stood at 6.8%. **Market share**, **3.35%**, advanced **13 basis points** since December 2019, moving the company up to **seventh position in the sector ranking** (source: INVERCO). The number of customers with individual plans increased by 6,361 to a total of 204,826.

Assets managed in **employment plans** amounted to 4.258 million euros, up 0.9% on 2019 (sector -0.1%). The **market share**, **11.93%**, added **11 basis points** and the Company consolidates its position in **third place** among Spanish fund managers (source: INVERCO). This system comprises 69,000 unitholders through 15 plans. Ibercaja Pensión administers two of the ten largest plans in the country.

The growing concern of the Company for a **more sustainable future** acquired special significance as a result of the pandemic. Ibercaja Pensión, committed to sustainable development, **extended the range of products of this profile, with the** inclusion of the new mixed fixed income PIP Confianza Sostenible, which accompanies the already existing PIP Europa Sostenible (equity) and PIP Sostenible y Solidario (mixed equity). **This category of plans concentrates 26% of yearly contributions and 12% of assets in individual plans**.



Ibercaja Pensión has been awarded the prize for the **best national pension fund manager** for the fourth time by **Expansión-AllFunds Bank**. Likewise, the PIP Sostenible and Solidario was chosen as finalist in the "Best Solidarity Fund" category.

INSURANCE BUSINESS

The Group's insurance business is carried on through **two companies operating in the life and non-life lines**, providing products and specialised support to Ibercaja Banco's branch network:

- **Ibercaja Vida Compañía de Seguros y Reaseguros S.A.U.** is a life insurance company that has specialised in the bancassurance business since 1996. The Bank markets life-savings and life-risk insurance, brokeraged through Ibercaja Mediación, distributing it through the Ibercaja Banco commercial network.

- **Ibercaja Mediación de Seguros, S.A.U.** is engaged in general insurance brokerage. It markets, through the Bank's branch network, risk and retirement savings insurance for individuals and companies. The Bank has a strategic alliance with Caser in the non-life insurance area.

LIFE-SAVINGS INSURANCE

Life-savings insurance provisions, **6,863 million euros**, fell by 5.6% due to low interest rates. Systematic savings insurance, 3,417 million euros, represents 50% of the volume managed. Life and temporary annuities, which accounted for 30% of the total, amounted to 2,074 million euros. To make savings profitable in the current interest rate environment and to maintain the tax advantages associated with PIAS, at the end of 2018 PIAS LINK was launched: four investment baskets with different weights of equity. The current balance stood at 850 million euros, up 536 million euros in the year.

RISK INSURANCE

Risk insurance premiums, **276 million euros**, were similar to those of the previous year.

- **Non-life insurance premiums**, **200 million euros**, increased by 0.9% and the number of policies rose to 627,158. The boost to the activity is the outcome of the commercial effort and the alliance with Caser for distribution through the network of offices of this type of insurance. The market share in non-life insurance premiums, 0.54%, remains stable compared to 2019 (source: in-house based on data published by ICEA).

  The most significant progress by insurance type relates to death insurance (+3.0%), multi-risks (+2.2%) and health (+2.1%). In 2020, the “Car 4 Car” insurance policy began to be marketed, which replaces the insured vehicle with another of similar characteristics in the event of a total loss, and the rental insurance, aimed at protecting the interests of home owners.

  In 2020, the distribution agreement signed with Caser was novated, whereby a new business plan was set for 2020-2029.

- The **life-risk insurance premiums** dropped by 2.7% to **76 million euros**. Ibercaja Vida is the main support for this type of insurance within the “Risk Project”. The Group's market share in accrued premiums amounted to 2.05%. (source: in-house based on data published by ICEA).

Ibercaja Vida's effort in an exceptionally complicated year meant that the **premiums accrued in the total life insurance policies amounted to 958 million euros**. The increase (+2.1%) contrasts with the significant fall suffered by sector (-20.7%). As a result, market share rose from 3.41% in December 2019 to 4.39% today, moving up to fourth place in the sector ranking (source: ICEA).

The **solvency ratio of Ibercaja Vida** stood at **220.5%,** amply exceeding the legal limit set of 100%.

LEASING AND RENTING

Ibercaja Leasing y Financiación S.A. specialises in financing productive activities through leasing and renting. It provides the branch network with products for SMEs, professionals and individuals to finance their investments in fixed assets and access goods under operating leases.

The **outstanding risk**, **561 million**, dropped by 9.3% (sector -9.4%). **Market share**, **2.85%**, adds **1 basis point** (source: Spanish Leasing Association). The **amount of the executions** is **186 million euros** and their **share** with respect to the sector was **3.47%**. Of the global volume of new transactions, 55% were earmarked to the financing of non-industrial vehicles, 22% to industrial vehicles, 16% to machinery, 3% to IT equipment and the remainder (4%) to property, furniture and other facilities. It must be highlighted that approximately **four out of ten transactions arranged corresponded to the vehicle renting business.**

The NPL ratio of Ibercaja Leasing y Financiación S.A. of 2.65% was far lower than the average for credit institutions (6.64% in November). In turn, the coverage ratio stood at 68% of doubtful balances.

The Company's commitment to take care of the environment was revealed through the financing of solar plates, through operations involving finance leases and means of transport that encourage sustainable mobility, such as electrical and hybrid vehicles and electrical scooters. The **rental vehicle fleet** was **4,303 units**, of which more than 55% were considered to be ecological due to their low CO2 emissions.

iberCaja

5 SIGNIFICANT INFORMATION OF THE IBERCAJA GROUP: KEY FIGURES

EL BANCO DEL vamos

5.1 Highlights for the period at the Ibercaja Group

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IN A CONTEXT DOMINATED BY THE COVID-19 PANDEMIC AND ITS ECONOMIC CONSEQUENCES, THE GROUP'S STRENGTH AND ITS COMMITMENT TO SOCIETY WERE BROUGHT TO LIGHT.

Ibercaja achieved a high level of commercial activity, overcoming the difficulties of the surroundings. Noteworthy is the growth in key segments for the bank's business strategy, such as investment funds and pension plans, whose market shares scale to historical highs.

- Growth in the management of assets and life insurance of 4.9%, despite the complicated market environment, tied to that of deposits (+10.4%), enables **retail customer funds** to grow by **7.9%.**
- **Net attractions in investment funds**, 1,167 million euros, increased the market share to 5.52%, up **46 basis points** on last December. Likewise, in **pension plans,** the market share, 5.91%, rose by **7 basis points.** The combined market share in asset management and life insurance was 5.0%.
- **Arrangements of loans**, **6,424 million euros**, increased notably by 18.2% on those of 2019. Those aimed at **non-real estate productive assets**, 3,762 million euros, rise by **32.0%**, in response to the lending needs of SMEs and self-employed workers. The new operations to **acquire homes** also maintain a **good rate**, with progress of **25.6%**, which has enabled the Bank to earn a market share in this segment.
- The **digitalisation strategy** has been decisive in the exceptional circumstances of the year making customer care possible without reducing service quality. Total **digital customers** grew by 10.0% in the year, to 842,486, thanks to the increase in users of the mobile App (+20.7%) and of Ibercaja Pay (+148.4%), and **76% of the transactions** are now made by digital channels, as opposed to 72% at the end of 2019. In turn, 8.5% of the mortgages signed from the second quarter and 75% of consumer loans were made on digital devices.

The generation of earnings has been conditioned by negative interest rates, the provisions to cover the potential economic impact of the pandemic on the loan portfolio and the extraordinary expenses associated with the layoff plan agreed with the trade union representatives.

- The **interest margin** was hit by the **repricing of the loan portfolio,** due to the fall in the rates curve and the **lower contribution of the debt portfolio**. Meanwhile, **fees** decreased due to the economic recession and the performance of financial markets.
- **Operating costs without extraordinary costs** fell by **5.4%,** as a result of the decline in staff costs and other general administration costs, the result of the effort being made by the Bank in the digitalisation and streamlining of processes.
- In December, Ibercaja signed a layoff plan with **workers' representatives** which could be availed of by up to a maximum of 750 people. Employee departures will be scaled until June 2022. Paid redundancies have meant an **extraordinary expense of 151 million euros**. This initiative intended to streamline overheads is encompassed within a strategic objective of improving the Group's efficiency and productivity.
- The Bank provisioned **90 million euros** in the year, due to the credit risk, aimed at covering possible economic contingencies arising from COVID-19. The **cost of the risk** reached **71 basis points** and, isolating the extraordinary write-down, it was reduced to **43 basis points**.
- Without considering the extraordinary provision for COVID-19, profit before tax amounted to 143 million euros, up 11.5% on 2019.

The reduction in non-performing assets has continued to improve the Group's risk profile which, together with the strengthening of the solvency ratios, places Ibercaja in a favourable position to successfully face the unexpected change in the economic scenario.

- **Doubtful assets** dropped by **21.7%, as opposed to 2.7% of the sector** (last information at November), with the default rate falling by 76 basis points to **3.2%**.
- The **aggregate of problem exposure, doubtful and foreclosed assets** was reduced by 286 million euros. The **problem asset rate**, **5.1%,** has fallen by 71 basis points since December last year. The **coverage ratio** of these assets, **62.2%,** rose by 10.6 percentage points due to the extraordinary provisions recognised in the year.
- The **CET1 fully loaded ratio**, 12.59%, **rose 124 basis points**, while the total capital ratio rose to 17.26% (+181 bp vs. December 2019), comfortably exceeding, in both cases, the SREP 2020 requirements.

- The Bank has attained the strategic objectives relating to solvency ratios, the reduction of NPAs and the coverage ratio of problem assets set out in the 2018-2020 Strategic Plan.
- The Group has a **sound funding structure** based on the deposits of retail customers that account for **78.4%** of external funding, so the retail loan-to-deposit (LTD) ratio is below 100%. The **Group's liquid assets** represent **25.6% of the balance sheet** and comfortably cover all wholesale debt maturities.

Key indicators

FIGURES ROUNDED TO MILLION EUROS AND %

BALANCE SHEET	31/12/2020	31/12/2019	Var. %
Total assets	58,401	55,422	5.4
Gross loans and advances to customers	31,590	32,563	(3.0)
Performing loan portfolio exc. reverse repurchase agreements	28,956	29,654	(2.4)
Total retail resources	65,411	60,643	7.9
Equity	3,218	3,241	(0.7)
Retail turnover	94,367	90,297	4.5

RESULTS	31/12/2020	31/12/2019	Var. %
Net interest income	534	547	(2.5)
Gross income	1,002	927	8.1
Income before write-offs	283	326	(13.2)
Profit/(loss) attributable to the Parent	24	84	(71.9)

EFFICIENCY AND PROFITABILITY	31/12/2020	31/12/2019	Change
Recurring cost-to-income (ordinary expenses/recurring revenues)	62.5	63.7	(1.2) pp
ROA (profit attributable to the parent company/total average assets)	0.04	0.16	(0.12) pp
RORWA (profit attributable to the parent company/APR)	0.1	0.4	(0.3) pp
ROE (profit attributable to the parent company/average own funds)	0.8	3.0	(2.2) pp
ROTE (profit attributable to the parent company/average tangible own funds)	0.9	3.2	(2.3) pp

RISK MANAGEMENT	31/12/2020	31/12/2019	Change
Non-performing balances (loans and advances to customers)	1,013	1,293	(21.7%)
Non-performance rate of loans and advances to customers (%)	3.2	4.0	(0.8) pp
Ratio of Problem assets (%)	5.1	5.8	(0.7) pp
Coverage of doubtful risks	647	644	0.5%
Nonperforming loans coverage ratio (%)	63.9	49.8	14.1 pp
Coverage of exposure to distressed assets (%)	62.2	51.6	10.6 pp

LIQUIDITY	31/12/2020	31/12/2019	Change
Liquid assets / Total assets	25.6	20.7	4.9 pp
Loan-to-deposit ratio (LtD)	81.1	92.5	(11.4) pp
LCR ratio (%)	468.1	307.1	161.0 pp
NSFR ratio (%)	151.5	131.4	20.1 pp

SOLVENCY	31/12/2020	31/12/2019	Change
CET1, phase-in (%)	13.62	12.27	1.35 pp
Solvency ratio, phase-in (%)	18.27	16.36	1.91 pp
Leverage ratio, phase-in (%)	6.26	5.85	0.41 pp
CET1 - fully loaded (%)	12.59	11.35	1.24 pp
Total capital, fully loaded (%)	17.26	15.45	1.81 pp
Leverage ratio, fully loaded (%)	5.85	5.48	0.37 pp

ADDITIONAL INFORMATION	31/12/2020	31/12/2019	Var. %
No. Group employees	5,307	5,304	0.1
No. of offices	1,031	1,084	(4.9)

5.2 Analysis of the main balance sheet figures

102-7, 103-1, 103-2

SIGNIFICANT PROGRESS OF RETAIL CUSTOMER FUNDS WHILE ASSET QUALITY INDICATORS WERE REINFORCED IN A CRISIS SCENARIO.

Key figures on the consolidated balance sheet:

FIGURES ROUNDED TO MILLION EUROS

	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Cash and credit institutions	7,884	4,573	3,311	72.4
Loans and advances to customers	30,942	31,919	(977)	(3.1)
Securities portfolio	16,465	15,787	678	4.3
Tangible assets	961	984	(23)	(2.3)
Intangible assets	237	213	25	11.5
Other assets	1,911	1,947	(36)	(1.8)
Total assets	**58,401**	**55,422**	**2,979**	**5.4**
Deposits from credit institutions and central banks	6,579	5,933	646	10.9
Customer deposits	37,881	34,925	2,957	8.5
Debt securities issued	1,341	1,480	(140)	(9.4)
Liabilities under insurance contracts	7,522	7,785	(263)	(3.4)
Provisions	393	316	77	24.5
Other liabilities	1,466	1,742	(276)	(15.8)
Total liabilities	**55,182**	**52,181**	**3,001**	**5.8**
Equity	**3,218**	**3,241**	**(23)**	**(0.7)**
Total equity and liabilities	**58,401**	**55,422**	**2,979**	**5.4**

Assets

Total assets on the consolidated balance sheet came to **58,401 million euros**, 5.4% more than at year-end 2019.

Loans and advances to customers recognised as financial assets at amortised cost and financial assets not held for trading which must be measured at fair value through profit or loss came to **30,942 million euros**, 3.1% less than at year-end 2019. In gross terms, i.e., without value adjustments for impairment of assets and other impairments, the loan portfolio amounted to 31,590 million euros. Sound investment, excluding non-performing assets and the temporary acquisition of assets, 28,956 million euros, fell by 2.4%.

The **arrangement of loans and credits** **totalled 6,424 million euros**, up 18.2% on 2019, with a clear prominence of financing for non-real estate productive activities (+32.0%), which represented 59% of the total, boosted by the granting of ICO credit facilities guaranteed by the State. Private home purchase loans totalled 22% of new production, with a rise of 25.6% in the year. In this housing segment, noteworthy was the granting of fixed-rate mortgages, which accounted for little more than 40% of the total in 2019 to 80% at present. This jump is the result of an attractive offer which has enabled 78 basis points of market share of new production to be won in 12 months. By geographical markets, the Home Markets and Madrid accounted for 37% and 30%, respectively, of lending in the year, while 18% was for the Mediterranean Basin. Additionally, **the arrangement of working capital loans** for companies generated **6,441 million euros**.

DISTRIBUTION OF LOANS AND ADVANCES TO CUSTOMERS BY PURPOSE:

ROUNDED FIGURES IN MILLIONS OF EUROS

	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Loans to households	20,383	20,524	(141)	(0.7)
Housing	18,615	18,932	(317)	(1.7)
Consumer loans and other	1,768	1,592	176	11.1
Loans to companies	7,498	7,718	(221)	(2.9)
Real estate development	941	1,058	(117)	(11.1)
Non-real estate productive activities	6,557	6,661	(104)	(1.6)
Public sector and other	1,075	1,412	(337)	(23.9)
Gross loans, ex impairments and reverse repos	**28,956**	**29,654**	**(699)**	**(2.4)**
Reverse repurchase agreement	1,621	1,616	5	0.3
Impaired assets	1,013	1,293	(280)	(21.7)
Loans and advances to customers, gross	**31,590**	**32,563**	**(974)**	**(3.0)**
Impairment losses and others	(647)	(644)	(3)	(0.5)
Loans and advances to customers	**30,942**	**31,919**	**(977)**	**(3.1)**

Performing **loans allocated to productive activities** amounted to 7,498 million euros, representing a decrease of 2.9%. Within this segment, the **funding of non-real estate productive assets** dropped by 1.6%, due to the loss, in the fourth quarter, of the initial promotion of ICO loans, and to the contraction of working capital loans and leasing, as a result of the fall in activities and of investment at a large number of companies. **Home loans** fell by 0.7%. Its main component, **home loans**, dipped by 1.7%. The significant increase in new production of 25.6% was insufficient to counteract the natural portfolio maturities. In turn, consumer and other home loans, with a limited weight with respect to total investment, rose by 11.1%, due to the effect of advance payments for pensioners, while consumer loans fell.

Asset **quality indicators** **performed well**. Impaired loans and advances to customers, 1,013 million euros, fell by 21.7%, due to the reduced rate of additions with respect to 2019. This contraction was considerably greater than that of the sector (-2.7% with the latest Bank of Spain information from November). The default rate, 3.2%, fell by 76 basis points on 2019 year-end. The home acquisition rate, the highest exposure within the Group's portfolio, was 2.3%, and its doubtful assets, with a lower expected loss due to the associated collateral, represented 43% of total impaired assets, as opposed to 29% in the sector. The coverage ratio of non-performing exposure rose by over 14 percentage points to 63.9%.

ASSET QUALITY INDICATORS (DOUBTFUL ASSETS, FORECLOSED ASSETS AND COVERAGE):

	MILLIONS OF EUROS AND %	
	31/12/2020	**31/12/2019**
Non-performing loans and advances to customers	1,013	1,293
Loans and advances to customers (gross)	31,590	32,563
Non-performance rate of loans and advances to customers (%)	**3.2**	**4.0**
Distressed assets (non-performing loans and advances to customers + repossessions)	1,632	1,918
Exposure (loans and advances to customers + repossessed assets)	32,209	33,188
Problem asset ratio (%)	**5.1**	**5.8**
Non-performing loans and advances to customers	1,013	1,293
Coverage of non-performing exposures	647	644
Coverage of non-performing risks (%)	**63.9**	**49.8**
Foreclosed assets (gross carrying amount)	620	625
Coverage of foreclosed assets	367	346
Coverage ratio of foreclosed assets (%)	**59.3**	**55.4**
Distressed assets (non-performing loans and advances to customers + repossessions)	1,632	1,918
Coverage of Problem assets	1,014	990
Coverage rate of Problem assets (%)	**62.2**	**51.6**
Distressed assets (non-performing loans and advances to customers + repossessions)	1,632	1,918
Equity and problem asset coverage	3,875	3,812
Texas Ratio (%)	**42.1**	**50.3**

The **portfolio of foreclosed properties** recorded under the balance sheet captions “Investment property”, “Inventories” and “Non-current assets held for sale”, totals **620 million euros** gross, down 0.9% on 2019 year-end. Although additions fell (-1.9%), sales dipped due to the paralysation of the economy and the housing market. Coverage of these real estate assets was up by almost 4 percentage points to 59.3%, climbing to almost 65.8% in the case of land. The net value of foreclosed properties stood at 252 million euros, representing just 0.4% of the balance sheet.

Problem assets, amounting to **1,632 million euros**, the sum of non-performing loans and advances to customers and foreclosed properties, fell 286 million euros or 14.9% in relative terms. After deducting coverage, they account for 1.1% of assets. The ratio of problem assets, 5.1%, fell by 71 basis points and the coverage ratio amounted to 62.2%, up 10.5 percentage points on December 2019. The Texas ratio, which relates problem assets to equity and coverage, decreased to 42.1%, thus improving by 8.2 percentage points in the last 12 months.

The main aim of the Group's refinancing and debt restructuring policy is to help borrowers experiencing temporary financial difficulties meet their obligations and also, where possible, to improve risk quality by securing additional collateral. **Refinanced loans** amounted to **737 million euros**, down 25.5% on year-end 2019 and accounting for 2.3% of gross loans and advances to customers. 67.5% of refinanced loans are classified as non-performing and their coverage is 38.4%.

The **portfolio of fixed income securities, shares and other equity interests in Group companies** amounted to **16,465 million euros**, of which 7,556 million euros relate to the insurance activity.

The **banking activity portfolio**, 8,909 million euros, rose by 637 million euros in the year.

- The ALCO portfolio administered by the Parent, 8,439 million euros, rose by 714 million. It is made up of low-risk bonds, mainly Spanish government debt (63%) and Sareb bonds (20%), with an average duration, including coverage, of 3.9 years. The objective here is to soundly manage balance sheet interest rate risk, generate recurring earnings to strengthen interest margins and help maintain comfortable levels of liquidity. According to the accounting classification, almost 99% of these financial assets are classified at amortised cost. In 2020, the Bank sold national public debt securities, classified at amortised cost, for a nominal value of 1,382 million euros. The result obtained and booked under “Result from financial transactions” amounted to 115 million euros. This sale was made in response to the extraordinary circumstances of the COVID-19 pandemic and the unusual scale of the challenges involved.

- Equity, 430 million euros, comprised investments in unlisted companies in strategic sectors for the Bank or intended for the territorial development of the regions in which the Bank operates, together with listed shares of domestic and foreign companies. In the year, it fell by 50 million euros, mainly due to the sale of a holding in 4.45% of Caser's capital.

The **insurance activity portfolio** amounted to 7,556 million euros, with a rise of 41 million euros.

- Fixed income, 6,702 million euros, mainly formed by Spanish public debt and bank borrowings, fell by 501 million euros. These assets are mainly classified as "Financial assets at fair value through other comprehensive income".

- Equity, 855 million euros, rose by 542 million euros, owing to Ibercaja Vida's increased investment in units in investment funds that are managed jointly with liabilities under insurance contracts (unit-linked) measured at fair value.

DETAILS OF SECURITIES PORTFOLIO:

BY ACCOUNTING CLASSIFICATION	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**852**	**364**	**488**	**134.3**
Debt securities	28	79	(51)	(64.4)
Equity instruments	824	285	539	189.3
Financial assets at fair value through profit or loss	**9**	**9**	**0**	**(3.8)**
Debt securities	9	9	0	(3.8)
Financial assets at fair value through other comprehensive income	**7,023**	**8,086**	**(1,063)**	**(13.1)**
Debt securities	6,669	7,689	(1,019)	(13.3)
Equity instruments	354	398	(44)	(11.0)
Financial assets at amortised cost	**8,474**	**7,218**	**1,256**	**17.4**
Investments in joint ventures and associates	**107**	**110**	**(3)**	**(3.0)**
Total securities portfolio	**16,465**	**15,787**	**678**	**4.3**

BY ACTIVITY AREA	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Banking business	**8,909**	**8,272**	**637**	**7.7**
From which fixed income / ALCO portfolio	8,439	7,725	714	9.3
From which equity	430	480	(50)	(10.5)
Insurance business	**7,556**	**7,515**	**41**	**0.5**
From which fixed income portfolio	6,702	7,203	(501)	(7.0)
From which equity	855	312	542	173.7
Total securities portfolio	**16,465**	**15,787**	**678**	**4.3**

The **balance of assets at central banks and credit institutions and in cash**, **7,884 million euros**, increased by 3,311 million euros, and mainly concentrated in cash balances at central banks. This increase is due to the financing obtained from the ECB, after participating in the TLTRO III, and to the increased liquidity arising from the growth of retail deposits.

The **liability-side positions facing central banks and credit entities** amounted to **6,579 million euros**, 646 million euros more than in 2019. The **financing from the ECB**, 5,371 million euros, rose by 3,742 million euros, a movement that is explained by the maturity of financing relating to the TLTRO II programme (1,650 million euros) and the awarding of 5,400 million euros in the TLTRO III auction in June 2020. The deposits of credit institutions, 1,208 million euros, fell by 3,096 million euros, mainly as a result of the maturity of short-term operations on the monetary market performed in December 2019.

BREAKDOWN OF CASH AND ASSETS AT CREDIT INSTITUTIONS AND DEPOSITS FROM CREDIT INSTITUTIONS AND CENTRAL BANKS:

ROUNDED FIGURES IN MILLIONS OF EUROS

	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Cash and cash balances at central banks and other demand deposits	7,573	3,929	3,643	92.7
Credit institutions (financial assets at amortised cost)	312	644	(332)	(51.6)
Cash and credit institutions	**7,884**	**4,573**	**3,311**	**72.4**
Central bank deposits	5,371	1,629	3,742	229.7
Deposits from credit entities	1,208	4,304	(3,096)	(71.9)
Deposits from credit institutions and central banks	**6,579**	**5,933**	**646**	**10.9**

Tangible assets total led **961 million euros**, with a decrease in the year of 2.3%, largely on account of the reduction in investment property and property, plant and equipment for own use. **Intangibles assets**, **237 million euros**, comprise goodwill, other items generated from the acquisition of Caja3 and computer software. The increase of 11.5% year-on-year relates to the investment in strategic projects derived from the Plan+ 2020.

Tax assets total **1,345 million euros** and, within this heading, monetisable assets, whose recoverability does not depend on future tax earnings, amounted to 629 million euros.

Equity and liabilities

Customer deposits, **37,881 million** euros, increased by 2,957 million euros or 8.5% in relative terms. Minority deposits, demand savings and traditional time deposits without mortgage-backed bonds or repos grow by 10.4% year-on-year, amply offsetting maturity, 217 million euros of singular mortgage bonds. The uncertainty generated by the healthcare crisis and the contraction of consumption boosted family savings. In turn, taking advantage of ICO guarantee facilities, companies have stored up liquidity, to face the consequences of a halt in activity and a decline in demand. The most liquid deposits, demand accounts, rose by 4,505 million euros or 15.8%, as a result of the increased savings tendency and the transfer (in the amount of 1,112 million euros) from traditional time deposits, which fell by 26.1%, due to low profitability in line with the performance of market interest rates.

Debt securities issued, **1,341 million euros**, dropped by 140 million euros, due to the maturity of mortgage-backed bonds (87 million euros in nominal value) and securitisation liabilities (51 million euros in nominal value). In January, Ibercaja made a repo offer to holders of the subordinated debt emission performed in 2015. At the same time, it made a new emission of 500 million euros, expected to mature on 23 July 2030 at an initial cost, 2.75%, lower than that of the 2015 emission. The new bonds count as level 2 (Tier 2) capital instruments, for the purposes of shareholder equity requirements, in line with Regulation (EU) 575/2013, of 26 June 2013, on the prudential requirements of credit institutions and investment companies.

Liabilities **under insurance or reinsurance contracts**, **7,522 million euros**, fall 3.4% as a result of the negative impact of low interest rates on the performance of savings-life insurance.

Retail customer loans increased by 7.9% to **65,411 million euros**. The growth in minority deposits indicated previously was accompanied by that of safe assets under management, which accounted for 45% of the total, grew 4.9%, driven by the Bank's policy of directing savings towards products with greater expectations of returns for the customer and by the capital gains accumulated during the year.

DETAILS OF TOTAL RETAIL CUSTOMER FUNDS:

ROUNDED FIGURES IN MILLIONS OF EUROS

	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Retail deposits	36,165	32,772	3,393	10.4
Demand deposits	33,014	28,509	4,505	15.8
Term deposits (exc. mortgage-backed bonds)	3,151	4,263	(1,112)	(26.1)
Asset management and insurance	29,246	27,870	1,375	4.9
Total retail customer loans	**65,411**	**60,643**	**4,768**	**7.9**

Provisions on the liability side of the balance sheet, **393 million euros**, comprise funds for pensions and similar commitments, outstanding labour costs and other provisions. The new provisions recognised (mainly the employment cost associated with the layoff plan agreed with a majority of the workers' representatives in December), the use of balances from previous years and the reversion due to the prescription of contingencies associated with employment costs gave rise to a net variation in the balance of 77 million euros.

Equity totalled **3,218 million euros,** representing 23 million euros less than at 2019 year-end. The growth in Shareholders' equity of 22 million euros only partially offsets the reduction by 44 million euros “under” Other accumulated comprehensive income”, due to the decrease in unrealised gains tied to equity instruments and debt securities.

5.3 Income statement

103-1, 103-2

IBERCAJA EARMARKS 90 MILLION TO COVER POSSIBLE CONTINGENCIES ARISING FROM COVID-19.

Main headings of the income statement:

	ROUNDED FIGURES IN MILLIONS OF EUROS			CHANGE	% ATA (*)	
	31/12/2020	31/12/2019	CHANGE	(%)	DEC-20	DEC-19
Net interest income	**534**	**547**	**(14)**	**(2.5)**	**0.96**	**1.04**
Net commissions and exchange differences	375	395	(20)	(5.0)	0.68	0.75
Gains/(losses) on financial assets and liabilities	119	7	112	-	0.21	0.01
Other operating profit/(loss)	(26)	(23)	(3)	(15.1)	(0.05)	(0.04)
Other operating income/expense	(32)	(36)	4	10.9	(0.06)	(0.07)
Dividends	5	13	(7)	(58.8)	0.01	0.02
Earnings at equity-accounted entities	1	0	0	34.3	0.00	0.00
Gross income	**1,002**	**927**	**75**	**8.1**	**1.81**	**1.76**
Operating expenses	719	600	118	19.7	1.30	1.14
. of which: recurring expenses	567	600	(33)	(5.4)	1.02	1.14
Profit before write-downs	**283**	**326**	**(43)**	**(13.2)**	**0.51**	**0.62**
Provisions, impairments and other write-offs	226	185	41	22.4	0.41	0.35
. of which: COVID-19 write-downs	90	-	90	-	0.16	-
Other gains and losses	(4)	(13)	9	69.8	(0.01)	(0.03)
Profit/(loss) before tax	**53**	**129**	**(75)**	**(58.4)**	**0.10**	**0.24**
Taxes	30	45	(15)	(33.1)	0.05	0.08
Consolidated profit/(loss) for the year	**24**	**84**	**(60)**	**(71.9)**	**0.04**	**0.16**
Profit/(loss) attributable to the Parent	**24**	**84**	**(60)**	**(71.9)**	**0.04**	**0.16**
(*) AVERAGE TOTAL ASSETS	**55,479**	**52,780**	**2,699**	**5.1**		

The **interest margin**, **534 million euros**, fell by 2.5% year-on-year, due to the fall in loan income, the lower contribution of the fixed-income portfolio and the lower contribution of the Group's insurance business. Part of these negative impacts were counteracted by the lower cost of retail and wholesale financing, the favourable conditions of the loan obtained from the ECB in response to the crisis and the saving of finance costs originated by the measures adopted by the ECB in October 2019, increasing the excess liquidity with respect to the cash ratio not penalised at negative rates.

Loan **income** dropped by 8.4%, due to the fall-off in the volume of the portfolio and the lower unitary returns. The average rate, 1.36%, shrunk by 9 basis points in a year, as a consequence of the reappreciation of the mortgage loan portfolio following the drop in the 12-month Euribor (8 bp average in the year) and the arrangement of ICO loans at reduced rates. In turn, the **retail saving cost** fell due to the lower balance and

the rate of term deposits and the collection, in certain circumstances, of payable balances into company sight accounts. The **customer spread**, 1.37%, fell by 6 basis points in the year.

The **return on the fixed-income portfolio**, **57 million euros**, represents 8.9% of total finance income. The y-o-y decrease of 18% is due to the rate reduction (0.66% vs. 0.97% in 2019), due to the portfolio rotation offset partially by the higher average balance.

The **cost of wholesale issues** **53 million euros**, fell by 20.0% as a result of the repurchase and repayment of wholesale subordinated debt issued in 2015 and the subsequent issue of 500 million euros at a lower rate, together with the maturity of unrenewed mortgage-backed bonds.

The **spread on the Group's balance sheet was** **0.96%**, representing 8 basis points below that recognised in 2019.

BREAKDOWN OF INTEREST MARGIN:

	YEAR 2020			YEAR 2019			CHANGE 20/19		
(FIGURES ROUNDED TO MILLIONS OF EUROS)	BALANCE AVERAGE	RETURN / COST	RETURN / COST (%)	BALANCE AVERAGE	RETURN / COST	RETURN / COST (%)	EFFECT VOLUME	EFFECT RATE	CHANGE NET
Financial intermediaries	6,234	38	0.60	3,868	14	0.36	9	15	24
Loans and advances to customers (a)	29,400	399	1.36	29,919	435	1.45	(8)	(28)	(36)
Fixed income portfolio	8,526	57	0.66	7,115	69	0.97	14	(26)	(12)
Income from insurance activity	7,634	138	1.81	7,511	145	1.92	2	(9)	(7)
Other assets	3,685	1	---	4,367	1	---	0	0	0
ASSETS (c)	**55,479**	**633**	**1.14**	**52,780**	**664**	**1.26**	**34**	**(65)**	**(31)**
Financial intermediaries	5,085	13	0.26	4,211	10	0.24	2	1	3
Retail deposits (b)	34,333	(3)	(0,01)	31,688	5	0.02	0	(8)	(8)
Wholesale issues	3,254	53	1.61	3,877	66	1.69	(10)	(3)	(13)
Costs of insurance activity	7,632	32	0.41	7,765	32	0.41	0	0	0
Other liabilities	5,175	4	---	5,239	4	---	0	0	1
LIABILITIES (d)	**55,479**	**99**	**0.18**	**52,780**	**116**	**0.22**	**6**	**(23)**	**(17)**
Customer spread (a-b)			**1.37**			**1.43**			
Balance sheet spread (c-d)			**0.96**			**1.04**			

Note: In accordance with accounting standards, income from application of negative interest rates is recognised by nature. "Financial intermediaries" on the assets side includes the negative interest on the financial intermediaries' balances on the liabilities side, the most significant of which is the income from TLTRO II. Symmetrically, "Financial intermediaries" on the liabilities side includes negative interest on the balances of financial intermediaries on the assets side.

The **net fees and exchange differences** total **375 million euros**, down 5.0% on 2019. Those arising from the marketing and management of assets fell by 5.3%, due to the reduction of contingent fees due to market performance. Fees arising from banking activities decreased by 4.7%, directly affected mainly by the decline in payment methods on reducing store activity, ATM transactions and card payments in foreign currency as a result of the health crisis.

BREAKDOWN OF NET FEES:

ROUNDED FIGURES IN MILLIONS OF EUROS

	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Fees for contingent liabilities and commitments	12	14	(2)	(12.7)
Collection and payment services fees	113	118	(5)	(3.8)
Securities services fees	39	62	(23)	(36.6)
Non-bank financial product marketing fees	207	195	11	5.7
Other fees	20	24	(4)	(16.1)
Fees received	**391**	**412**	**(22)**	**(5.2)**
Fees paid	**17**	**19**	**(2)**	**(10.7)**
Exchange differences	**1**	**1**	**0**	**(22.7)**
Net fees and commissions and exchange differences	**375**	**395**	**(20)**	**(5.0)**
Fees for marketing and asset management	230	243	(13)	(5.3)
Banking fees and commissions	145	152	(7)	(4.7)

Recurring revenues, the aggregation of interest margins and net fees, **909 million euros**, dipped by 3.5%, affected basically by the fluctuations in the rates curve, lower fees tied to market performance and the repercussion on commercial transactions of the reduced economic activities as a result of the pandemic.

Dividend income amounted to **5 million euros**. The drop of 7 million euros in the year is due to the absence of that arising from Caser, following the partial sale of the holding.

Gains **from lending transactions** stood at **119 million euros**. This heading basically includes the gains arising from the sale of a Spanish public debt securities portfolio (115 million euros) and the positive impact of the disposal of a written-off loans portfolio (3 million euros).

The **net amount of other operating income and expenses** reduced the gross margin by **32 million euros**, down 4 million on 2019. This heading includes, among others, income and expenses covered by insurance or reinsurance contracts, income and expenses from non-financial activities and contributions to the Deposit Guarantee Fund (53.3 million euros), the National Resolution Fund (11.1 million euros) and the expense of the provision to convert deferred tax assets into an account receivable from the Spanish tax authorities (3.4 million euros). It also includes the initial recognition of 15 million euros, as part of the 70 million euros already received by Ibercaja Mediación, for the signing of the novation agreement modifying Caser's non-life insurance distribution contract.

After adding the share of profit or loss at entities accounted for using the equity method, the **gross margin** totalled **1,002 million euros**, up 8.1% on 2019.

Operating costs, **719 million euros**, rose by 19.7% in the year, due to the expenses incurred from the lay-off plan agreed upon with trade union representatives in December. Excluding this impact, the drop would be 5.4%, in line with the strategic objective of cost containment and improved efficiency. Staff costs without extraordinary expenses fell by 2.6%, while all other general administrative expenses and amortisation dropped by 9.7%, mainly due to the maintenance saving and the lease of buildings, communications and displacements, advertising and publicity, and the amortisation charges following the modification of the software's useful life.

BREAKDOWN OF OPERATING EXPENSES:

ROUNDED FIGURES IN MILLIONS OF EUROS

	31/12/2020	31/12/2019	CHANGE	CHANGE (%)
Wages and salaries	264	270	(6)	(2.3)
Social security contributions	69	71	(2)	(3.3)
Contribution to pension funds and insurance policies	18	17	0	2.6
Severance payments	151	-	-	-
Other staff costs	1	3	(1)	(53.2)
Personnel expenses	**503**	**361**	**142**	**39.2**
Buildings, installations and office equipment	26	31	(4)	(13.9)
Systems maintenance, licences, IT development and software	22	22	0	2.1
Communications	11	12	(1)	(10.2)
Advertising and publicity	5	6	(1)	(22.9)
Charges and taxes	20	20	0	2.3
Other management and administration expenses	68	81	(13)	(15.8)
Other general administrative expenses	**153**	**172**	**(19)**	**(11,0)**
Depreciation and amortisation	**63**	**67**	**(4)**	**(6.4)**
Operating expenses	**719**	**600**	**118**	**19.7**
Operating expenses without workforce adjustment costs	**567**	**600**	**(33)**	**(5.4)**
Staff costs ex WAP costs	352	361	(9)	(2.6)
Other general administrative expenses + amortisation	216	239	(23)	(9.7)

The **cost-to-income ratio**, defined as the quotient of recurring operating expenses and gross income, stood at **56.6%**. The **recurring cost-to-income ratio**, measured as recurring expenses over recurring revenues, **62.5%**, improved by 125 basis points from one year earlier.

Recurring income before write-downs, defined as the net interest margin and fees less operating expenses, came to **341 million euros**, a very similar level to one year earlier (-0.2%).

All provisions and write-downs recognised in impairment losses on financial assets, non-financial assets, non-current assets on sale and period provisions, 226 million euros, totalled 22.4% more than in December 2019. The **write-downs of loans and foreclosed properties**, **233 million euros**, rose by 99 million euros on 2019, on recognising a provision for credit risk of 90 million euros, aimed to cover the potential impact of the economic effects associated with COVID-19. The **cost of the Group's risk**, calculated as the percentage of impairments on loans and real estate in relation to average exposure, is **71 basis points**. Excluding the extraordinary provision, it would be reduced by **43 basis points**, slightly up on 2019 (40 basis points), although to a level in line with the new economic framework.

Under **"Provisions",** which includes provisions for pensions, litigation, pending tax disputes, commitments and guarantees granted and other provisions, **a release of 14 million euros** was recognised. It essentially relates to the net result of a contingency provision related with land clauses, the reversal of provisions recognised in 2019 associated with the repurchases of subordinated bonds and the prescription of a contingency tied to employment costs.

"Other gains and losses" include the results of the sale of property, plant and equipment and business interests, as well as the payment of fees for the marketing of foreclosed properties. Under this heading, earnings fell by **4 million euros**, compared to 13 million euros last year, mainly due to the improved earnings on the sale of property for own use and the reduction of the fees paid for the marketing of real estate assets.

The Group's **profit before tax amounted to 53 million euros**. After deducting the corporate income tax expense, **the net profit attributable to the Parent** was **24 million euros**.

5.4 Funding and liquidity structure

THE GROUP'S COMFORTABLE LIQUIDITY POSITION IMPROVED DURING THE CURRENT CRISIS SITUATION.

*Ibercaja stands out due to its **diversified**, **prudent** and **balanced** liquidity management.*

Ibercaja has traditionally employed a **conservative liquidity policy**, as it seeks to finance the growth of its lending activity with retail customer funds. The Bank prudently manages its liquidity and ensures that its sources of financing are balanced and well-diversified, anticipating fund needs so as to honour its obligations as these fall due without conditioning its investment activity to the climate of wholesale financing markets.

The basic principles governing its **strategy** are: active management through a **continuous control system** based on internal limits and indicators documented in the Liquidity Manual, establishment of **measures and actions in crisis scenarios** (Contingency Plan), taking advantage of the different **alternatives offered by the market** to diversify the investment both in terms and in instruments of maximum liquidity, and maintaining a significant **buffer of collateral at the ECB** to face possible tensions.

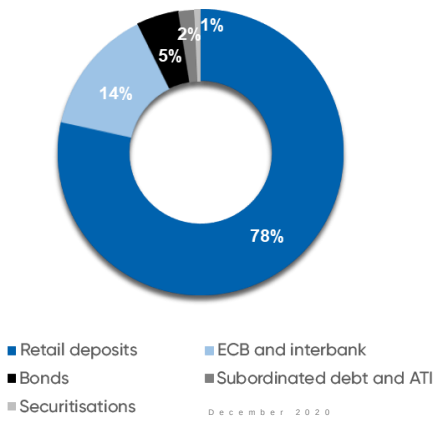
Liquidity risk is measured by taking into account the **estimated cash flows from assets and liabilities,** as well as any **additional collateral or instruments** that may be needed to ensure alternative sources of liquidity. **Short, medium and long-term outlooks** are prepared in order to gauge financing needs and comply with limits. These forecasts take into account the latest macroeconomic trends because of their impact on the performance of the assets and liabilities shown in the balance sheet, as well as contingent liabilities and derivative products. Liquidity risk is also controlled by establishing **exposure limits**, within ranges that are compatible with the approved policies.

Note 3.8. to the 2020 financial statements provides a more detailed explanation of the Bank's strategy and policies to manage liquidity risk, as well as the associated measurement and control procedures.

BREAKDOWN OF FINANCING STRUCTURE:

Retail customer deposits are the **main source of external funding, accounting for 78.4% of the total**. The loan to deposit ratio (LTD) stands at 81.1%. In 2020, it dropped by more than 11 percentage points, as a result of the rise in deposits of 10.4%, due to an increased savings tendency since the start of the crisis.

Wholesale financing complements funding obtained from individuals and companies. It is centred on the medium and long term and includes repos and balances held by the Group at the ECB, mortgage bonds, securitisations, subordinated liabilities and other issues.



Deposits from central banks, **5,371 million euros**, rose by 3,742 million euros. In June, the outstanding amount of the TLTRO II matured and 5,400 million euros were taken in the TLTRO III auction, long-term financing established by the ECB to maintain favourable bank loan conditions and a fluid transmission of monetary policy. Hence, its weight in the whole of external funding rose from 3.8% in December 2019 to 11.70% at 2020 year-end.

Deposits from credit institutions, **1,208 million euros**, represent 2.6% of external financing, as compared with 10.1% at the end of 2019. The decrease, of 3,096 million euros, was due to the maturity of short-term transactions on the monetary market performed in December 2019.

Customer deposits, which account for 82.2% of total financing (81.9% in 2019), rose 8.5% from 34,925 million euros in December 2019 to **37,881 million euros** at 2020 year-end. The growth in retail deposits, 10.4% y-o-y, offset the maturity of single mortgage-backed bonds (217 million euros in nominal terms).

Debt securities issued, **1,341 million euros**, fell 9.4%, representing 2.9% of external financing (3.5% in 2019). The reduction relates to the maturity of mortgage-backed bonds (87 million euros) and securitisation liabilities (51 million euros). In 2020, a new subordinated debt emission was carried out for a nominal amount of 500 million euros, to refinance the issue made for the same amount in 2015, from which 359.60 million euros were repurchased over the first semester of 2020 and the rest was repaid in July.

COMPOSITION OF EXTERNAL FUNDING:

ROUNDED FIGURES IN MILLIONS OF EUROS Y %.	31/12/2020		31/12/2019		Change	
	BALANCE	%	BALANCE	%	BALANCE	%
Central bank deposits	5,371	11.7	1,629	3.8	3,742	229.7
Deposits from credit institutions	1,208	2.6	4,304	10.1	(3,096)	(71.9)
Customer deposits	37,881	82.2	34,925	81.9	2,957	8.5
Of which: retail deposits	36,165	78.4	32,772	76.8	3,393	10.4
Debt securities issued	1,341	2.9	1,480	3.5	(140)	(9.4)
AT1 issue	300	0.7	317	0.7	(17)	(5.4)
Outside Funding	**46,101**	**100,0**	**42,656**	**100.0**	**3,446**	**8.1**
Retail financing	36,165	78.4	32,772	76.8	3,393	10.4
Wholesale financing	9,936	21.6	9,883	23.2	53	0.5

Available liquidity, **14,959 million euros**, increased by 3,492 million euros to account for 25.6% of assets. Virtually all of these assets are eligible as collateral with the ECB. Meanwhile, the Bank's capacity to issue mortgage-backed bonds and public sector-backed bonds was 8,380 million euros, **bringing total fund availability** to **23,339 million euros**.

The **LCR**, which measures the level of high quality liquid assets free from charges to overcome a 30-day liquidity stress scenario, stood at **468.1%,** extremely above the 100% threshold demanded by the regulations and 161 percentage points above the 2019 year-end figure. In turn, the **NSFR** ratio stood at **151.5%,** above the regulatory minimum of 100% required from June 2021. This indicator expresses the proportion of financing at one year covered with stable liabilities and intends to ensure a balanced structure of the balance sheet, limiting the excessive dependency on short-term wholesaler financing.

LIQUIDITY INDICATORS:

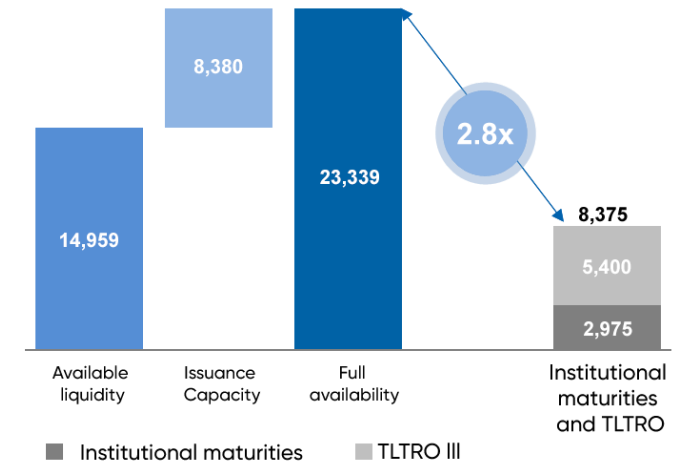
ROUNDED FIGURES IN MILLIONS OF EUROS Y %.	31/12/2020	31/12/2019
Cash and central banks	7,320	3,671
Available in policy	892	4,983
Eligible off-policy assets	6,421	2,432
Other assets not eligible for ECB	327	381
Available liquidity	**14,959**	**11,468**
Issuance capacity for mortgage covered and public sector mortgage-backed bonds	8,380	7,307
Total availability of liquidity	**23,339**	**18,775**
Available liquidity / total assets (%)	25.6	20.7
Loan-to-deposit ratio (%)	81.1	92.5
LCR (%)	468.1	307.1
NSFR (%)	151.5	131.4

The amount of the ECB policy available is 892 million euros, following the drawdown of 5,400 million TLTROs III in the June auction. Almost all of the Bank's other eligible assets not pledged under ECB facilities are Spanish public debt and would allow the Bank to obtain further liquidity immediately if needed.

The **maturities of wholesale market issuances** present a staggered redemption schedule through to 2027. The total liquidity available, 23,339 million euros, covers 2.8 times the debt maturities and the amount taken in the TLTROs III auction.

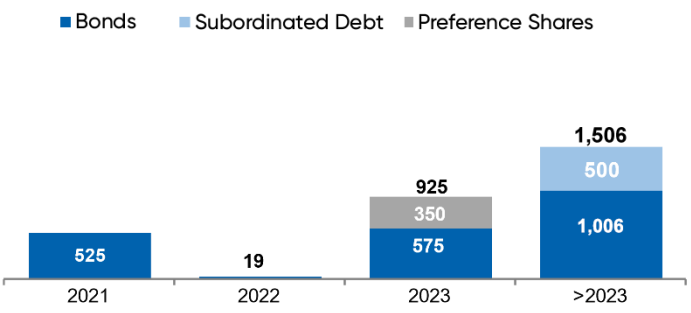
Liquid assets and funding capacity

€Mn - December 2020



Institutional maturities

€Mn - December 2020



EXPECTED TENDENCIES AND FLUCTUATION WITH RESPECT TO LIQUIDITY:

Following the impact of the coronavirus crisis, the tension caused on markets at the outset was normalised as a result of the measures adopted by the Central Banks. The ECB made extraordinary liquidity facilities available to banks, together with other support, such as the possibility of operating by relaxing regulatory limits. Also, the retail customer deposit base was increased alongside the reduction in consumption and the increase in the savings tendency. In this scenario, **the Group has adequate short- and medium-term liquidity levels, in line both with the internal management and regulatory limits**. Likewise, it is necessary to take into account the high weight of retail financing, the scant significance of wholesale emissions and their staggered maturity. However, if, due to the uncertainties arising from the Coronavirus crisis, liquidity tensions rise or the loan market contracts, which affects liquidity and the deposit base, the Group, aside from its current comfortable liquidity position, has various financing sources (issuance of senior debt and mortgage-backed bonds, and the recourse to ECB financing through the pledge of fixed income, own issues and asset securitisation) and, where appropriate, it would implement the specific Contingency Plan established for crisis situations.

5.5 Capital management

SOLVENCY RATIOS FAR EXCEED REGULATORY REQUIREMENTS.

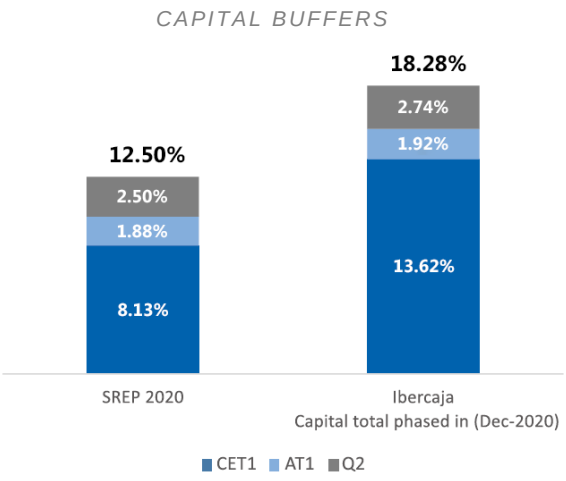
*Ibercaja seeks to maintain an adequate relationship between **risk profile** and **own funds.***

The **Group's capital management** is designed to ensure **that regulatory requirements are fulfilled at all times and to maintain an adequate relationship between the risk profile and own funds**. Capital adequacy is self-assessed by the Bank on a regular basis through processes to identify, measure and aggregate risks in order to determine the capital needed to cover them. Above and beyond minimum regulatory capital requirements, the Group sets itself a capital target that exceeds actual needs and it forecasts capital sources and consumption on the basis of business performance and expected results in the mid term.

Based on the expected changes in Ibercaja Banco's capital and solvency ratios, Ibercaja Banco will be able to cope with potential stress scenarios. However, in the event that an extraordinarily adverse change in the macroeconomic climate, in applicable regulations or in the banking business requires the Group to resort to alternative capital sources in order to cover a possible shortfall, the Group, following European Banking Association (EBA) guidelines and recommendations, as well as the provisions of Law 11/2015 of 18 June 2015, on the recovery and resolution of credit institutions and investment firms, has defined a recovery plan aimed at prevention and at guaranteeing its capacity to respond accordingly to any possible deterioration in its solvency or funding capacity.

The ECB has temporarily relaxed the capital and operating requirements of the credit entities in response to the situation caused by the pandemic. In this regard, the banks can partially use capital instruments not classified as ordinary level 1 capital (CET1) to comply with Pillar 2 requirements (P2R). In this regard, a measure was brought forward that was initially envisaged to enter into force in January 2021, as part of the latest review of the Capital Requirement Directive (CRD V). On 8 April, the ECB notified Ibercaja of its decision to modify the prudential requirements established as part of the Supervisory Review and Evaluation Process (SREP) of 25 November 2019.

On the basis of the foregoing, the Bank must maintain a **Common Equity Tier 1 (CET1) ratio** of **8.125%** and a **total capital ratio** of. This total capital requirement includes the minimum demanded for Pillar 1 (4.5% CET 1 and 8% of total capital), the Pillar 2 requirement (1.125% for CET1 and 2% for total capital) and the capital conservation buffer (2.5%).



The new Bank Recovery and Resolution Directive (BRRD2), which entered into force in December 2020, establishes 1 January 2024 as the date to comply with the **MREL requirements** and with an intermediate requirement that must be met on 1 January 2022. Both must be expressed as a percentage of the assets weighted by risk and of the exposure to the leverage ratio. **From 1 January 2024**, the Group must have a percentage of shareholders' equity and admissible assets of **18.42% of RWAs (20.93% including the combined capital buffer requirement)**. The requirement **in terms of leverage ratio was 5.24%**. The intermediate requirement at 1 January 2022 is 15.38% with respect to RWAs (17.88% including the combined capital buffer requirement) and 5.24% in terms of leverage ratio. The MREL ratio of the Ibercaja Group at 2020 year-end amounted to **18.27%** of the risk-weighted assets and to **7.36%** of the exposure to the leverage ratio, **levels among those demanded for 2022**. The requirements established for 1 January 2024 are aligned with the Bank's financing and capital plan.

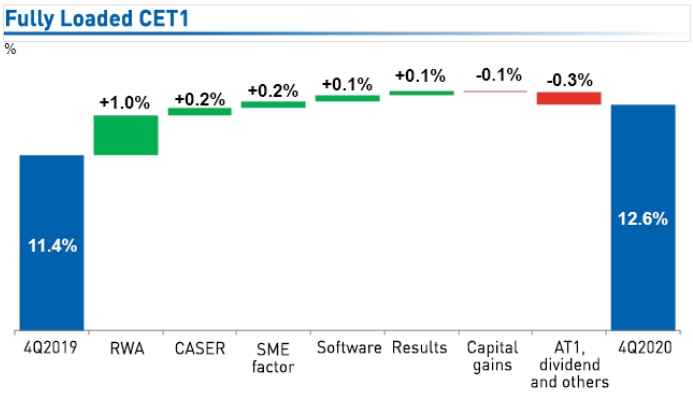
Total eligible own funds came to 3,335 million euros and represent a **solvency ratio** of **18.27%,** with an increase of 191 basis points in the year. The **CET1 phased in ratio**, which measures the relationship between Tier 1 capital and risk-weighted assets, was **13.62%,** increasing 135 basis points in the year. These capital levels imply, based on the SREP requirements communicated by the Supervisor, an excess of CET1 and total Capital of 5.49 and 5.77 percentage points, respectively.

SOLVENCY PERFORMANCE AND KEY INDICES:

(MILLIONS OF EUROS AND %)	PHASED IN		FULLY LOADED	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Tier 1 capital	2,835	2,848	2,640	2,656
Common Equity Tier 1	2,485	2,498	2,290	2,306
Additional Tier 1 capital	350	350	350	350
Tier 2 capital	500	483	500	483
Eligible own funds	3,335	3,331	3,140	3,138
Risk-weighted assets	18,248	20,363	18,191	20,312
RWA density (RWAs/total assets)	31.25	36.74	---	---
CET1 (%)	**13.62**	**12.27**	**12.59**	**11.35**
AT1 (%)	**1.92**	**1.72**	**1.92**	**1.72**
Tier I (%)	**15.53**	**13.99**	**14.51**	**13,07**
Tier II (%)	**2.74**	**2.37**	**2.75**	**2.38**
Solvency ratio (%)	**18.27**	**16.36**	**17.26**	**15.45**
Leverage ratio (%)	**6.26**	**5.85**	**5.85**	**5.48**
Ratio MREL to RWAs (%)	**18.27**			
Ratio MREL to LRE (%)	**7.36**			

In fully loaded, the total capital ratio **amounts to** 181 basis points up to **17.26%,** while the **CET1** amounts to **12.59%,** which represents a growth of 124 basis points in the year. This increase in the CET1 ratio is explained mainly by the fall in weighted risk assets, caused by the changes in credit and the financing backed by the State, the sale of the holding in Caser, the application of the new regulations on the capital weighting of the loans earmarked to SMEs, the entry into force of the prudential treatment of software and the organic generation of capital via results.

BREAKDOWN OF THE CET1 FULLY LOADED RATIO



The **fully loaded leverage ratio**, **5.85%**, is well above the benchmark requirements. In 2020, in line with the *Quick Fix* regulations, the exemption is applied to calculate the exposure of deposits at central banks.

In accordance with the definition of distributable items in the CRR regulations, the balance of these items at Ibercaja Banco individually, at 31 December 2020, amounted to **324 million euros**.

iberCaja

6 COMMITMENT TO SUSTAINABILITY: PROGRESS IN ITS MANAGEMENT

EL BANCO DEL vamos

6.1 Sustainability strategy

102-12, 102-15, 102-16, 102-19, 102-20, 102-21, 102-26, 102-28, 102-30, 102-31, 102-32, 102-43, 102-44, 103-1, 103-2, 103-3

THE CHALLENGE THAT IBERCAJA HAS TAKEN ON IS TO ENSURE THAT THE BUSINESS OBJECTIVES PROMOTE SUSTAINABLE DEVELOPMENT, PRESERVING NATURAL RESOURCES AND PROMOTING A MORE JUST AND INCLUSIVE SOCIETY.

In recent years there has been an unprecedented institutional, social and business mobilisation to respond to the major sustainability challenges: environmental, social and good governance (ESG).

The global adoption in 2015 of the **Paris Agreement on Climate Change** and the UN **Sustainable Development Goals** aims to move towards a more sustainable economy, which improves the future of our planet and of future generations. To support these goals, the European Union, through the **European Green Deal**, sets the goal of making Europe the first carbon-neutral continent by 2050 and expects the financial sector to play an active and relevant role in this transition, as established in the **Action Plan for Financing Sustainable Growth**.

*Ibercaja is aware of the **challenge** of **sustainability**:*
"Consider environmental impact (including climate and biodiversity), social, human and economic impact in business decisions to achieve long-term sustainable value creation."

Since the start, Ibercaja has been an entity with a clear social commitment to the development of its activity, focused on supporting the country, the business fabric and the most vulnerable groups. Along these lines, it continues moving forward to respond to the growing sustainability-related needs.

Corporate purpose
"Help people build their life story because it will be our story"

In the course of its financial activity, Ibercaja considers that its actions should promote a balance between economic growth, social cohesion and the preservation of the environment, in accordance with its **corporate purpose**: "*To help people build the story of their lives*". For this reason, Ibercaja is firmly committed to the Sustainable Development Goals of the 2030 Agenda, and it is a signatory of the **United Nations Principles for Responsible Banking** to advance in the setting up of a sustainable banking system.

The **challenge** that Ibercaja has taken on is to ensure that the business objectives promote sustainable development, preserving natural resources and promoting a more just and inclusive society. To do this, it is progressing with the integration of ESG (environmental, social and good governance) aspects in the strategy and in decision-making.

IBERCAJA'S SUSTAINABILITY STRATEGY IS BASED ON FIVE PILLARS:

1. **ESG RISKS:** identification and management for their gradual integration into the Entity's global risk analysis.

2. **SUSTAINABLE BUSINESS:** analyzing needs and identifying opportunities for business development to accompany clients in the transition to a sustainable economy, including climate change.

3. **PEOPLE:** comprehensive development of employees, providing them with the necessary training for the new context, and promoting a balance of work, personal and family life.

4. **TRANSPARENCY** for all its stakeholders, promoting communication of both financial and non-financial aspects of the business.

5. **PROTECTION OF THE ENVIRONMENT** and its resources, mitigating climate change and favouring the development of a more inclusive and egalitarian **society**.

On 11 December, the Board of Directors approved the **Sustainability Policy**, as a declaration of its firm desire to contribute to the development of a more sustainable economy and financial activity, aligned with the principles, guidelines and current regulations on the matter. This policy demonstrates and formalises the Group's **commitment** to sustainable development and value creation through its activity. Furthermore, it establishes the global **action framework** for the Group in matters of **sustainability**, containing the commitments voluntarily assumed by Ibercaja with its stakeholders to promote long-term sustainable, inclusive and environmentally-friendly growth.

Principles of sustainability

SUSTAINABLE DEVELOPMENT IS BASED ON CERTAIN **PRINCIPLES OF ACTION** THAT COVER ANY TYPE OF ACTIVITY OR DECISION TO BE ADDRESSED:

Maximum respect for and promotion of **ethics and good governance**.

Promotion of the **Sustainable Development Goals of the 2030 Agenda**, promoting the goals they pursue through its business activity.

Defence of human rights in line with the UN Global Compact.

Promotion of the **personal and professional development** of employees.

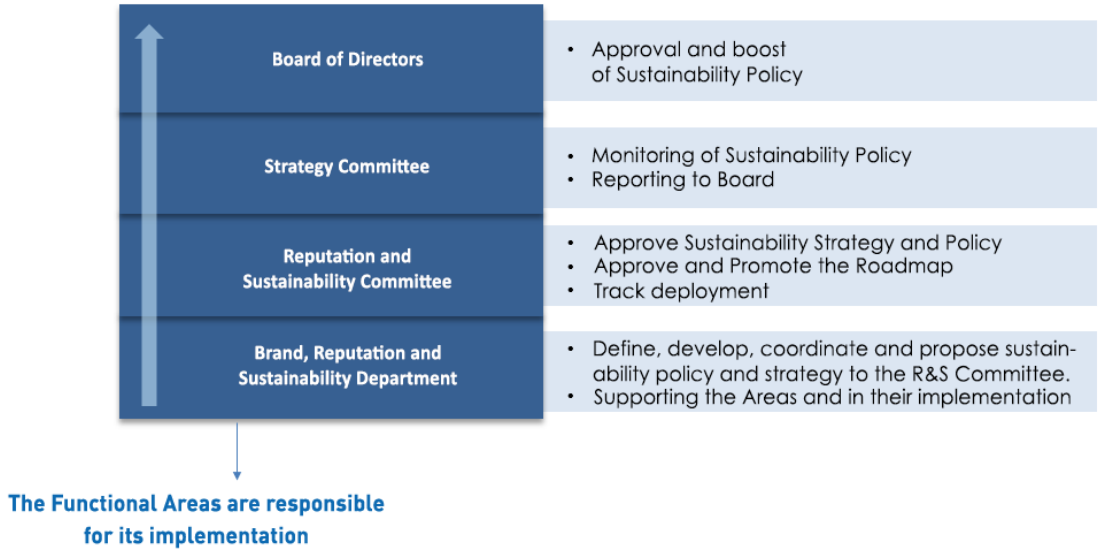
Prudent and global management of all **financial and non-financial risks**.

Defence of **transparency**, promoting clear, complete and truthful communication.

Contribution to **social integration**.

Defence of the environment, contributing to the decarbonisation of the economy and promoting sustainable activities, aligned with the objectives of the Paris Agreement and the European Green Deal.

IBERCAJA HAS CREATED A GOVERNANCE STRUCTURE ENABLING IT TO ADEQUATELY MANAGE SUSTAINABILITY



Additionally, the following **Committees and Working Groups have been set up**:

- **The Sustainability Communication Working Group**, with a cross-cutting function, aims to define messages and plan contents and channels to achieve a greater scope and effectiveness of said communication.
- **Environment Team**, comprising volunteer employees from various areas and departments, who are asked to come up with actions for raising awareness and promoting the best environmental practices across the Group.
- **Family Responsible Company Committee**, responsible for implementing the frc plan to ensure a healthy balance between the personal, family and working lives of employees. Ibercaja has earned the FRC (Family Responsible Company) badge, which certifies its proactive commitment to ensuring a suitable work-life balance.

Ibercaja is also a signatory of the **UN Principles of Responsible Banking**, as a framework for action of a financial system that acts as a lever for sustainable development.

THE PRINCIPLES TO WHICH WE ARE COMMITTED ARE:

1. **Alignment** of our commercial strategy with SDGs.
2. **Impact:** increase our positive impacts and reduce negative impacts; manage ESG risks.
3. **Customers:** acting responsibly and promoting sustainable practices and activities.
4. **Stakeholders:** active listening, participation and collaboration with stakeholders to achieve ESG objectives.
5. **Corporate governance and goal setting:** effective corporate governance and responsible banking culture; ambitious targets for our impacts.
6. **Transparency and Accountability:** Review our implementation of the Principles and be transparent in reporting on our positive and negative impacts and our contribution to society.

The Bank also forms part of the UNEP-FI **United Nations Environment Programme Finance Initiative**, which seeks to mobilise private sector financing for sustainable development by fostering a financial sector that generates positive impacts for people and the planet.

Ibercaja's objective with such initiatives is that they serve as a lever to continue improving our impact on the environment and our contribution to society.

In 2019, Ibercaja abided by the recommendations of the **Task Force on Climate Related Financial Disclosures (TCFD)**, as a guide for the preparation of climate-related information.

There is a growing demand from organisations to understand, in order to properly assess and report on climate-related risks. Therefore, the Financial Stability Board promoted these recommendations with the aim of publishing consistent, reliable, comparable and clear climate-related financial information that will enable investors to take into account climate-related risks and help adapt to climate change. Hence, Ibercaja will progress in this area by providing information in the four areas recommended by the TCFD.

Other sustainability commitments

IBERCAJA HAS ADHERED, AMONG OTHERS, TO THE FOLLOWING INITIATIVES REFLECTING ITS COMMITMENT TO SUSTAINABILITY:

- Since 2005, Ibercaja has prepared its Annual Report in line with the GRI **(Global Reporting Initiative)** standards, providing true information on financial and non-financial aspects.
- Ibercaja Banco has been a signatory of the **United Nations Global Compact** since 2006, confirming that the activity carried out is performed in accordance with the principles established by this initiative, with the Bank reporting annually on its involvement.
- It participates in the **Sectoral Sustainable Finance Group and in the Sustainability Observatory**, coordinated by CECABank, in which legislative progress and supervisory expectations in the area of sustainability are analysed to identify the applicable requirements and to provide a response through action plans.
- It works in alignment with the **Sustainable Development Goals** of the 2030 Agenda, also supporting their internal and external distribution.
- In 2019, Ibercaja Banco became part of the **Business Commitment for a Fair Transition**, promoted by the CEOE, which was presented at the United Nations Climate Action Summit held in New York in October of that year.
- In 2019, Ibercaja's CEO included the Bank in the **New Deal For Europe, "CEOs call to action"** initiative, which shows the commitment of European companies to sustainability.
- Ibercaja signed the **Alliance #CEOPorLaDiversidad**, led by the Adecco Foundation and the CEOE Foundation, which reinforces the inclusive model that the Bank works on.
- **Collective Commitment to Climate Action**: In December 2019, Ibercaja signed the Spanish financial sector's climate commitment within the framework of COP25, promoted by the AEB, CECA and ICO. The agreement specifies the collective commitment of the main Spanish banks to measure the carbon footprint of their balance sheets and reduce the climate impact of their financial activity.
- Ibercaja has been awarded the **RSA and RSA+seals** by the Aragón Government since 2017 (year in which they were created), thereby acknowledging those companies in the Autonomous Community that are committed to corporate social responsibility.
- In 2019, the Bank obtained the **frc certificate as a family responsible company,** granted by the More Family Foundation. This certification recognises companies committed to the well-being of their employees and promotes the active management of work-life balance and equality.

  Ibercaja Pensión has been a signatory of the UNPRI (United Nations Principles for Responsible Investment) since 2011, and has published its Socially Responsible Investment Policy on its webpage (www.ibercaja.es).

6.2 Our contribution to the Sustainable Development Goals

THE 2030 AGENDA OF THE UNITED NATIONS AIMS TO ACHIEVE A BETTER FAIRER AND MORE INCLUSIVE WORLD FOR ALL THROUGH ITS SUSTAINABLE DEVELOPMENT GOALS.

In 2015, the United Nations 2030 Agenda was adopted, according to which 193 countries committed ourselves to the **Sustainable Development Goals** by 2030. These are seventeen ambitious goals to achieve a better planet: reducing inequalities, eradicating poverty and combating climate change.

In order to achieve these objectives, the collaboration of all is necessary: society and the public and private sectors. Agenda 2030 is a **call to action** for businesses around the world, to achieve a new model of development whose success would mean a move towards a global economy that is much more responsible and inclusive for people and the planet.

The business strategy of companies must also take into account social, environmental and good governance aspects, to achieve *"sustainable development for all that meets the needs of the present, without compromising the requirements of future generations"*.

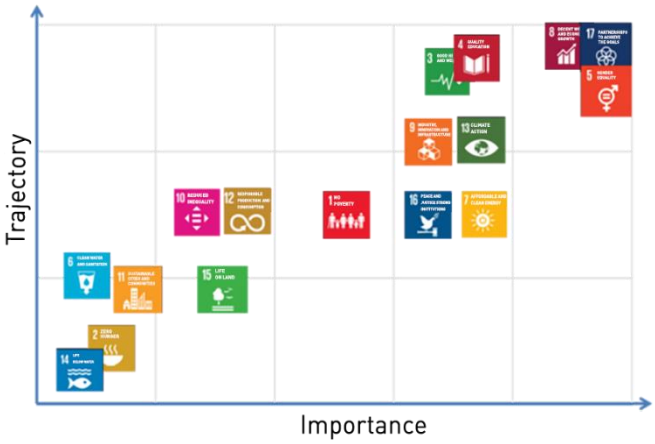
In this line, financial institutions have to play a very important role, among other areas, in the mobilisation of the capital flows needed to finance sustainable development.

***Ibercaja** is firmly **committed to the SDGs** to move in this direction.*

The SDG serve as a guide at the Entity to progress in sustainability matters and carry out specific actions, focusing specifically on those in which our contribution can be greater. Sustainable action is part and parcel of the Bank's internal management model and inspires all of the Bank's business activities.

In order to achieve maximum effectiveness, efforts are aligned especially with those Objectives more directly linked to financial activity and the activities of the Shareholder Foundations.

In 2018, Ibercaja carried out a **materiality analysis of the SDGs**, to detect those SDGs in which Ibercaja has the greatest capacity to expand its impact and to launch new projects. Establishing the purpose of each ODS for the Bank, we identified the actions already underway at the Bank, and assessed their trajectory and scope. The result was a **graph that shows the importance of the Goals and visibilises those SDGs that are most relevant to Ibercaja,** in which we can make the greatest contribution.



THE FOLLOWING GOALS ARE PRIORITISED AS A RESULT OF THIS REFLECTION

THE MAIN PROJECTS CARRIED OUT AT IBERCAJA IN 2020 AND THAT HAVE MOST CONTRIBUTED TO ACHIEVING THESE GOALS ARE AS FOLLOWS:

- **frc/efr certification** as a family responsible company.
- Social benefits and work-life balance measures for the people who make up the Entity.
- Promotion and awareness of **healthy living habits**, both internally and externally.
- Sports sponsorship and the organisation of popular and specialised sporting trials, which promote the **most** extensive participation possible.
- Strengthening the participation of employees therein, reinforcing the values of effort and teamwork, along with the benefits for **health**.
- Creation of the internal communication channel **Ibercaja with you**, from which healthy habits and information in this area are promoted.

- **In-house training** for the largest number of professionals in both financial and sustainability matters, actively contributing to the development of internal talent.
- Organisation of talks, conferences and seminars and **educational activities** for companies and society in general.
- ***"Educa Initiative"***, developed by the Ibercaja Foundation, focused on parents and educators, placing at their disposal proposals that contribute to completing the education of youngsters and actively promoting their development.
- ***"Basic Finance Programme"***, aimed at people of all ages, to promote financial education.

- Linking the **principle of equality** to all people management policies.
- **Promotion of the on-going development** of skills and abilities, managing talent, which does not discriminate against gender.
- **Plan Leader**, a programme that promotes female leadership at the Entity, eliminating barriers to achieving gender equality.
- **Work-life balance measures** that allow all employees to achieve a balance between their personal, family and work life.

- Approval of **Ibercaja's** Sustainability Policy.
- Promoting the inspiring **leadership model**, which encourages communication and participation, creating an appealing environment to attract and retain talent.
- Partnership agreements with Special Employment Centres and entities that promote **the inclusion on the labour market** of people with disabilities or at risk of exclusion.
- Internship programme for university students with the Human Age Institute Foundation focused on **disabled students**.
- Boosting growth in their territories of action, participating in the main projects and developing programmes to promote **entrepreneurs**.
- ***Ecosystem + Company*** Meeting and inspiration point for entrepreneurs and companies, where they can learn and share the latest trends.
- Training to companies in essential management aspects.

- **Technological transformation**, the main lever for change in business models.
- **Ibercaja Mobile Banking**, the main digital pledge in the area of individual customers.
- **Ibercaja Pay**: payment via cell phone. Ibercaja customers can now register their cards with the main payment platforms.
- ***Mobility City Project*** on new mobility in cities and the transformation of companies and services in the sector.
- Adaptations at ATMs and websites to improve **universal accessibility** to financial services.

- **Ibercaja's environmental policy**, implemented at the organisation to minimise the negative impacts of our activity on the environment.
- **Environmental Management System** implemented and certified pursuant to ISO Standard 14001-2015.
- **WITHOUT PLASTICS team,** formed by professionals of the entity, which promotes a better use of plastic, reducing and using recycled and recyclable materials.
- **Internal and external environmental** awareness-raising campaigns.
- Internal **environmental suggestions mailbox** to channel the concerns of our people.
- Development of **SRI products** with ESG criteria.

- Active collaboration through agreements with the main economic and social players of the territories in which it operates.
- Alliances that favour significant progress in **sustainability** and socially responsible investment.
- The **main initiatives** of which Ibercaja forms part are:

6.3 Commitment to customers

102-6, 102-7, 102-43, 102-44, 103-1, 103-2, 103-3

CUSTOMERS ARE THE HEART OF THE ENTITY'S STRATEGY, WITH SERVICE QUALITY AND ADVICE BEING ITS HALLMARKS.

Hence, Ibercaja's Sustainability Policy includes the following **commitments** assumed by the Bank **with its customers**:

- Work on **getting to know each customer in depth**, to always offer them the products, services and information they need, adapted to their expectations and requirements.
- Align business strategy with the **United Nations Principles of Responsible Banking:**
    - Identifying **impacts and needs** derived from sustainable development.
    - **Adapting the offer** to respond to these new needs, which promote sustainable business models and practices.
    - **Sensitising** our customers in the necessary transition towards a decarbonised economy, also **identifying** their **sustainability preferences**.
- Helping our customers to optimise the management of their finances, in a simple way, with the best **advice, tools and information**, thereby promoting their financial education.
- Paying special attention to **transparency in the communication and marketing of products**, providing the necessary information for the customer to be able to make informed advised decisions, avoiding information manipulation and protecting their integrity and honour.
- Always protecting the **confidentiality** of customer data, maintaining the highest security standards.
- Establishing efficient **dialogue channels** that allow us to listen to our customers, as a basis for long-term mutual commitment, offering the **highest quality of service**.
- Providing maximum diligence to **prevent and avoid the financing of illegal practices**, complying with the Regulations for the Prevention of Money Laundering and Terrorist Financing.

IMPACT ANALYSIS

To provide a response to the commitment of aligning its commercial strategy with the Principles of Responsible Banking, in 2020, the Bank commenced an **analysis of both the physical and transition impacts that climate risks** may have in Spain, focusing this analysis on its main areas of action and on those economic sectors in which it has the greatest presence.

The study was conducted by economic sectors (with a focus on agricultural and industrial segments and services), analysing their exposure to climate change risks (physical and transition), with the objectives of:

- Identifying sectors potentially most affected by climate change
- Identify new needs for adaptation to climate change
- Identify potential risks
- Identify related business opportunities

To assess risk exposure, the Bank is also working on **a geographical distribution analysis** of its investments with collateral, using the reports prepared by ESPON (European Spatial Planning Observation Network).

The analysis on the impact of physical risk on different sectors considered **the importance of the sector on the economy**, through its contribution to the GDP, and its participation in Ibercaja's risk portfolio structure.

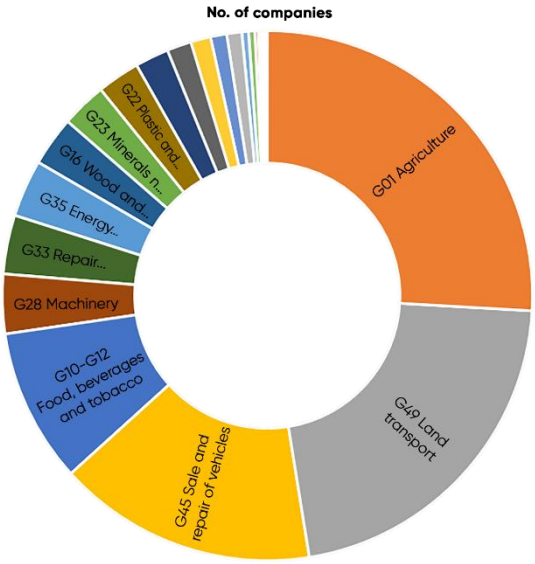
*The **objective** is to make progress in the **identification of the climate change impact on our business environment**.*

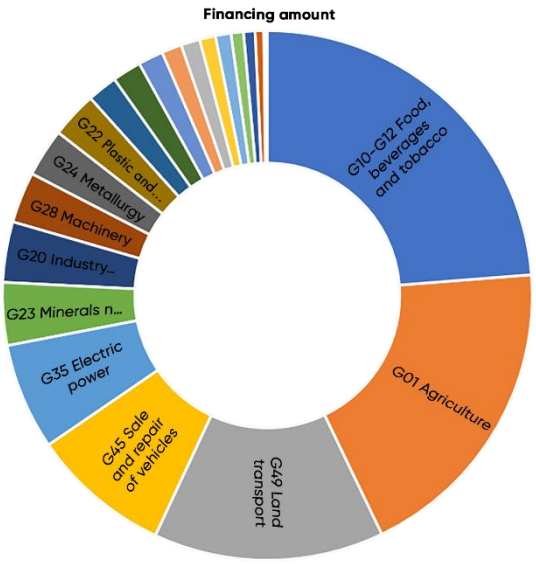
Furthermore, an initial **mapping of corporate loan portfolios was made**, in accordance with the branches of activity potentially more affected by transition climate change (according to a study published by the Bank of Spain).

It focuses on the transition risks, since they could affect the credit rating of that exposure that is potentially more affected:

- most polluting sectors
- exposed to technological changes
- exposed to changes in consumer preferences

We analyse the portfolio by activity sector, so that once the more important sectors have been identified, we can focus on customers with the greatest weight, seeking the 80/20 rule to obtain the best effect from the actions that may be taken.





This **impact analysis** has served to **detect the needs of each of the sectors** analysed and to examine a series of alternatives and solutions that the Entity may propose to its customers.

The solutions and opportunities identified are based on advisory services, supported in the Bank's distribution network and in business partnership projects promoted by the Bank, such as ***Ecosystem+Companies***, until defining new products and services that may be included in the commercial offering, which help the customer to resolve the needs considered and facilitate the launch of new financing products to aid access to the solutions examined.

CUSTOMER ANALYSIS

To succeed in defining a **commercial offering adapted to customer needs**, an initial analysis was commenced of customers that have already taken out sustainable investment products, obtaining interesting conclusions that will help in the definition of new products to complete the sustainable range, which is set up both from an investment and a financial viewpoint.

Sustainable investment products have been very well received among savers. In investment funds, the Bank has **Ibercaja Sostenible y Solidario** and **Ibercaja Megatrends** which, after identifying three trends (technology, environment and sustainability and demography), channels savings by investing, under these criteria, in companies all over the world. In pension plans, the Bank launched the **Ibercaja Trust Sustainable** plan, extending the offering of its ESG range to three plans, within its commitment to sustainable investment. The new plan is therefore linked to the **Solidarity and Sustainable Pensions Plan** and to the **Sustainable Europe Pension Plan**.

In terms of financing, the Bank has worked on the development of new products that will be included in its commercial offering to be able to help customers on the road towards sustainability. On most occasions, the improvement of efficiency requires an investment and a common factor of these products will be access to **special financing conditions** when addressing the following aims:

- Improved **energy efficiency** in buildings (property owners' associations and individuals)
- Acquisition of **homes with a high energy rating**
- Purchase or renting of vehicles for **sustainable mobility**

Furthermore, the Bank is working with different public authorities at local, autonomous community and national level on projects to provide access to financing in special conditions to improve the energy efficiency of buildings, especially aimed at individuals and property owners' associations.

Ibercaja has created a **new department** in the Marketing Division, **Sustainable Finance**, to align the commercial strategy with the Principles of Responsible Banking signed and to work to contribute to the attainment of **Sustainable Development Goals** promoted by the United Nations.

To attain the goals intended, it is necessary to **include all Bank employees** and to ensure the involvement of customers and of the population in the area in which activities are performed. **Alliances with companies** from different sectors will be fostered, which help to offer customers sustainable solutions for energy consumption, displacements and economic activities, etc.

UNIVERSAL ACCESSIBILITY

At the end of 2019, the **Service for Deaf People** was launched to support accessibility to financial products for people with hearing disabilities. It is available to all the Entity's customers and is provided in person at the Main Office in Zaragoza.

In response to its commitment to ***promote universal accessibility*** *to financial services, Ibercaja has implemented various improvements* ***to its customer service channels****.*

In the first quarter of the year, considering those with visual impairment, **new ATMs included a high contrast screen** to enable information to be more easily viewed.

In the same line, a new mobile banking function was implemented, known as **Voice Over**, which enables **those with visual impairment**, "to hear" the fields and data presented on the screen and the interactions made by them.

Mobile banking App initiation mode: in summer Ibercaja launched this new service that allows those customers who have never used online banking to familiarise themselves with it in a simple way. Users of this new tool will benefit from the professional advisory services of experts, which will help them to resolve any queries. Especially aimed at older people, this project has been developed based on an Innovative Boost initiative (which favours innovation through Bank employee proposals), with the collaboration of COAPEMA (Aragón Board for the Elderly).

CUSTOMER SERVICES

To facilitate **communication with its customers**, Ibercaja has established the **Customer Services Department** so that they can submit their complaints, claims, suggestions and proposals for improvement. A total of 16.237 requests were processed during the year. Details of the data and variations with respect to 2019 are included below:

REQUESTS ATTENDED TO BY CUSTOMER SERVICES

TYPES	2019	2020	VAR. 20/19
Floor clauses	596	622	4.3%
Arrangement fees	3,738	6,340	41%
Claims and complaints	7,139	9,233	29.3%
Suggestions	36	42	16.6%
Total (*)	**11,509**	**16,237**	**41%**

(*) Total 2019 figures do not coincide that those contributed in the 2019 Directors' Report, since the Personal Data Protection rights are no longer dealt with by this Service and have not been included.

Increased claims regarding arrangement expenses are due to the changes in case law and to the use of out-of-court claims by the legal defence department of certain customers,–as a strategy to interrupt the prescription of procedures, especially in the last month of the year.

As to the so-called “floor clauses”, recent figures reflect the Bank's work in recent years to resolve this type of claim.

It must also be highlighted that 286 complaints were made in relation to COVID-19 in 2020.

The **average time to resolve complaints and claims** is around **21 days**, both at the Customer Services Department (17 days in 2019) and in the special floor clause service (22 days in 2019), both within the prevailing legislation. At 31 December 2020, the Customer Services Department had managed **82.2%** of all claims received (95.2% in 2019). The reason for the drop in this ratio is the huge number of claims in December, which were managed in subsequent weeks.

The most significant novelty in this year was the performance by Customer Services of a new procedure to pay mortgage loan arrangement expenses to avoid these claims becoming legal complaints, both if the claim comes from a solicitor and if it is made by the customer directly to achieve a saving in legal costs for the Bank, from August of this year, following the rulings of the CJEU of16 July 2020 and of the SC 457/2020 of 24 July.

Ibercaja did not halt Customer Service activities during the State of Alarm

Of note was the **non-interruption of Customer Services activities** during a single day during the State of Alarm, in its evident necessary function of resolving complaints and claims in the periods stipulated by the applicable regulations, both standard claims and those relating to COVID-19. Furthermore, it resolved multiple enquiries from branches and customers, especially in the first few days when the uncertainty was at its highest level.

Also worthy of mention is its boosting role in adapting Ibercaja to the new criteria established by the Bank of Spain in its annual report to improve procedures in the collection of expenses arising from claims for debtor positions and in management fees for the testamentary report.

6.4 Commitment to our employees

102-7, 102-8, 102-10, 102-12, 102-35, 102-36, 102-43, 102-44, 103-1, 103-2, 103-3, 401-2

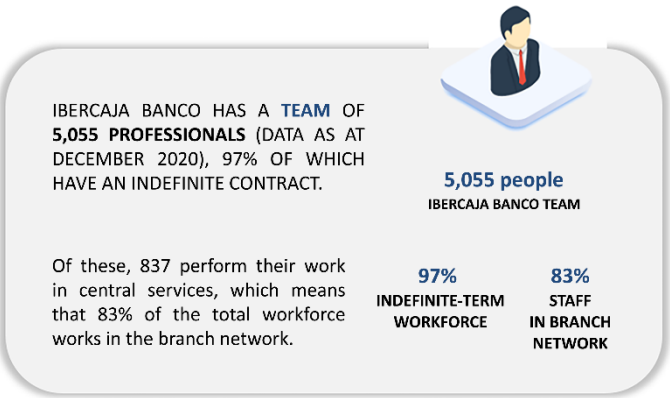
THE DEDICATION AND PROFESSIONALISM OF THE PEOPLE WHO WORK AT IBERCAJA AND THEIR INVOLVEMENT AND COMMITMENT TO THE PROJECT MAKE THEM THE MAIN AMBASSADORS OF THE BRAND.

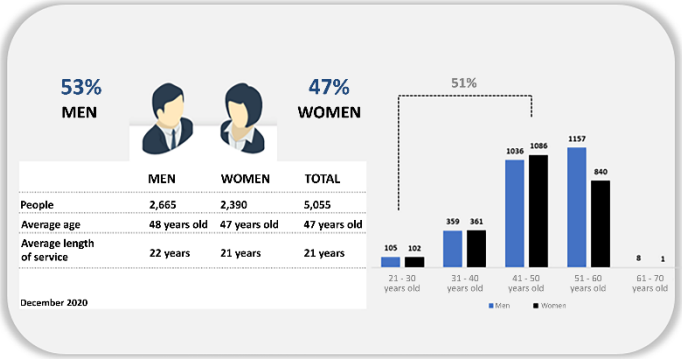
*The **people** who work at Ibercaja are the **fundamental pillar** on which the Bank consolidates its project.*

As an organisation that knows the value of people and with the aim of shaping an efficient organisation with the capacity to respond to future challenges, Ibercaja takes on the commitments **with its people with gratitude**:

- Ensuring that all Ibercaja employees act under principles and standards of ethical and responsible conduct, complying with the Bank's **Code of Ethics**.
- Encouraging the **balance of personal, family and professional life**, applying flexibility measures to balance employee and company needs.
- Promoting the **continuous development of their abilities** and skills, identifying and responding to current and future training needs and enabling access to knowledge.
- Promoting a **sustainability culture** in Ibercaja employees, raising awareness of social and environmental problems and providing the necessary training so that they integrate it in the performance of their functions and their daily activity.
- Preserving the safety and protection of its employees, actively promoting their **overall health and well-being**.
- Promoting **diversity** among its professionals, rejecting all forms of discrimination and promoting **equal opportunities**.
- Maintaining **open and transparent communication**, establishing the necessary channels and tools and promoting ascending and descending communication channels that encourage active participation.
- Fostering **open and transparent dialogue** with employee representatives, as the fundamental base of labour relations.
- Promoting **corporate volunteer work** in order to actively contribute to society and reinforce the pride of belonging to the Group.

The Group has **5,307 employees**, of which 5,055 work for the **parent**. **97%** of the Ibercaja Banco workforce have **permanent contracts**, the average length of service stands at 21 years and the average age is 47 years. The employees of Ibercaja Banco are fully covered by the collective agreement.





Women currently account for **47%**, of the workforce, having increased significantly in recent years (37% in 2005, 44% in 2014, 45% in 2015, 46% in 2016) and remaining stable in the last three years (48% in 2018 and 2019). In the under-50 age bracket, **51%** of employees were female; this means that the percentage of women in the Bank's average age is one point higher than that of men.

People management in 2020. Writing the future…

2020 was characterised by the management of the health crisis caused by COVID-19. A year that will undoubtedly mark the before and after of people management. Never before, have we been so close to the feeling of cooperation, mainstreaming, mutual assistance…

*In 2020 we have learned to put what is **important** first health and well-being of people.*

Taking care of **health**, **communication** and **resilience** were the **pillars to succeed in moving forward,** despite the difficulties caused by working under pandemic conditions, being an essential service for the Company.

But we have also been capable of reinventing ourselves and continuing our roadmap by adapting to a new reality. We have been innovative, mainstream, collaborative, flexible, we have progressed along the path of **digitalisation** and we have also included **new working systems**, such as remote working, mobility or flexible timetables.

The social distance imposed required an **extra dose of leadership** and "virtual proximity", discovering a new connectivity among people that goes beyond technology.

And now what…? Now is the time to write the future, a future full of uncertainties but also of opportunities. At the People Area Division we have the **challenge** of being catalysts of change, involving our professionals in feeling, now more than ever, the purpose of our organisation:

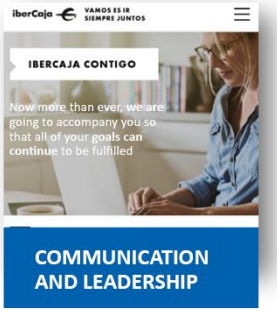
Our purpose

"Help people build their life story because it will be our story"

MANAGEMENT OF THE HEALTH CRISIS CAUSED BY COVID-19

As a result of the pandemic caused by COVID-19, we have had to face an unprecedented crisis, which evidenced the importance of **management focused on overseeing the health and well-being of people**, without forgetting **to guarantee the viability of the business project**.

To be able to minimise the impact of the crisis and be capable of reacting quickly, the **main actions** performed from the People Area Department as a response to this crisis, are grouped together into **three main blocks**:



HEALTH AND SAFETY

With the objective always set on the **health protection** of both our employees and of our customers, the Bank's Prevention Service has managed the health crisis from **four areas**:

1. **Prevention.**
2. **Early detection.**
3. **Reduced impact.**
4. **Ongoing monitoring.**

Ibercaja has been an example of preventive management thanks to the team created ad hoc and to the collaborative work to control the crisis.

BASED ON THESE OBJECTIVES THE FOLLOWING MEASURES HAVE BEEN ADOPTED:

- **Certification** of all healthcare and informative management processes.
- Reinforcement of the **Medical Service,** increasing the team by up to 4 people in the most critical phases of the crisis. Currently, the service has been reinforced with one additional doctor and a nurse during the whole working day from Monday to Friday.

- From the People Area, we have individually **dealt with and monitored** the performance of colleagues infected by coronavirus.
- Management of Group and individual **preventive protection equipment supplies** to all employees and taking of temperature at the Central Building.
- Creation of a **database** to manage and centralise all information relating to the management of the health crisis.
- Management of the **closure and disinfection** of work centres affected by Covid-19.
- Customer care line **COVID-19 enquiries** in which Bank employees will be attended to directly by the medical team 24 hours/7 days a week.
- **Psychological support** line for employees.
- **Performance of virus detection tests**. Ibercaja has succeeded in becoming the leading company in Aragón with administrative authorisation to perform private tests on its employees. With this objective, it was possible to bring forward detection times.
- **Flu vaccinations** for all employees that request them.

DISTRIBUTED PPE	**84,498**
VIRUS DETECTION TESTS (PCR, ANTI-BODY TESTS, ETC.).	**377**
FLU VACCINES	**950**

NEW WORKING SCHEMES

In 2020, the Bank instrumentalised a series of measures that enabled us to continue our professional activities, at the same time as **new work environments** were implemented, enabling us to shorten distances between colleagues, conduct meetings efficiently or cooperate in a mainstream manner in different projects.

The COVID-19 pandemic has also been a catalyst for new ways of working, accelerating our transformation process.

MEASURES ADOPTED:

- Implementation **telework** in over 1,300 posts (80% CS).
- **Rotative shifts** at branches (up to 50%).
- **Flexible working hours**, both entry and departure.
- Implementation of resources and **new mobility tools** (Teams, Office 365, etc.). All posts have collaborative tools.
- Appointment of **48 Digital Personal Banking Managers**, charged with the personalised advisory services of customers that operate remotely.
- Sitting of **on-line exams** to obtain the LCCI (Real Estate Loan Contract Law) certificate by over 1600 colleagues.
- **Virtual meetings** to hold different internal events scheduled in 2020.

COMMUNICATION AND ACCOMPANIMENT

Moments in which it was crucial to generate **new internal communication routes** that keep us permanently connected with our colleagues, accompanying them in their day-to-day matters at home and at the office.

Internal communication has played a key role in the COVID-19 crisis.

OPERATING COMMUNICATION:

Creation of COVID-19 space in regulations for the daily publication of measures related with the pandemic.

EMOTIONAL COMMUNICATION:

- ***Weekly letter of the CEO*** addressed to each employee, explaining the Bank's situation, measures being taken, messages of encouragement and recognition of the important work of Ibercaja's professionals as an essential service for the Company.
- ***Ibercaja with you***. Blog designed to maintain close, empathic and useful contact with colleagues. Articles of interest, Prevention recommendations, Tips to work from home, Solidarity initiatives, Health and well-being tips, Didactic resources, Weekly training, Provision contents to this new channel.
- ***Weekly newsletter*** in which we inform of the most significant milestones of the week.

2020. END OF STRATEGIC CYCLE

The focus on People Management at Ibercaja for the current 2018-2020 Strategic Cycle is based on the conviction that the consolidation of the management model defined in the previous strategic plan (*Personalised Management, Talent Development, Inspiring Leadership, 360º Communication*), must be made compatible with the **alignment and promotion** of new lines of work that reflect the axes of the Strategic Plan, creating levers **to continue promoting change.**

The effort to make the health crisis management compatible with the Bank's strategic road map was considerable in 2020.

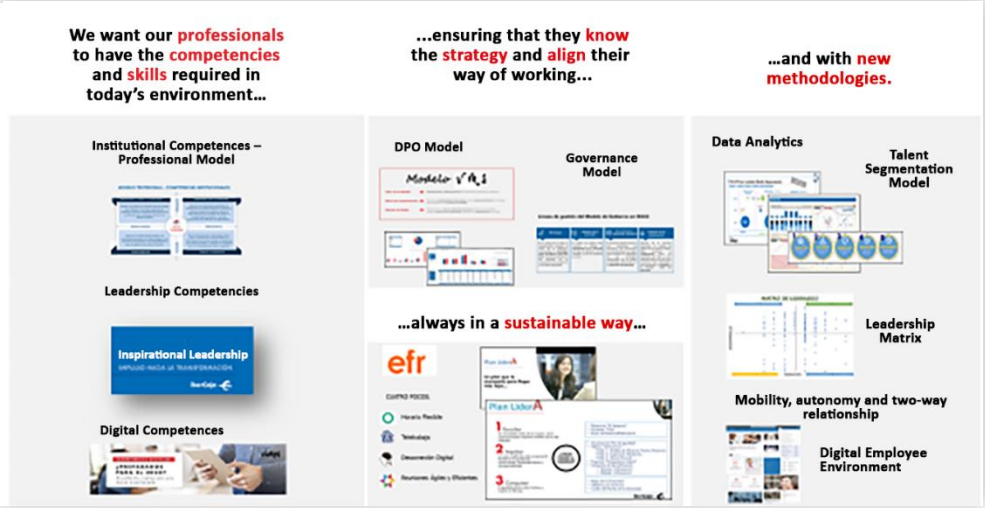
Our goal for 2020

"Form a dynamic, efficient, committed team that works through and for the customer (internal and external) in a positive environment that facilitates the personal and professional development of people".

ALIGNMENT WITH THE ENTITY'S STRATEGIC AXES

ENTITY'S STRATEGIC AXES	HR STRATEGIC AXES	10 STRATEGIC OBJECTIVES
CUSTOMER: ✓ Customers first ✓ New market opportunities	**PEOPLE FIRST:** ✓ People in the centre ✓ Segment to personalise	1. PERSONALISATION 2. SEGMENTATION 3. PROACTIVITY
VALUE: ✓ Generate capital to grow ✓ Growth to create value	**EMPLOYEE VALUE PROPOSITION:** ✓ Generate engagement to bind ✓ Improve our Spanish Volunteer Platform (PVE) to attract, motivate and retain	4. PEOPLE DEVELOPMENT 5. HEALTHY COMPANY 6. SOCIAL RESPONSIBILITY
TRANSFORMATION DRIVERS: ✓ Efficiency ✓ Capacities and tools	**TRANSFORMATION DRIVERS** ✓ Innovation ✓ Agility ✓ Digitalisation ✓ Efficiency ✓ Participation ✓ Mobility	7. INNOVATIVE COMPANY 8. CROSS-CUTTING COMPANY 9. PARTICIPATIVE COMPANY 10. CONNECTED COMPANY

STRATEGIC OBJECTIVES OF THE PEOPLE AREA



SIX TRANSFORMING MILESTONES IN 2020

COMPETENCY-BASED ASSESSMENT

1

The **Competency Assessment** enables us to identify people's capabilities, based on a series of behaviour previously established by the organisation, observed and measured objectively.

At Ibercaja we understand **COMPETENCIES** as the sum of three concepts:

(Knowledge + Skills) * **Attitude**

"Knowledge and ability add up, but attitude multiplies"

When we talk of assessing competencies we refer to the communication process between the Head and the Collaborator that enables us to **EMPHASISE WHAT and HOW** we have performed our work.

This reflection is important because it enables us to:

- **To learn of** and develop our potential and latent abilities
- **To analyse** the causes that may affect our performance and motivation
- **To reinforce** our strong points
- To establish action plans that enable us to improve

At Ibercaja, we value **three types of competencies**:

1. INSTITUTIONAL COMPETENCIES

INSTITUTIONAL COMPETENCIES. Those that all professionals require to perform our work at Ibercaja, regardless of the post we hold.

2. LEADERSHIP COMPETENCIES

LEADERSHIP COMPETENCIES. Those that, together with the foregoing, must be developed by all those that manage teams, in accordance with our Leadership Model.

3. DIGITAL COMPETENCIES

DIGITAL COMPETENCIES. Those that all Ibercaja professionals, to a greater or lesser extent, require to develop to be able to adapt to the digital change.

After carrying out the evaluations, there is an **ENCOUNTER BETWEEN THE LEADER AND THE COLLABORATOR**, in which both reflect on the main aspects of the work performed and establish the mutual commitments to improve with respect to the coming year.

"If you treat an individual how they are, they will continue to be what they are. But if you treat them how they could be, they will become what they could be"

Goethe (POET AND PLAYWRIGHT)

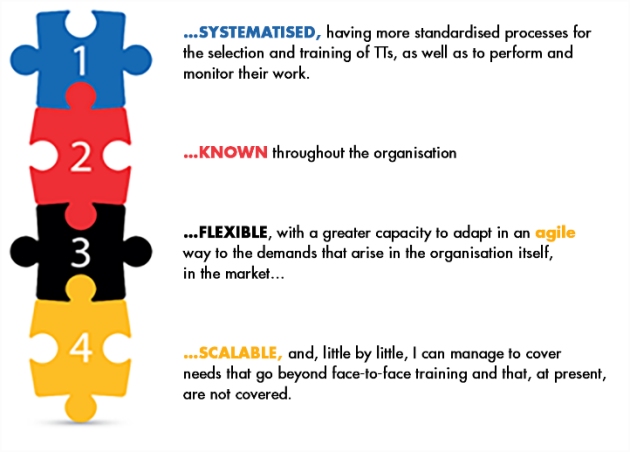
TALENT DAY 2

At the beginning of 2020, the first **Talent Day** was held, an annual encounter with the community of Talent Transmitters (internal trainers), which served as a debut and launch of the new TDT model at Ibercaja.

The model has been built as **a reference framework for the transmission of knowledge**, **skills**, **competences**, etc., focusing on the community of internal trainers, a group that has grown considerably in recent years, now exceeding **210 professionals** that do their best every day to support the various strategic, organisational and regulatory projects that the entity faces.

To this end, in 2020, the **Talent Transmitters team** has provided support in different strategic projects: *Commercial Systematics, Network Footprint, New Ways of Working, Pricing, etc., supported by a systematised, differentiating and key model for the future*.

TDT MODEL KEYS



LEADERA PLAN (WEEK INFEMENINE) 3

To celebrate **International Women's Day**, the "***1st Week inFemenine***" was held from 3-10 March, an initiative encompassed within the **frc Plan** to raise the awareness of employees, customers and society regarding the importance of building diverse and egalitarian workforces, notifying the objectives of our **LeaderA Plan.**

The **LeaderA Plan** seeks to make further progress in Ibercaja's new **Inspiring Leadership** model, placing the focus on the **access of women to executive posts**, by improving their aspirations, flexibility, support for mentors and ambassadors and assessment and objectification to ensure progress.

*At Ibercaja, we have proposed an **objective**:*
Increase by at least 10% the percentage of female executives at Ibercaja in the coming three years.

To achieve this, it is necessary to knock down barriers and accelerate change, implementing initiatives that promote the access of women with potential to executive posts.

Throughout the "Week inFemenine", different inspiring voices participated in different activities, acting **as ambassadors of the LeaderA Plan.**

*Do not place a gender on it, **place talent on it***

GOODHABITZ 4

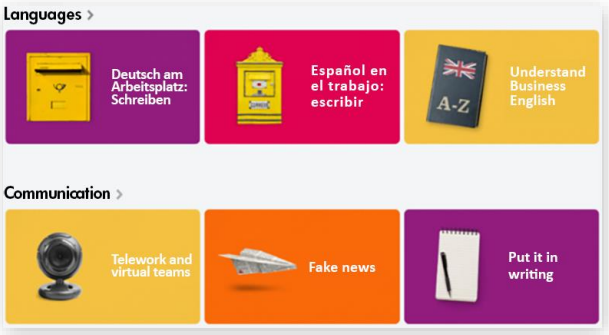
Ibercaja obtained in 2019 the efr seal for its commitment to the well-being of people and coinciding with the period of confinement, Ibercaja has relied on GoodHabitz with a clear **objective**: **to inspire people to be better every day.**

*The new **platform** to boost **talent** and **well-being** of employees...*

With this initiative, Ibercaja wants to continue investing in the **personal and professional growth** of people through a revolutionary e-learning training method: at their own pace, how and when they want, from mobile, Tablet or from their own computer.

The new platform offers a catalogue with over 80 courses, adding titles each month, providing employees with the possibility of focusing on that which most arouses passion in them, in their talent or in that they would like to improve in a fun different manner. Furthermore, all courses are available in various languages.

- Communication skills
- Personal skills
- Leadership
- Languages
- Team management
- Health and safety,...



MOBILITY AND COLLABORATION

5

The progress of **new technologies** has completely modified the habits of our customers, who are increasingly demanding regarding the services provided by their Bank, impacting on the new way of working of employees.

> ***Inspiring people***
> *to be **better** each day…*

Mobile devices also have **collaborative work tools**, allowing distances to be shortened between colleagues, work meetings to be held in a decentralised manner, knowledge to be shared or cooperation in different projects.

2020 has represented the definitive consolidation of the **Mobility project** which has come to stay:

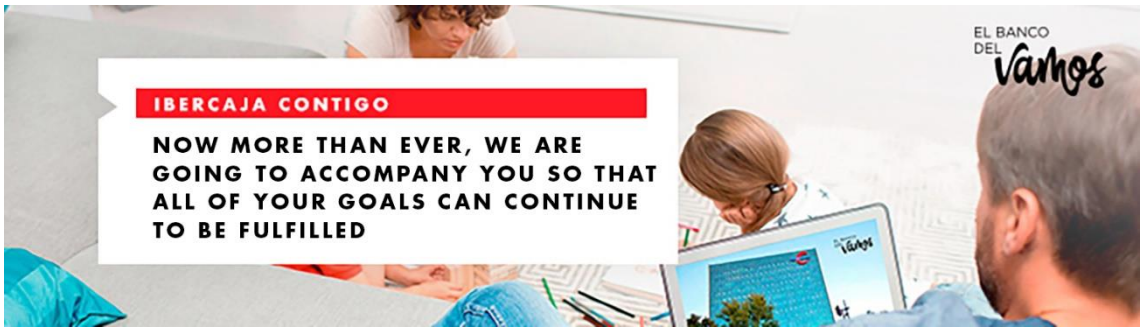
- Over 10% of the workforce has **worked from home** (80% of CS).
- At the end of 2020, all CS and Branch Network employees had **collaborative tools** (Teams, Office 365, etc.) in their devices.

NEW COMMUNICATION TOOLS

6

2020 was a special year, in which it was crucial to generate new internal communication routes that keep us permanently connected with our colleagues, accompanying them in their day-to-day matters at home and at the office.

Hence, at the beginning of April, we implemented our Blog **"Ibercaja with you"**, with new contents adapted to the new situation, with which we intend to **keep in daily** close, empathic and useful **contact with you**, with our colleagues and their families.



Letters from our CEO, Articles of interest, Prevention recommendations, Solutions to specific queries, Practical tips for professionals that work from home, Solidarity initiatives in which we can all participate, Tips with the best health and well-being advice, Didactic resources to continue to progress in our development, weekly training to be able to carry out from home, provide content to the new Blog.

*This initiative received a **"Special Mention"** in the **2020 Ocare Prizes** as Best CSR Communication Practice aimed at the internal public.*

OTHER MILESTONES

ALSO, IN 2020, WE HAVE CONTINUED TO PROGRESS IN DIFFERENT PROJECTS PLACING THE FOCUS ON INITIATIVES THAT RESPOND TO THE FOLLOWING QUESTION...

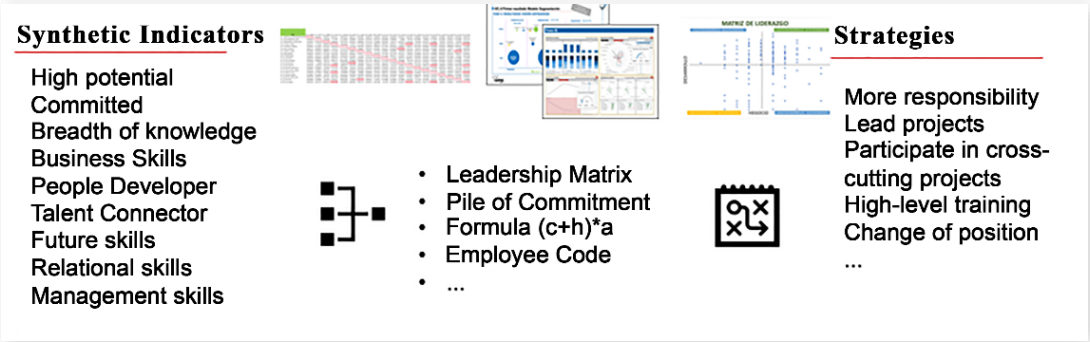
WHAT DOES IBERCAJA OF THE FUTURE NEED?

PEOPLE ANALYTICS

In 2019, a specialised team was set up within the People Area, whose **mission** is to provide the area with a **methodology and an integrated data analysis process, which will have an impact on improving the quality of the decisions made about the people**. This function is crucial to be able to carry out personalised segmented proposals, based on the needs and expectations of people.

In 2020, the project evolved by integrating and analysing different internal and external data sources to respond to business questions related to human capital, to be able to act accordingly.

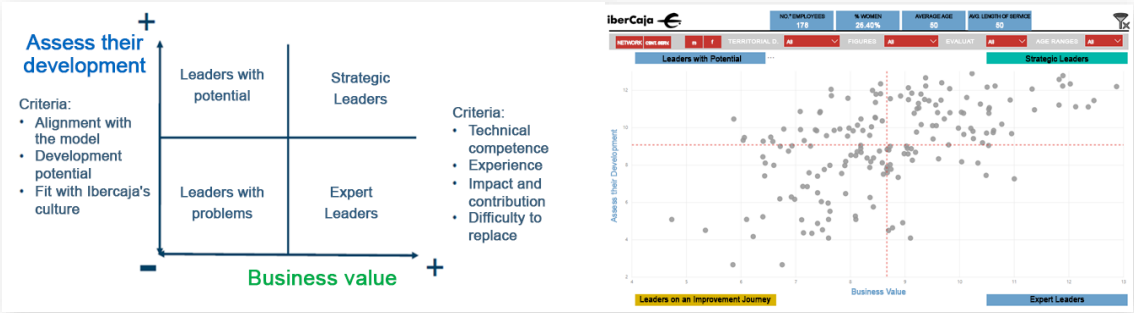
In a first phase simple indicators were worked, building the Scoreboard from the People Area, with recurring reports and an initial level of synthetic more complex indicators, in which the correlation between them has been calculated through mathematical algorithms verifying their robustness.



LEADER MATRIX

To consolidate the **Leadership Model,** an initial Leadership Matrix was developed that is permitting us **to analyse** the **degree of alignment** of our leaders with the model, the impact of its function on the **business** and the **development of its teams.**

The results of this first analysis will allow us to develop specific actions based on objective criteria based on objective criteria such as: degree of alignment with the model, development potential, fit with Ibercaja's culture, business impact, etc.

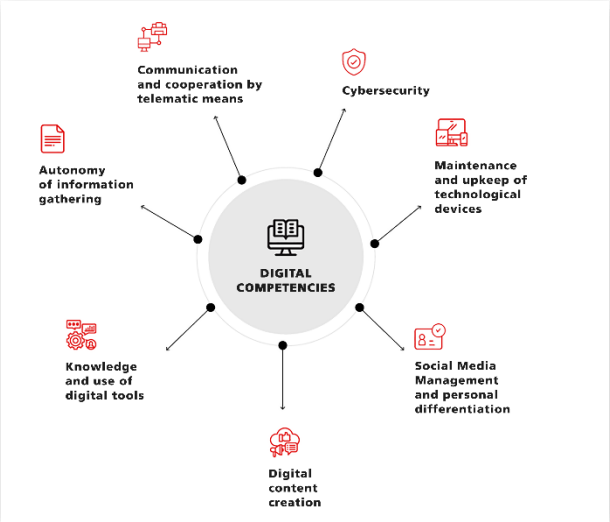


TRAINING IN DIGITAL COMPETENCIES

At Ibercaja we are convinced that the process of digital transformation in which we are immersed will be a success if we, the **people** that make up the organisation, are a **lever of change** to make it possible.

Hence, in 2019, the **Digital Competencies Map** was designed, which includes the competences that Ibercaja considers necessary to allow us to adapt to the digital change. To trace the roadmap to be followed, an initial diagnosis was conducted that enabled us to discover the starting point or the current degree of digitisation of each employee and identify the organisation's degree of digital maturity.

In 2020, we continued to progress in the **Digital Accompaniment Plan** with the launch of a new **interactive dynamic catalogue**, which groups together the different training resources to which we have access to continue to progress in our level of digitalisation.



Among its “virtual pages” you can consult more than 170 resources available on various topics: Social Networks, Collaborative Work, Cybersecurity, Digital Tools,... which are hosted on the Paraninfo talent platform, on the Paraninfo TV channel and through the GoodHabitz platform.

PARTICIPATION AND INNOVATION

This opening to disruptive change touches down at Ibercaja hand in hand with **INNOVATIVE IMPULSE**. A system of **challenges based on innovation and collaborative participation,** which seeks to resolve between everyone all needs of customers and the Bank through transforming ideas, seeking the direct involvement of the workforce in the Bank's strategy.

In 2020, noteworthy was the real start-up of **three winning initiatives** of the first challenge posed, which sought solutions to help our elderly population to become familiar with Ibercaja's Digital Assets, facilitating their digital inclusion. Thus, a new service has been developed in the Ibercaja App that has as its origin two of the winning ideas of the first edition of ImPulso Innovador: **Iberfácil and Botón Estamos Contigo.** In addition, the "Yo te Ayudo" programme has also been successfully implemented in selected offices.

With its start-up, we make our **proposal** of **allowing employees to participate come true** in certain innovation and transformation processes of the Bank, contributing to generate a better experience for our customers.

The **"Let's Go Savings Card"** was the winning idea of the 2nd innovation challenge, in which new products or services were sought that provide added value to customers or potential customers and allow us to obtain new sources of business.

To solve this 2nd challenge, a total of 96 ideas have been received, with the participation of 26 teams and 110 intra-entrepreneurs.

The conclusions obtained in these internal crowdsourcing processes are being decisive when it comes to **anticipating innovative solutions that will continue to drive our transformation process**.

ENGAGEMENT

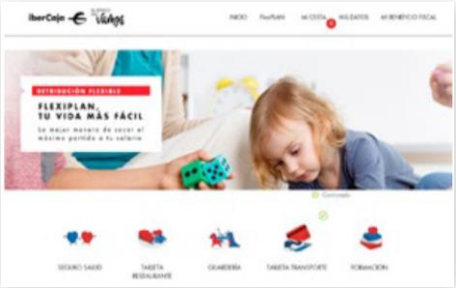
FlexiPLAN, the Flexible Compensation Plan, responds to this objective and represents a new element of fully customised salary pay.

In 2020, employees could receive all the benefits of the FlexiPLAN by voluntarily allocating part of their remuneration to the arrangement of certain products, achieving an increase in his/her net salary as a result of the tax treatment of these products.

> ***Retaining and attracting talented professionals*** *with talent is the key to successful companies. That is why at Ibercaja we consider introducing new motivating elements into our* ***remuneration system to be crucial****.*

In addition to health insurance, employees can access a range of products and services tailored to their needs: childcare, restaurant card, travel card and training.

To facilitate the management of the Flexible Remuneration Plan, since 2019, a mobile App has been available on the **Compensation Portal**. From the App, simulations can be made of the different products, and new products can be renewed and arranged, and employees can access their salary information and consult all the benefits that Ibercaja offers to reward them for their commitment to the organisation. In 2020, 3,269 colleagues benefited from this initiative.



3,467 EMPLOYEES OBTAIN LCCI CERTIFICATION

2020 witnessed the end of the professional accreditation process in the LCCI (Real Estate Credit Contract Act) programme. In this year, given the circumstances, over **1,500 colleagues** opted for **LCCI certification**, for the first time, through a virtual examination, and were able to accompany its preparation with a few weeks of highly complicated work, obtaining a high number of passes.

Overall, throughout 2019 and 2020, 12 sittings were held at different headquarters, four of which were carried out virtually.

Hence, at our Bank, we already have a total of **3,711 colleagues certified** to market this type of products and services, **with a pass rate of 99.7%,** evidencing the high level of commitment, professionalism and excellence of our workforce.

Also, our Entity already has 98.4% of professionals accredited to inform/advise on the MIFID regulations.

FRC MANAGEMENT MODEL

After one year as a frc, in September, **we passed** the **maintenance audit** for this first cycle of certification (2019-2020), obtaining a valuation.

This recognition supports the work performed and also implies the implementation of a management model based on the improvement of efficiency, flexibility and responsibility, which facilitates a work-life balance for people in all areas of their lives.

efr

*Obtaining this certification reinforces **Ibercaja's commitment to the people** who form part of the organisation, in accordance with our purpose and corporate values.*

At Ibercaja we currently have **more than 100 efr measures** grouped into 6 categories: *quality in employment, temporal and spatial flexibility, family support, professional and personal development, equal opportunities, leadership and management styles*.

Of note was the launch of the frc action plan for 2020-2022 with specific measurable objectives, including the implementation of new flexible forms of work or new measures to further progress towards building a more diverse and equal workforce through the LeaderA Plan.

In this same line, a working group was set up to progress in the regulation of the timetable flexibility measures and digital disconnection, to define specific objectives to enable an authentic personal, family and employment balance.

INSPIRATIONAL LEADERSHIP

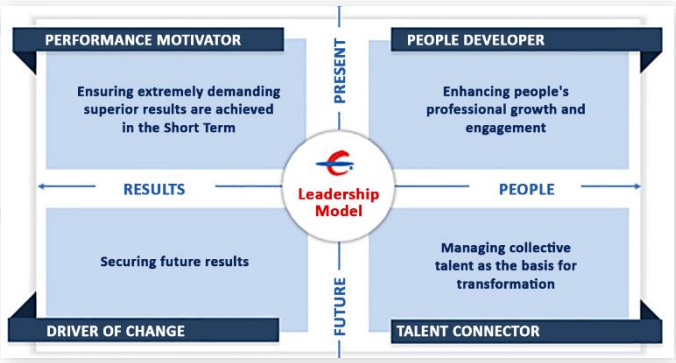
The adoption of this model, together with the "efr" project, are the **key to Ibercaja's cultural transformation**: more agile, more flexible, more innovative and focused on people.

*Ibercaja's **Inspirational Leadership Model** is a reference framework so that those that lead teams can exercise **uniform and coherent influence, aligned** with Ibercaja's strategy.*

In 2020, the **Leadership Model** was formed as a fundamental component faced with the complicated situation facing us, where the management of emotions has been a key factor **to guide and get the best out of our teams**:

- **LEADERS IN MOTIVATING RESULTS.** A workforce that has provided a service from day one on the front line must feel the proximity of its leader, sharing viewpoints, challenges, concerns and actively listening to the difficulties of its employees. To help in this situation as an essential service for society, the leaders have gotten the best out of their teams.
- **LEADERS IN DEVELOPING PEOPLE.** The crisis has also been the perfect time for people to develop their full potential: learning to work and interact with colleagues and customers in new work environments.
- **LEADERS IN DRIVING CHANGE.** 2020 has posed technological and operating challenges that it has been necessary to address immediately. The leaders have faced the difficult task of accelerating change and innovation, boosting new digital environments and agile work methodologies.
- **LEADERS IN CONNECTING TALENT.** Collaboration has been crucial in 2020. Breaking organisational silos and creating cross-cutting work teams to develop solutions to complex problems has undoubtedly contributed to maintaining our competitiveness during the pandemic.

Now more than ever we have emphasised our ***Inspiring Leadership Model***



FIRST SCHOOL OF INSPIRING LEADERSHIP

In 2020, Ibercaja, together with the Institute of Youth of the Extremadura Council, has promoted the creation of the **first School of Inspiring Leadership** for young students in the Region.

It is a project designed to **promote the development of skills among young people,** such as communication, teamwork, commitment or entrepreneurship, inspired by the leadership model deployed by Ibercaja four years ago among its leaders from the culture of example.

The inspirational leadership school aims to serve as a platform for future leaders by contributing to achieving the sustainable development goals of the 2030 agenda: sustainability, inclusive growth or youth employment, among others.

Fernando Planelles, Territorial Director, together with Victoria Mera, People Area Representative in Extremadura during the signing of the Partnership Agreement with the Extremadura Council

CULTURE OF RECOGNITION

Within the framework **of the improvement of the Employee Experience**, in 2020, 503 professionals were acknowledged through two programmes:

- **"Excellent Teams".** It involves the acknowledgement of professionals that have obtained the best results in the previous year. On this occasion, 147 colleagues stood out due to their effort, work and attitude.

- **“25 and 40 years saying Let's go together”.** A new concept based on emotional incentive, with the aim of thanking those colleagues who celebrate 25 and 40 years work at our Bank. In this especially difficult year, we did not want to let this celebration pass by and the whole team got behind the organisation of a “different act”, adapted to the new reality, but equally emotive, with the presence of our CEO and of the Director of the People Area. The “virtual gala” was attended by four promotions that have built their life trajectory alongside Ibercaja, to whom we acknowledged their dedication and commitment to the Bank.

DRAW IBERCAJA IN YOUR CHRISTMAS

To bring our children closer to Ibercaja, the “**Draw Ibercaja in your Christmas**” campaign was launched once again this year.

In this edition, our young artists expressed Ibercaja's commitment to the Sustainable Development Goals (SDG) through their drawings.

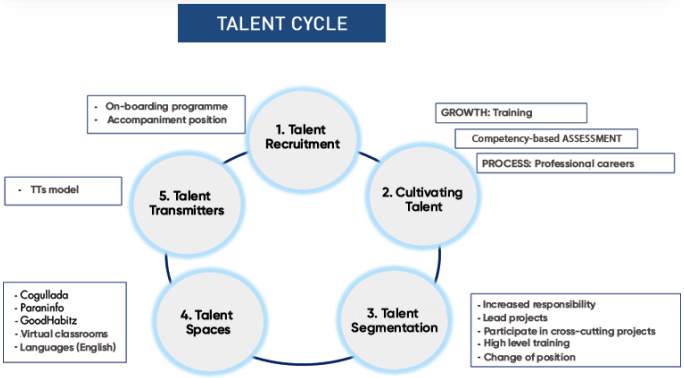
One year more, aside from participating with their drawings, the children participated in the **Unicef Blue Gift**, choosing a solidarity kit to send to other children in those parts of the world that most needed it.

CULTIVATING TALENT

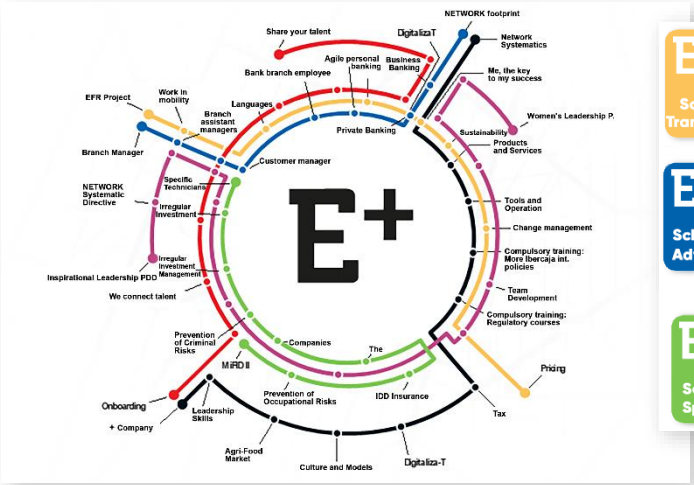
103-1, 103-2, 103-3, 404-1, 404-2

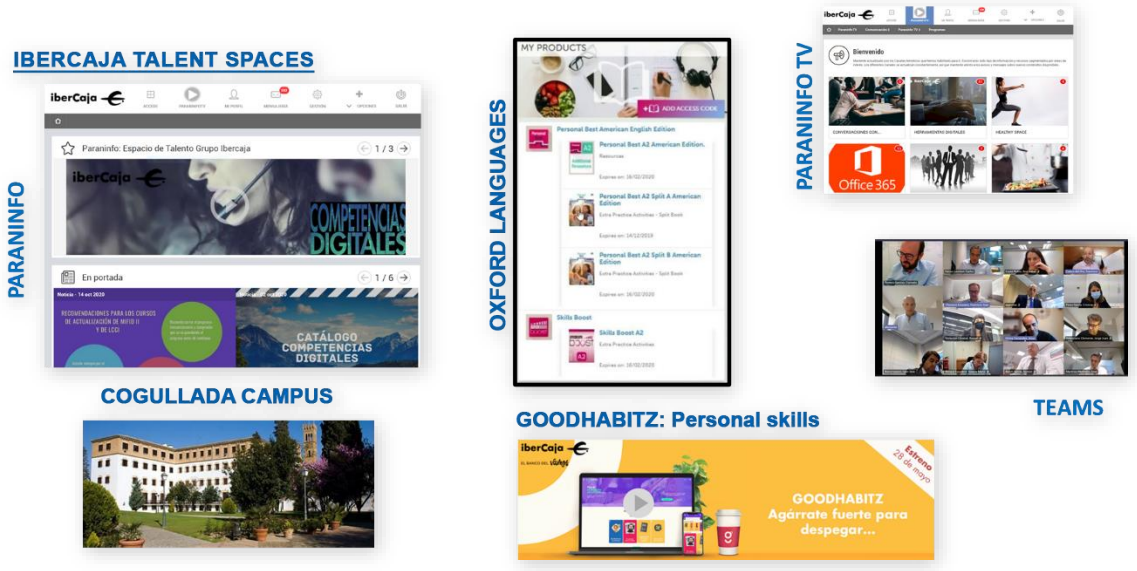
This involves obtaining the maximum return on the talent existing at Ibercaja, providing a personalised management that favours professional growth to obtain better results and a greater commitment to the Company, in response to the dynamism required to carry on the Bank's activities in line with the expectations and requirements of the surroundings.

*Ibercaja considers the **professional and personal development** of employees to be **a strategic objective** within the framework of People Management.*



Also, through the **Career Development Plan,** we promote the continuous development of the abilities and skills of our employees, identifying and responding to the current and future training needs of the Bank's different Groups. We align the training programmes and needs with the Bank's strategy, actively participating in the transmission of our culture, values, knowledge and experience.





The Entity encourages **talent development** through training programs and internal promotion for the highest number of employees possible. In **2020, 711 people** received professional promotions through the application of the criteria defined in each of the professional career plans, length of service, unrestricted designations and office classifications. There are professional career plans for all central service departments and for the strategic company and personal and private banking segments. The total number of professionals pertaining to these promotion plans was **1,249**.

The aim of the training programmes is to **promote professional development,** meeting the needs that arise in an environment as dynamic environment as banking. Among the main training programs undertaken are those related to tools and operations, products and services, standards/regulation, taxation, development of attitude and personal motivation, digital environment and new trends.

The number of hours of classroom training amounted to **17,332** and those given through distance channels amounted to **379,388**, distributed by professional category as follows:

Professional category	Training hours 2020	Training hours 2019
Managers	77,194	71,124
Middle managers	97,264	78,229
Technicians	124,164	98,865
Administrative	98,099	86,674
Total	**396,720**	**334,892**

The average number of training hours per employee in 2020 was 78 hours (18% more than in 2019)

Sustainability training.

In 2020, **specific sustainability training** was commenced, aimed at the employees most directly involved in the integration of ESG aspects at Ibercaja. Within the 2021 Career Development Plan, a specific **Sustainable Finance** line was also implemented, aimed at all people that work at the Bank, to accompany them in the training required in this process. It is expected to begin in 2021, with the launch of an obligatory global training programme, aimed at the entire workforce.

Employee Communication and Experience.

The Bank has **open** and **transparent** communication with people, providing information on actions led from the People area, disclosing general interest topics among the workforce, providing and **promoting channels** and **means** of guaranteeing adequate notification to employees and encouraging their participation.

THE MAIN INTERNAL COMMUNICATION RESOURCES INCLUDE:

Employee Experience surveys	Upstream communication channel to know how employees live and feel their relationship with Ibercaja at key moments in their professional cycle.
"Chronicle of Transformation"	Digital magazine that aims to make the Bank's transformation strategy familiar to the entire organisation. Through dynamic, audiovisual, modern and interactive content, employees are invited to travel the path of transformation of the Bank. This channel is available in web and app format for IOS and Android mobiles.
Mailbox "HR Director Responds"	Through the Employee Portal, you can contact Personnel Management and ask questions, make suggestions, notify concerns, etc.
EFR external channel	The mailbox efr@ibercaja.es has been set up so that employees can send in their proposals or suggestions for improvement and/or send in their complaints or claims related to EFR.
EFR internal channel	As a Family Responsible Company, Ibercaja's employees have a confidential communication channel with **Fundación Más Familia** regarding the EFR model. www.masfamilia.org
Cultural and Recreational Group	Where ludic activities are promoted that favour participation and social relationships among employees.
Ibercaja Chronicle	Human Resources collaborates in each issue of the magazine "Ibercaja Chronicle" by publishing articles of interest in the Personnel area.
Employee Portal	Another of the main channels of communication with employees, favouring the flow of upstream and downstream communication.
Regulatory-Daily Information	Main downstream communication channels that allow information to be provided at all times regarding the news related to Human Resources (Tenders, Appointments, Employment Agreements, Legislative News, Administrative Procedures, etc.)
All this is for you	Digital and interactive publication which, with a modern, close at hand and familiar image, shows the advantages and benefits that can be enjoyed by Ibercaja employees.
ImPULSE Platform	Participation channel based on a system of challenges that aims to involve staff in the search for ideas and solutions to the challenges that are periodically proposed. Two types of challenges exist: solidarity and innovation.

Internal Communication Plan in Sustainability.

Also, in 2020, an **Internal Communication Plan in Sustainability** was implemented, whose purpose is **to accompany** the Bank's Sustainability Project,helping Ibercaja's objectives in this area to be **known** and **interiorised**, and to promote a new "**sustainability**" **culture.**

In 2018, for the first time, the **ENPS (Employee Net Promotor Score)** index was devised. It is a parallel indicator to the NPS used in Customer Experience, which tells us about the degree of commitment of employees to the Ibercaja brand, responding to the question "Would you recommend Ibercaja as a place to work?" and obtaining an excellent score of **25.9.**

*Ibercaja thus reinforces the **Employee Experience,** as **a basis for the People Management Model** implemented in the previous strategic cycle.*

Furthermore, the traditional Employment Environment survey has evolved towards a perception study, which we call **Employee Experience Measurement**, in order to identify that which most satisfies employees in their day-to-day procedures, together with the aspects that may slow down their professional and personal growth, to adapt the improvement drives at all times.

In 2020, an employee experience survey was conducted, adapted to the special situation of the time.

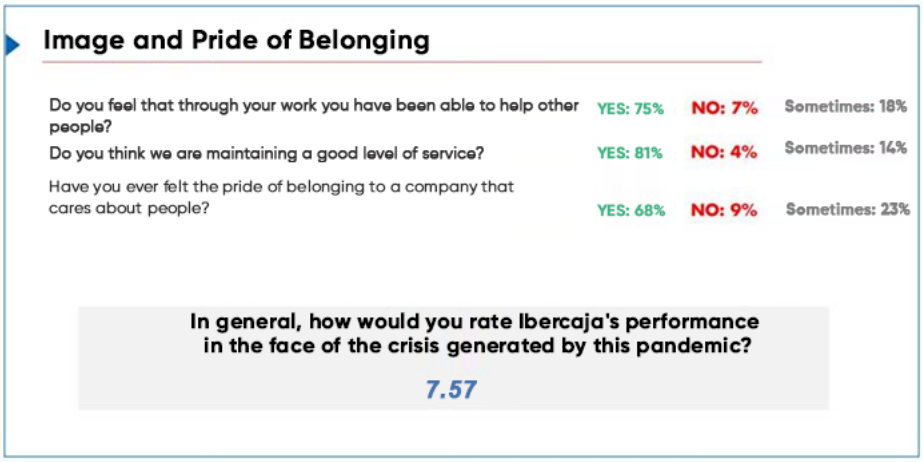


Image and Pride of Belonging

Do you feel that through your work you have been able to help other people?	YES: 75%	NO: 7%	Sometimes: 18%
Do you think we are maintaining a good level of service?	YES: 81%	NO: 4%	Sometimes: 14%
Have you ever felt the pride of belonging to a company that cares about people?	YES: 68%	NO: 9%	Sometimes: 23%

In general, how would you rate Ibercaja's performance in the face of the crisis generated by this pandemic?

7.57

In this context of on-going listening, in 2020, a joint reflection was made of all that lived in recent months, which enabled us to have valuable information on the concerns and worries of the workforce and improvement suggestions to be able to plan new actions that contribute to facilitate the on-going performance of our daily work in the current coordinates.

***Ibercaja actively promotes equal opportunities**, rejecting any form of discrimination, and it is committed to the work-life balance of its professionals that work at the Entity.*

DIVERSITY, EQUALITY AND WORK-LIFE BALANCE

103-1, 103-2, 103-3, 405-1

Ibercaja has **over 100 work-life balance and equality measures for its employees** (which exceed that included in the applicable legislation in force) in the categories stipulated in the frc/efr 1000-1, and it has implemented the **frc/efr Plan** for the first certification cycle (2019-2021). Alongside this, Ibercaja **updates the Equality Plan** which promotes equal opportunities between the genders and a work-life balance so as to contribute to the welfare of our employees and their families.

The positioning of women in posts of responsibility is continually gaining ground. In 2020 around 34% of Bank Manager positions, 60% of Assistant Manager positions and 57% of Personal Banking Manager positions have been awarded to women. Women obtained 55.3% of promotions in 2020.

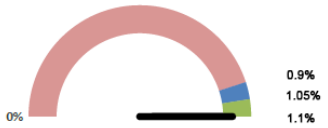
Also, Ibercaja's employees can opt for work-life balance measures such as leave, a reduced working day and an extended leave of absence, some of which extend or improve those set out in the prevailing legislation and in the collective bargaining agreements. During the year, 175 people availed themselves of these measures (133 reductions in working hours, 35 extended leave of absence periods for childcare motives and 7 extended leave of absence periods to care for family members).

Nº EFR MEASURES IN FORCE THAT IB OFFERS	
Family support	16
Quality in employment	42
Professional and personal development	20
Space and Time Flexibility	4
Equal opportunities	6
Leadership and Leadership Styles	16
TOTAL EFR MEASURES	104

EFR INDICATORS	2019	Dec/2020
STABILITY IN EMPLOYMENT % of permanent contracts as a percentage of total contracts	95.20%	97.31%
SPACE FLEXIBILITY % of companies that can benefit from some measure of space flex.	6.25%	24.23%
MATERNITY % mothers with children under 12 years of age in executive positions as a % of total women in managerial positions	43.96%	39.84%
MATERNITY % mothers with children under 12 years old and under 35 years old separated compared to Total separations	0.36%	0.00%
FEMALE PRESENCE % of women in the workforce as a percentage of the average total number of employees	47.76%	47.28%
EQUALITY IN ACCESS TO EMPLOYMENT % women hired in the last year vs. NO New Hires	54.55%	31.11%

INVESTMENT IN EFR CONCILIATION IN 2020	15,113,672
% INVESTMENT IN CONCILIATION (EFR) VS FIXED SALARY (2020 DATA)	6.44%

efr 2021 STRATEGIC OBJECTIVES



% FEMALE EXECUTIVES 2018	30%
% FEMALE EXECUTIVES TODAY	30%
% FEMALE EXECUTIVES TARGET 2022	40%

% FUNCTIONAL DIVERSITY 2018	0.93%
% FUNCTIONAL DIVERSITY TODAY	1.13%
% FUNCTIONAL DIVERSITY TARGET	1.10%

In relation to the **integration of people with disabilities**, Ibercaja, in addition to complying with the General Disability Law, promotes the participation of disabled people through agreements with social entities and awareness-raising through training and volunteer actions. Currently, 57 people with varying capacities work at the Bank (up 14% on 2019), thereby achieving one of the main objectives of our frc management model.

The Bank has protocols in place for dealing with any type of discrimination, including cases of sexual harassment and harassment for reasons of gender.

*Through our Representatives Network in the different territories we are performing a personalised people management. Our **objective** is **to know each person**, manage their needs individually, identify their level of commitment and oversee the development plans and adequate progress for each individual.*

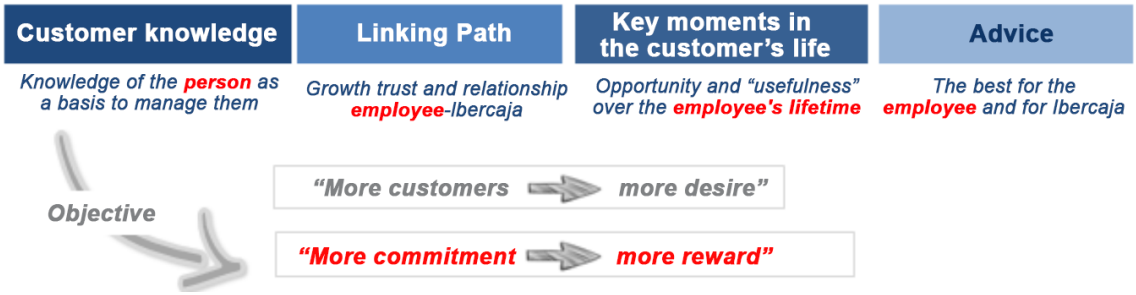
LEADERSHIP AND COMMITMENT MANAGEMENT

Since 2017, at Ibercaja we continue to have a network of seven representatives that provide coverage to all Territorial Divisions, as well as the Representative that works at Central Services.

We want the employee to **and accompanied at key moments in his or her professional life** at key moments in their professional life cycle: when starting a new position, an appointment, a transfer, the assessment of competencies or when facing a personal problem.

To this end, the delegates have a series of tools to help deploy this project: management protocols for support at key moments; employee files to support management and a new method for assessing the employee's professional expectations.

Our **relationship model with the employee** replicates the **Commercial Management Model with customers**.



REMUNERATION POLICY

103-1, 103-2, 103-3, 202-1

Staff **salaries** comprise fixed remuneration provided for in the Collective Bargaining Agreement for each professional level and for the variable remuneration received by the staff assigned to the Branch Network associated with the attainment of objectives. In addition, other amounts are paid as supplements for certain groups with specific functions and responsibilities.

The **fringe benefits** provided by Ibercaja to its employees supplement legally stipulated coverage, beyond the limits and benefits established in collective bargaining agreements. They include, among others, study grants, pension plans, grants for nurseries and children's education.

Employees have a digital and interactive environment that, with a modern, close at hand and familiar image, shows the advantages and benefits they can enjoy by being part of the Ibercaja family.

In line with the rest of Ibercaja's Human Resources policies, the Remuneration Policy is based on the principle of equality between men and women, with no type of wage differentiation between genders.

The following are details of the **average remuneration received** by the employees of Ibercaja at 31 December 2020. These remunerations are made up of fixed remuneration, salary complements and variable remuneration received in 2020.

AVERAGE TOTAL REMUNERATION BY GENDER (IN EUROS):

GENDER	FIXED + BONUS 2020	INCR. RESP. 2019	FIXED + BONUS 2019
M	53,468	1.93%	52,456
F	46,767	2.84%	45,475
Total	**50,300**	**2.37%**	**49,133**

AVERAGE TOTAL REMUNERATION BY AGE RANGE (IN EUROS):

AGE RANGES	FIXED + BONUS 2020	INCR. RESP. 2019	FIXED + BONUS 2019
21 - 30 YEARS	25,127	5.95%	23,717
31 - 40 YEARS	42,694	1.79%	41,942
41 - 50 YEARS	49,548	0.34%	49,379
51 - 60 YEARS	56,250	1.24%	55,563
61 - 70 YEARS	94,829	1.99%	92,983
Total	**50,300**	**2.37%**	**49,133**

AVERAGE TOTAL REMUNERATION BY PROFESSIONAL CATEGORY (IN EUROS):

JOB GROUPING	FIXED + BONUS 2020	INCR. RESP. 2019	FIXED + BONUS 2019
1-Executives	64,908	2.53%	63,306
2-Middle managers	53,340	3.17%	51,703
3-Technicians	46,957	2.30%	45,899
4-Clerical staff	42,619	2.47%	41,589
Total	**50,300**	**2.37%**	**49,133**

AVERAGE TOTAL REMUNERATION OF EXECUTIVES BY GENDER (IN EUROS):

GENDER	FIXED + BONUS 2020	INCR. RESP. 2019	FIXED + BONUS 2019
M	66,904	2.44%	65,314
F	60,280	2.81%	58,634
Total	**64,908**	**2.53%**	**63,306**

In relation to the so-called **salary gap**, if the base salary of the collective bargaining agreement is taken as a reference and the additional remuneration for length of service, social benefits or other benefits is excluded, the male/female wage ratio at Ibercaja is 1.

The range of the relationships between the standard initial salary and the minimum local salary in places in which significant transactions are performed is 119% both for men and women.

Analysing this information weighted by job grouping (executives, middle management, technical and clerical), a salary gap of 8.33% was determined in 2020.

The wage difference shown by the results is in line with the sector, mainly generated by the historical gender composition of the company, which translates into a higher average length of service of men compared to women. The proof of this is the **reduction of the gap** with **respect to 2019 of 5.76%, from 13.3% to 12.53%**.

This calculation takes into account fixed remuneration, wage complements and variable remuneration received in 2020.

This trend is partly due to the measures implemented to reduce it:

- Increase in the representation of women in management positions.
- **55%** of promotions in 2020 corresponded to **women**.

Aspects relating to the remuneration of directors

The position of member of the Board of Directors is remunerated, in accordance with article 34 of the Bylaws. Only the Chief Executive Officer and the Chairman receive a salary for the performance of their duties, as well as allowances for attending meetings of governing bodies, in accordance with the provisions of the Bylaws. The remuneration of the other directors, in their capacity as such, consists of (a) allowances for attending meetings of the Board of Directors and its committees, and (b) an annual allocation to be determined by the Board for directors with special dedication and duties (chair of the internal committees of the Board of Directors).

Hence the average remuneration of directors, including the CEO and the Chairman (9 male directors and 2 female directors), amounted to 135 thousand euros. On the other hand, the average remuneration of directors in their capacity as such is 53 thousand euros (the average remuneration of male directors is 58 thousand euros and that of female directors is 32 thousand euros).

Information on directors' remuneration is disclosed on the Bank's **corporate website** (www.ibercaja.com), in the section Corporate governance and remuneration policy and in the Annual Corporate Governance Report.

Aspects relating to the remuneration of senior management

The members of the Bank's Management Committee, comprising 11 people (8 men and 3 women) at 31 December 2020, are classified as senior management, excluding the CEO. Information on senior management remuneration includes both fixed and variable remuneration, long-term pension systems and any other payments. The average remuneration is 202 thousand euros (average remuneration of male executives of 212 thousand euros and 174 thousand euros in the case of female executives, which is mainly affected by the length of service of the officials in the Bank).

SOCIAL DIALOGUE AND ORGANISATION OF WORKING TIME

103-1, 103-2, 103-3

Labour relations are based on **open and transparent dialogue with employee representatives**. The Entity's union representation comprises 228 employees linked to five union sections.

These relationships attempt to foster mutual commitment, in order to advance in the improvement of the employment conditions for the professionals that work at Ibercaja.

Agreements reached in 2020:

- Signing of 2019-2023 Collective Bargaining Agreement
- Branch Responsibility Bonus Agreement
- Collective Company Agreement on Specific Timetables
- Agreement on the adoption of extraordinary employment measures at Ibercaja Banco S.A. as a consequence of the declaration of the State of Alarm in Spain

100% of Ibercaja Banco employees are covered by Collective Bargaining Agreements and are represented on formal committees. Ibercaja's activity is carried out entirely in Spain and its workforce is made up of people of different nationalities.

90% of employees have an intensive **timetable** (except Thursdays in winter). The Collective Agreement for the years 2019-2023 establishes an annual working time of 1.680 hours of effective work. Respecting that working day, and without prejudice to the irregular distribution thereof, in accordance with the provisions of current legislation and applicable industry regulations, the **working hours** are as follows:

- From 1 May to 30 September, the hours are Monday to Friday: 8:00 am to 3:00 pm.

- From 1 October to 30 April, the hours are Monday, Tuesday, Wednesday and Friday: 8:00 am to 3:00 pm and Thursday: 8:00 am to 2:00 pm and 4:00 pm to 7:00 pm.

In Ibercaja there are 481 employees subject to tailored schedules, requested on a voluntary basis. Of these, 87% requested three afternoons, 3% two afternoons and 10% one afternoon.

Also, the new Agreement, for the first time, enacts the right to digital disconnection in the workplace. This regulation contributes to the health of workers by reducing, among others, technological fatigue or stress, thereby improving their working environment and work quality.

OCCUPATIONAL HEALTH AND PREVENTION

103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10

Ibercaja is committed to the **safety and protection of its employees**, to ensure **their well-being and occupational health**, by minimising risks and assigning the resources that are necessary to implement preventive actions.

Also, Ibercaja's strategic objectives include the promotion of healthy lifestyles, promoting different initiatives in this regard:

- Performance of medical check-ups.
- Promotion of sports activities through the Cultural Group, active participation in races and marathons throughout Spain in a group manner and the organisation of workshops that promote well-being (Healthy Space and Show Cooking at CoffeeWork).
- Specific section in the Ibercaja with you APP (#ContigoNosCuidamos y #ContigoEntrenando), in which healthcare recommendations are included, such as how to prevent colds, habits for a healthy heart or information on the importance of a healthy diet.
- Distribution of seasonal fruit at Ibercaja's central offices.

How does this policy apply at Ibercaja?
By having an In-house Prevention Service to provide specialised technical support to the whole organisation in the area of occupational risk prevention, occupational medicine and ergonomics, promoting healthcare, through frequent medical check-ups, vaccination campaigns and information.
The Entity makes its regular risk prevention enquiries through the arrangement of an **Occupational Health and Safety Committee**, whose main function is to verify compliance with the regulations.
Employees participate in this specific area through **"prevention officers"**. The number of those appointed by and among employee representatives stands at 13.
Through the preparation and application of the **Occupational Risk Prevention Plan** and of the related risk assessments and re-assessments.
Training and informing employees of the risks of their activities, through courses in the area of prevention and publication campaigns through different channels.

The Bank has its **own prevention service**, as it is a company with more than 500 workers. The in-house prevention service is a specific organisational unit covering two of the four prevention disciplines ("Health Surveillance" and "Ergonomics and Applied Psychosociology") provided for in Article 34 of the

regulations. The preventive specialties of “Safety at Work” and “Industrial Hygiene” are outsourced to an external prevention service: MAS PREVENCIÓN.

The Bank has implemented an **occupational risk prevention plan**, with the aim of integrating preventive activity into management.

The Bank has set up a **Health and Safety Committee**, composed of 10 members: 5 of them are the Prevention Officers and the other 5 are representatives of Ibercaja. Ibercaja's Health and Safety Committee has its own internal regulations that govern its functioning.

To continue progressing in the training of the entire workforce in these matters, in 2020, 232 employees of the Ibercaja Group completed an online **Occupational Risk Prevention** course. This training course lasts two hours. Hence, 4.620 employees of the Ibercaja Group completed the training received in 2019.

Attention must be drawn to the **special training received by the workforce on COVID** to inform all employees of the measures adopted by the Bank to prevent possible cases and raise awareness of the effect of the virus in the professional environment, providing guidelines to minimise risks. It has an estimated duration of 1 hour and in 2020 5,099 people carried out this training.

Given the activity carried out by Ibercaja, no specific risk or illness for employees is identified.

In 2020, 28 **occupational accidents** occurred (8 men and 20 women), up **12% on the previous** year (although 7% less if we take into account the days not worked by employment accident), and the total number of hours of absenteeism was 470,193 (331,274 in 2019). As is the case every year, the hours of absenteeism include common illness, occupational accidents and maternity and paternity leave. But this year, as a novelty, COVID was included in the hours, with absenteeism due to Coronavirus amounting to 117,003 hours, which was a significant determining factor in the increased number of employee absences with respect to 2019.

	YEAR 2020	YEAR 2019
FREQUENCY INDEX (*)	1.3294	1.2273
SEVERITY INDEX (**)	0.1191	0.1284

Recalculation of the severity index in 2019

(*) IdF= Number of occupational accidents with sick leave (ex in itinere) *10^6
Total number of hours actually worked

(**) IdG= Number of days not worked due to an accident at work, with leave *10^3
Total number of hours actually worked

6.5 Commitment to the environment

102-11, 102-12, 102-15, 102-19, 102-20, 102-30, 102-31, 102-43, 102-44, 103-1, 103-2, 103-3, 301-1, 301-2, 302-1, 303-1, 303-5, 305-1, 305-2

IBERCAJA ACQUIRES THE COMMITMENT TO PROTECT THE ENVIRONMENT AND FIGHT AGAINST CLIMATE CHANGE, TAKING INTO ACCOUNT BOTH THE ENVIRONMENTAL IMPACT OF ITS OWN FACILITIES AND THAT OF ITS FINANCIAL ACTIVITY.

6.5.1 Through the banking and financial activity

*Ibercaja responds to the challenge posed by climate change and its associated regulatory requirements, working to **integrate environmental and climate aspects** across the entire organisation.*

To this end, the Entity uses the objectives of the Paris Agreement on Climate Change as a reference, and moves forward in the implementation of the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD). This information is included in detail in **section 6.12. of this chapter of the Directors' Report**.

The Sustainability Policy, approved by Ibercaja's Board of Directors in December 2020, includes the Bank's **environmental commitments**:

THROUGH ITS FINANCIAL ACTIVITY, IBERCAJA UNDERTAKES TO:

- **Analyse the impact of climate change**, detecting **needs** that the transition to a decarbonised economy may present, in order to **respond with business solutions** that support environmental sustainability.
- **Analyse climatic and environmental risks**, their impact on customers and their financial activity, for their gradual integration in compliance with the regulatory requirements.
- **Transparently communicate** the advances in environmental sustainability, **raising awareness internally and externally** to promote a sense of environmental responsibility.
- Assume and endorse the primary **national and international commitments** that help to protect the environment and fight against climate change, working on their implementation.

6.5.2 Through internal environmental management

*OUR COMMITMENT TO THE ENVIRONMENT IS ALSO MATERIALISED IN THE **MANAGEMENT OF THE DIRECT IMPACTS** OF OUR ACTIVITY, AND IS DEVELOPED THROUGH THE FOLLOWING AXES:*

ENVIRONMENTAL POLICY

Approved by the Board of Directors and public: it is based on **compliance with** general **regulations**, pollution prevention in its own processes, **proper waste management**, **employee awareness** of the responsible use of resources and the **dissemination of the actions** carried out among customers and suppliers to raise their awareness.

ENVIRONMENT COMMITTEE

At executive level, this body is tasked with **ensuring its compliance,** supervising the efficiency and effectiveness of the Bank's environmental management system and **promoting awareness initiatives and environmental protection.**

ENVIRONMENTAL MANAGEMENT SYSTEM

Supervised by the Environmental Committee, it has a Coordinator and a specific budget for its correct performance, enabling the implementation of environmental initiatives proposed by the **Environmental Team**, formed by volunteers from different units, which propose, foster and promote initiatives in the environmental protection area.

TO DO SO, IBERCAJA ASSUMES THE FOLLOWING COMMITMENTS:

- Measure and publish its carbon footprint, establishing a reduction plan to achieve **emission neutrality**.
- Comply with the **applicable legal environmental requirements** and those other rules **voluntarily assumed**, adopting the necessary measures to do so.
- Apply the **principle of pollution prevention** to minimise and/or offset for possible negative impacts on the environment.
- Encourage the **responsible control and consumption of resources**, and **the proper management of waste**, minimising its generation to the extent possible, favouring the circular economy throughout the value chain.
- Ensure the integration of **continuous improvement** in the system and in environmental performance by establishing **environmental objectives**.

The Environmental Management System (EMS) has been in place at the Bank since 2007, and it is externally certified by AENOR, which verifies compliance by the head office building with the requirements of the ISO 14001:2015 standard. As a requirement of this Standard, **the risks and opportunities** arising from the system are identified, as well as the actions to be taken for each risk. The risks include the impact of climate change on financial activity.

In 2020, AENOR conducted the **Monitoring audit** on the Bank's Environmental Management System, in which it verified the implementation of the System with respect to the specific requirements in the UNE-EN ISO 14001:2015 reference standard. The strong points are **highlighted as follows**:

- State of **order and clean** facilities.
- Horizontal, vertical ascending and descending **communication channels**.
- **Thorough analysis** of the determination of the context of the organisation, and of the interested parties and their requirements.
- The **availability, aptitude and technical preparation of all the personnel involved** in the system, implication and knowledge regarding the Bank's environmental efficiency theme and culture.
- **Internal and external environmental initiatives**, and the participation of the Bank through **inclusion** and awareness-raising through symposiums for the interested parties.
- Integration of the Environmental Management System **in the business units** and the inclusion of environmental criteria in the design of the organisation's financial products.
- **Reduction of the carbon footprint.**

MAIN LINES OF ACTION IN 2020:

RESOURCE MANAGEMENT

The Bank has among its **objectives** the **efficient consumption of resources** and implements initiatives aimed at optimizing them, especially those that are material for Ibercaja: water, energy and paper. It also places special emphasis on raising awareness regarding their correct use.

*The Bank has implemented initiatives aimed at **optimising the consumption of resources***

TOTAL CONSUMPTION	2019	2020
Water consumption (m3)	41,451	37,028
Energy consumption (Gj)**	138,107.1	129,780.7
Paper consumption in Tm*	369.4	333.3

** 96% of DIN A4 paper is recycled*

***The electricity consumption of the Branch Network is calculated based on the electricity invoices of the various companies for the period from 1 December of the previous year to 30 November of the current year. This is because real calendar year data are not available until March of the following year.*

In 2020, as in previous years, in all the reforms, works and maintenance actions carried out at offices, if the facility allows it and it is necessary, the criterion of **replacing the existing lighting with LED systems** and of improving air conditioning systems with more efficient equipment, was maintained. All our measures or procedures take into account the Bank's **environmental management principles**.

CIRCULAR ECONOMY AND WASTE MANAGEMENT

The correct segregation of waste and its selective collection is a constant commitment of the Bank, ensuring the correct destination of each type to reduce its environmental impact. The Waste Coordinator is in charge of their integral management.

Awareness-raising campaigns and training help to promote the best environmental practices and to gain awareness to minimise waste generation. In 2020, efforts focused on the **continuous improvement of waste management**, highlighting the internal and external environmental awareness and information actions aligned with key global events related to recycling and environmental education, and the planning of specific training for the internal waste managers in January 2021.

EMISSIONS

Ibercaja obtained the **"I calculate/I reduce" seal** for 2019 of the (MITECO) Carbon Footprint, Offset and Carbon Dioxide Absorption Projects Register and the Spanish Climate Change Office.

> *The Bank's commitment to the environment is reflected in the **Emission Reduction Plan**.*

Since 2016, Ibercaja has calculated its carbon footprint including the scope 1 and 2 emissions, demanded by the Spanish Climate Change Office, and also the indirect scope 3 emissions, specifically, those produced by car trips of employees for work reasons and those associated with documents sent by messenger.

In 2020, total emissions in Tn of CO2 eq (Scope 1 and 2) amounted to 1,285, which represents a **reduction of 85%** compared to the previous year.

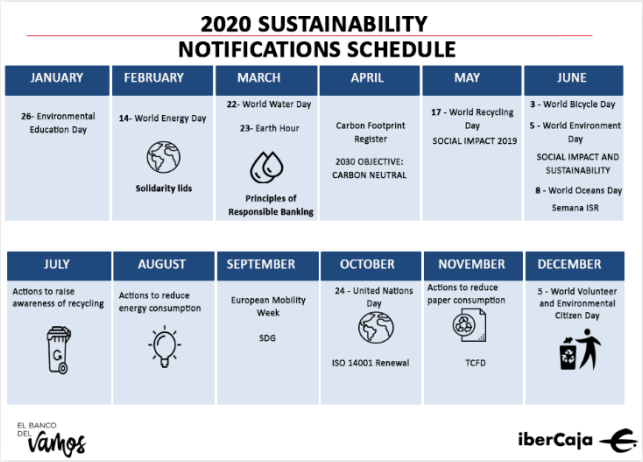
The reduction in emissions was due to the **consumption of green energy** at the central headquarters (since April 2017) and at offices (2020). All electricity supplied by Endesa originates from renewable energy, as accredited by the National Energy Commission (CNE), through its electronic headquarters.

The Bank's commitment to the environment is reflected in the **Emission Reduction Plan**. The milestone in 2021 is to offset the emissions calculated in 2020 that could not be avoided, thereby **neutralizing emissions.**

AWARENESS-RAISING AND COMMUNICATION

Awareness-raising and communication are a **key aspect for Ibercaja**, since through them, it succeeds in amplifying the impact and notifying it to its stakeholders, especially its employees and society.

Annually, **environmental procedures and contents are planned throughout the year**, aligned, when appropriate, with global awareness initiatives or days indicated in the environmental area, related with environmental preservation and the fight against climate change. Dissemination is carried out through a range of channels, both internal and external, operated by the Bank (Daily Information, Ibercaja with you APP, social networks, etc.).



Odeséate campaign

Earth Hour

Solidarity lids

Also this year, albeit in a different manner due to the healthcare circumstance, Ibercaja joined the **Earth Hour** initiative with the Zaragoza Central Building, the Burgos Catholic Kings Building and the XXI Century Badajoz Building, Badajoz.

Also, the **corporate web page (*https://www.ibercaja.com*)** includes Ibercaja's sustainability and environmental commitment in a specific section.

ENVIRONMENT TEAM

The Environmental Management System has a team that promotes initiatives **Environment Team**, formed by volunteers from different units, which promote, foster and implement possible measures in the environmental protection area, encouraging their implementation.

*The **Environment Team** proposes, promotes and implements possible **environmental protection** procedures.*

This year a project has been implemented to reduce and optimise the use of plastic at Ibercaja. In this regard, the **NO PLASTICS TEAM**, was formed which has worked on a voluntary basis and, in coordination with the Purchases Unit, has replaced plastic consumables with others made with recycled and recyclable materials (for example, card cases, finger notches, etc.): The water bottles at Central Headquarters were also substituted by other RPet bottles (100% recycled and recyclable), thereby transferring our environmental commitments to the value chain.

Through the environmental suggestion box created in 2019, various suggestions were received to **improve waste segregation at offices**, hence, this challenge was marked as a new objective and a plan was designed to achieve this improvement.

TRAINING

Training is a key element at Ibercaja to transfer its environmental commitment to all Bank employees and to provide them with the necessary tools, especially to those that form part of the Units most affected directly and to those linked with the environmental management system for its correct performance.

__Training__ is a __key element__ at Ibercaja to transfer its environmental commitment to all Bank employees.

In 2020, the following **training activities** were carried out, tied to sustainability and the environment:

- Course on sustainability: a course on **Sustainability focused on environmental care** has been posted on the Habitz platform, available to all employees of the Entity.
- **Sustainable Finance**: several training sessions have been held in different areas (risks, investment, products, reporting, etc.), within CECA's working groups.
- **Principles of Responsible Banking**: sessions of the different working groups in which Ibercaja participates.

Following the Sustainability Roadmap, it is envisaged to include a sustainability line in the **2021 Career Development Plan.**

ENVIRONMENTAL ALLIANCES

Ibercaja, within the framework of the promotion of SDG 17 (alliances), promotes cooperation between entities and its participation in environmental initiatives and the fight against climate change.

Ibercaja promotes __cooperation among entities__ and its participation in environmental initiatives

This is part of **COEPLAN** (Coalition of Companies for the Planet), an initiative that promotes more innovative and sustainable companies.

It also participates in the **Sustainable Finance Sector Working Group** to analyse and adapt to legislative proposals supported by the European Commission in its Action Plan on Financing Sustainable Growth.

Ibercaja is part of the **#ComunidadPorElClima**, to raise awareness and disseminate good environmental practices that support the sustainability of the planet.

As part of the COP25, in 2019, the Bank signed the **"Collective Commitment to Climate Action"** of the Spanish financial sector, promoted by the United Nations Environment Programme Finance Initiative, and joined the commitment to measure and reduce the carbon footprint.

Smart Green. In 2020, the Ibercaja Foundation joined the Smart Green Movement, an initiative led by LG España in collaboration with CO2 Revolution, whose objective is to plant millions of trees throughout the country. Hence the Ibercaja Foundation joined the movement that brings together mayor firms, citizens and institutions to combat climate change, absorbing the CO2 surplus into the atmosphere through the reforestation of trees.

6.6 Commitment to shareholders and investors

102-43, 102-44

IN OUR RELATIONSHIP WITH CURRENT AND POTENTIAL SHAREHOLDERS AND INVESTORS, IT IS CRUCIAL TO CARRY OUT PROCEDURES OF INTEREST AND PROVIDE ADEQUATE INFORMATION REQUIRED FOR THEIR ASSESSMENT.

During 2020, Ibercaja has continued working to provide more in-depth knowledge of the Entity to all financial market players. The Bank has continued its pledge for **transparency** **through two main channels**:

The Bank continues to pledge for ***transparency***

- Its **corporate website**, which isIbercaja's main channel to make itself known to investors. Throughout the year, the corporate website has received **2.4 million visits.** In the coming months, the Bank expects to renew this channel with the objective of adapting it to the Bank's new corporate image and continuing to improve the available content.
- Also, the Entity has a channel to resolve queries of this group by writing to the *mail box* ***investors@ibercaja.es***. In 2020 Ibercaja managed over 325 direct contacts with investors through this channel, **up 19% on 2019**.

COMMITMENTS TO SHAREHOLDERS AND INVESTORS:

- **EQUALITY.** Guarantee equality between shareholders and investors regarding access to significant information on the Bank, avoiding asymmetry and ensuring maximum transparency so that they can obtain complete, clear and true information at all times.
- **ADEQUATE DIALOGUE**. Establish adequate dialogue channels that allow them to be attended to with agility and quality in a personalised manner.
- **CONFIDENTIALITY.** Protect, in the terms envisaged, the confidentiality of the data that may be contributed by shareholders and investors.

Additionally, and given the impossibility of maintaining face-to-face meetings due to the restrictions caused by the pandemic, **videoconference** meetings were boosted, so Ibercaja has remained close to investors and analysts in a climate of high market volatility.

Within the framework of the Bank's Sustainability Roadmap, a line of work has been identified to enhance **communication of Ibercaja's ESG commitment among investors** and rating agencies, responding to their growing interest and highlighting the Bank's progress in this area.

THE MOST SIGNIFICANT MILESTONES FOR INVESTORS DURING WERE:

- The **refinancing of the Tier II debt issue** in January. Ibercaja issued 500 million euros of Tier at 10.5 years (with a repurchase option in the year of 5.5). Investor demand amounted to 1,800 million euros, of which 70% originated from international investors. The coupon was set at 2.75%, down 45% on that recognised in the similar 2015 issue. At the same time as Ibercaja carried out this issue, the Bank repurchased 59% of the 2015 issue, set to mature in July.

- **At the end of the year, Ibercaja had met its target notified previously of reaching a Fully Loaded CET1 of 12.6%.** The Entity has generated over 100 basis points of capital in the year thanks, among other factors, to the renewal of the distribution agreement with CASER and the reduction of the holding in this company below 10%.

Ibercaja has continued **reinforcing the quality of its balance sheet**. Despite the complicated macroeconomic climate caused by the pandemic, Ibercaja reduced the balance of non-performing assets by **14.9%** in the year, at the same time as which coverage of such loans rose by more than 10 percentage points with respect to the 2019 close.

6.7 Commitment to suppliers

102-9, 102-10, 102-43, 102-44, 1031, 103-2, 103-3

IN 2020, THE SUPPLIER CODE OF CONDUCT WILL BE UPDATED, IN WHICH IBERCAJA APPLIES ITS PRINCIPLES OF RESPONSIBLE MANAGEMENT, WHERE INTERACTION AND DIALOGUE ARE KEY ASPECTS TO FAVOUR A STABLE AND ENRICHING RELATIONSHIP WITH SUPPLIERS, BASED ON ETHICS, TRANSPARENCY AND COMPLIANCE WITH THE COMMITMENTS AGREED UPON.

*Ibercaja, in its **relationship with suppliers**, demands a **level of commitment** in line with the socially responsible practices that comply with the **Bank's Code of Ethics**.*

Ibercaja assumes the following commitments with its suppliers:

- Guarantee **transparency in procurement** and the impartiality and objectivity of the Entity's employees who participate in the selection processes.
- Oversee economic relationships which, **respecting the interests of both parties**, make it possible to obtain the maximum level of quality and commitment in the products served and in the services provided.
- To promote the observance by its suppliers of sustainable practices and ensure the application of the principles of the Global Compact, complying with the **Supplier Code of Conduct** which includes the responsible commitments they must assume: maximum ethical standards in their actions, respect for human rights and labor standards, environmental protection, the fight against corruption, and confidentiality and security of information.

Hence, in order to guarantee compliance with these socially responsible practices and favour the application of the principles of the Global Compact, Ibercaja has a **Supplier Code of Conduct**, which was updated in 2020.

In Ibercaja's commercial contracts with its suppliers, the latter are obliged to assume the principles of the United Nations Global Compact on Human Rights, Labour Rights, Environmental Protection and Anti-Corruption, committing themselves to Ibercaja's organisation to adopt the measures that are conducive to compliance with these principles, and to encourage third parties with whom they enter into contract to comply with them.

Likewise, suppliers are obliged to comply with and enforce, within their sphere of influence, the regulations in force at any given time regarding environmental protection, in particular waste management, establishing and maintaining a **business policy of sustainable development**, making their best efforts to make progress in improving their environmental practices.

In November 2019, **a new supplier management tool** was launched with a more evolved and complete website, which will enable **the improvement and systematisation of the supplier risk approval and management processes**, facilitating the Bank's relations and active listening with suppliers. The new portal includes, within the documentation requirements, social and environmental standards (ISO14001, OHSAS 18001, ISO 26001), and matters relating to corporate social responsibility. As to the transparency of non-financial information, suppliers are consulted as to whether they make an annual publication in this area, whether it follows any international reporting standards (e.g. GRI) and whether such information is verified by an independent external expert.

In 2020, **the supply risk assessment** was improved, strengthening and complementing the approval process previously made. **The most significant ones have been assessed, 168** (160 in 2019), which represent a total of **85% of the total volume** (86% in 2019) of purchase volumes managed, of which **123** have renewed their certification (111 in 2019) and **41** have obtained it for the first time (48 in 2019).

Almost all positively evaluated suppliers are Spanish and their contracts are signed pursuant to Spanish legislation. Both the evaluation of suppliers and the management of contracts are part of the purchasing procedures, comply with standardised criteria and objectives and include control mechanisms to ensure compliance with the principles set out above and the commitments made.

Administrative management of these processes is conducted electronically, expediting the arrangements for payment of invoices and reducing paper consumption.

In 2020, the **new Portal** continued to be implemented, approving the supplier risk approval and management processes, facilitating the Bank's relations and active listening with suppliers.

The new Portal facilitates ***relations and the active listening*** *of the Bank with its suppliers.*

Within the framework of the Entity's Environmental Management System, the supervision of suppliers assigned to it is carried out from the environmental point of view, in the corresponding external audits (AENOR) for the follow-up and/or renewal of ISO 14001, which the organisation has had since 2007.

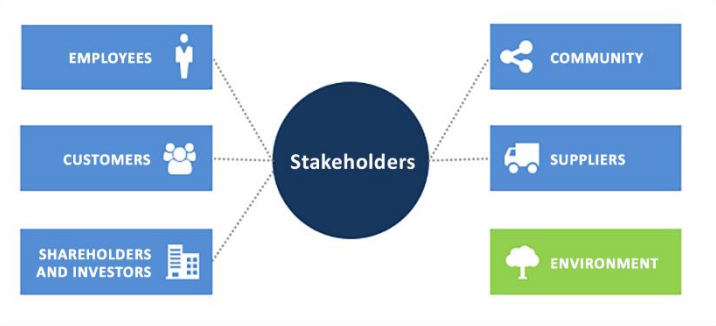
6.8 Contribution to society

102-43, 102-44, 103-1, 103-2, 103-3, 413-1

AT IBERCAJA, WE BELIEVE IN A SOCIAL BANKING MODEL, HIGHLY COMMITTED TO PEOPLE AND TERRITORY, WITH A FUTURE VISION, THEREBY PROVIDING A RESPONSE TO OUR CORPORATE PURPOSE.

*Ibercaja has a **Map of Stakeholders**, which enables them to be identified, to ascertain their needs and expectations and prioritise the actions with them.*

THE MAIN STAKEHOLDERS FOR IBERCAJA, ON WHICH THEIR COMMITMENTS ARE MADE EXPLICIT IN THE SUSTAINABILITY POLICY ARE:



Ibercaja encourages **active listening and dialogue** with its stakeholders to identify their needs and expectations and respond to them. Hence it implements specific channels and tools that favour continuous, two-way communication.

THE SUSTAINABILITY POLICY MAKES OUR COMMITMENTS TO SOCIETY EXPLICIT:

- Contribute to the **sustainable development of the territory**.
- Be sensitive to **social and environmental demands**, through its financial activities.
- Promote **financial education**.
- Assume commitments that pledge for **sustainable development**.
- Raise awareness and disseminate good practices that help in the transition towards a **sustainable economy**.
- Promote **corporate volunteering**.
- Comply with **tax responsibility**.

The Ibercaja Group is very aware of its commitment to society in all its actions, both through its **financial activities** and through its **shareholder foundations**, to which it invests a significant portion of its profits, which are allocated to actions of a social nature.

IN 2020, THE FOLLOWING PROCEDURES SHOULD BE HIGHLIGHTED:

6.8.1 Social activities

*Ibercaja's announcements aim to generate **real opportunities of social insertion***

For yet another year, the Bank's shareholder foundations have held the **Ibercaja social project call**, which aim to improve people's employability, generate real opportunities for social and labour insertion or cover the basic needs of groups in a situation or at risk of exclusion. In its 15th edition, 578 projects have been presented and **304 initiatives** been selected from all over Spain, which will benefit **158,196 people**.

The call for proposals that the Ibercaja Foundation has launched throughout the country broadens its scope with the collaboration of the other three entities that are shareholders of the Bank (the CAI Foundation in Aragón, CB Foundation in Extremadura and the Cajacírculo Foundation in Castilla y León), becoming an example of efficiency and transparency of aid to the third sector.

#VAMOS CAMPAIGN

Ibercaja Banco and the Ibercaja Foundation promoted an initiative in 2020 that enabled the **donations** of individuals and companies, for a global amount of around 900,000 euros to be channelled, **aimed at meeting the needs of the most vulnerable people as a result of the spread of COVID-19 in Spain**.

The initiative was present in Zaragoza, Huesca, Teruel, Extremadura, Guadalajara, La Rioja, Madrid, Burgos and Seville**.** In each geographical area, this initiative was backed by prominent figures from the business world, culture, sports and communication and other public and private institutions.

Diverse partnership companies from the third sector received the contributions to help them in different areas (purchases, food, psychology, assistance, etc.) to the most needy in each city or autonomous community in which said challenges were undertaken.

In addition to providing direct aid to social projects, the Ibercaja Foundation collaborates with third sector entities in programmes and activities that provide a specific response to the needs of certain groups such as families with limited resources, the elderly, young people outside the education system or people with disabilities. The main **social programmes** with which Fundación Ibercaja has maintained its commitment in 2020 are: TOPI Catering School of Fundación Picarral, Sumando Empleo of Cáritas Autonómica de Aragón, Prevention Plan of Fundación Centro Solidaridad-Proyecto Hombre, Placement Agency of Fundación DFA,

Good Citizen Practices Award with Ebrópolis and CERMI Aragón, through the painting and sculpture contest "Trazos de igualdad" (Traces of Equality).

SOLIDARITY IMPULSE

Solidarity Boost is another initiative performed this year, that allows one to experience first hand the social commitment of Ibercaja and its Foundation. This project aims **to promote active and participatory social responsibility**, in which the Group's workers themselves propose and select with their votes the social projects to support, and then become their best ambassadors. As a novelty, in 2020, two editions were launched in the year, one of them, was a **special extraordinary Covid-19 announcement** to reach the groups most affected by this illness.

LABOUR INTEGRATION AND DIVERSITY

Ibercaja supports **the labour integration of people with disabilities** to **achieve a more equal and inclusive society**. The Entity has 57 employees with recognised disabilities on its staff. In 2020, it allocated more than 235,000 euros to the contracting of Special Employment Centres for the supply of material or services, such as the CEE Fundación Juan XXIII, CEE Oliver, S.L. or CEE Sesé Integra Norte.

In addition, during the year, donations were made worth more than **200,000 euros** for Foundations whose objective is the **integration of disabled people in the workplace**. Specifically, it collaborated with the Human Age Institute Foundation, Gardenieres, the DFA Foundation or the Juan XXIII Foundation, among others.

In 2020, the Ibercaja Foundation made a new call for aid for **international cooperation** projects at development NGOs working in the fields of education, employability, health and access to drinking water and sanitation, basic elements of individual and community achievement in the most disadvantaged areas of the world.

6.8.2 Alliances

*The objective is **to improve access to information**, training and solutions offered.*

In 2020, Ibercaja has continued to develop an intense activity of **transmission and dissemination of economic, business and financial knowledge** for families and companies throughout the country, with special emphasis on its traditional areas of operation, with a focus on proximity and adaptation to the needs of each territory and group. Ibercaja relied on alliances with public bodies (regional governments, provincial councils, town halls, etc.), private entities (business and trade union organisations, Chambers of Commerce and Industry, clusters, etc.) and private companies.

In addition, to **improve accessibility to information, training and solutions offered** through these initiatives, the Bank strengthened its digital assets in this area, providing them with more content, as is the case, for example, of the **Ecosystem + Company** platform.

Compliance by the Ibercaja Foundation with the UN SDG

Since it joined the United Nations Global Compact in 2018, the Ibercaja Foundation has focused its way of working to respond to the Company's challenges, currently marked by the expansion of Coronavirus and the measures adopted to detain its spread. **The Bank has included the 2030 Agenda in its strategy**, hence it acquired a double commitment. Also, **at internal level**, the Company has aligned all its activities and programmes with the SDG and their corresponding objectives. And on the other, **at external level**, it became an agent to implement the 2030 Agenda at the Company.

Faced by the situation generated by COVID-19, the Sustainable Development Goals (SDG) of the UN 2030 Agenda became an indispensable instrument to alleviate the effects that the health crisis is having on fields such as health, education, employment and social inequality. In this regard, **Fundación Ibercaja has implemented activities and programmes that have a full impact on 14 of the 17 global development goals**, prioritizing those in which it can contribute the most value and which are consistent with its mission for 144 years: to create opportunities for the whole of society.

6.8.3 Recognition

In 2020, Ibercaja obtained, for the third year running, the **RSA + Seal in Aragón**, awarded by the Aragón Social Responsibility Board and coordinated by the Aragón Government, through the Aragón Institute for Development (IAF) as recognition for its social commitment.

TO OBTAIN THIS SEAL, IBERCAJA SUCCEEDED IN THE FOUR AREAS DEFINED, HENCE RECEIVING THE RECOGNITION OF THE ARAGON GOVERNMENT:

- **Balance of personal, family and working life**, in line with the guidelines promoted by the General Equality and Family Division
- **Boosting equality** in all manner of organisations, granting precedence to equal opportunities and the principle of non-discrimination
- **Volunteer work and social action**, promoting cooperation between businesses and not-for-profit organisations, to ensure a stable relationship between both and encourage the use of the Cooperation Window
- Involvement of the organisations in the **promotion of culture** in Aragón, boosting their relationships with their surroundings.

All the commitments derived from our responsible management of the Bank are translated into specific actions aimed at our stakeholders in order to meet their needs and expectations, while favouring active listening.

6.8.4 Sponsorships

Ibercaja promotes, through its sponsorships, sports, activities for young people, culture and companies as the best vehicle for conveying its values. In 2020, it continued **to boost the social part of these sponsorships**, endeavouring to **raise awareness among the population** and demonstrating that we pledge for sustainability and healthy habits.

Ibercaja develops its sponsorship strategy with internal and external activation. At **internal activation**, employees are encouraged to practice sports and healthy habits: more and more people are joining this lifestyle. In 2020, over 500 employees were already prepared to participate in our sporting events. As a consequence of the pandemic, only those that signed up to events performed in the first two months of the year could enjoy that moment of team spirit in a different environment to their day-to-day life.

In the cultural area, employees of the Madrid Territorial Division, were able to enjoy that first spectacle of the de-escalation "The Hole", backed by Ibercaja.

In **external activation** the aim is to improve the notoriety and return rates that each event can bring to the Entity, taking into account its different characteristics:

SPORTS

The pandemic caused most sporting events to be re-directed. Work was carried out to continue maintaining the presence of the Bank despite the new circumstances.

- **10K Valencia Ibercaja:** The first sponsorship of the year was the 10K Ibercaja Valencia, where there was a large participation of runners and employees, with an unprecedented success. Two world records were beaten (male 5 and 10K), 4 continental records, various national records and thousands of personal records of both professional sportsmen and women and popular and anonymous athletes. All of that provided an unprecedented media repercussion in terms of Bank sponsorship and led the International Athletics Federation to acknowledge the 10K Valencia Ibercaja as the best 10 km race on a course of all time. This year, the non-profit organisation that received the amount of the fund money raised was the Pedro Cavadas Foundation, obtaining an amount of 7,107 euros.

- **Trofeos Ibercaja Ciudad de Zaragoza:** we renewed the sponsorship agreement for a program managed by Zaragoza Deporte Municipal, which includes events of different sports disciplines. With this programme, we grant visibility to all kinds of sports, including those that are more marginal or have fewer opportunities to attract funds for their activities.

- **Madrid Marathon, Half Marathon and 10K:** after its cancellation due to the state of alarm, an action was organised through social media and the app of the event in which the participants could run 5, 10 or 20 km (real or symbolic). With this initiative, another historic record was broken: more than 10,000 participants in a virtual race (10,134). It had a two-fold objective: on the one hand, solidarity (55,000 euros of the registration fees were donated to Cáritas to help alleviate the effects of the pandemic) and, on the other hand, it succeeded in maintaining the excitement for races and provided the opportunity to continue with such activity. Aside from this event, together with MAPOMA,

on-line training sessions were organised that had great participation. The media effect of these initiatives was also notorious, demonstrating that Ibercaja remained at the side of popular sportsmen and women.

- **Bearded Vulture:** After the cancellation of the race, a 12-week indoor training plan was implemented so that everyone could complement their preparation with training at home to keep them in shape after having suffered a confinement. Each week, a new training session was included on YouTube (12 weeks in total). It was also broadcast via the QH Channel and RRSS, both of the organisation of the event and individually. It involves contents that include a very complete training programme that will last over time and which is accessible by any user.

- **Sponsorships to sports entities:** Ibercaja, aware of the difficulties that many sports organisations and entities are experiencing as a result of COVID 19, made a clear commitment to stand by their side to help them overcome the situation and strengthen mutual trust. Hence, in 2020, our commitments to different sporting federations, clubs and associations were renewed, maintaining our focus on lower categories and schools. Hence, we help to continue promoting sports among youngsters, ensuring that they acquire healthy habits from a very young age and taking advantage of the digital environment.

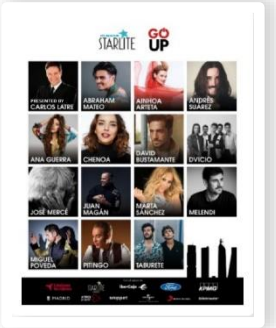
- **Actions during the lockdown with Sports Federations:** in the months of March to June 2020, as a consequence of the lockdown and the impossibility of carrying out activities outside the home, several proposals were devised in the digital environment to maintain the activity of the society in general. Among the actions carried out, the Aragonese Mountain Federation stood out with two major successful initiatives: first, it opened its prestigious online courses aimed at members to anyone who was interested and, second, it launched a contest of micro-stories about the mountain with 150 participations that have been collected in a book in which Ibercaja is thanked for its involvement in the project.

- **Sponsorship of School Age Sports Games (Government of Aragón):** with the suspension of competitions and training, the collaboration was redirected with the launching of a team challenge contest to encourage schoolchildren to maintain good habits, sports practice and contact with their classmates in confinement. The competition #encasahaciendodeporte was a success with 96 videos presented and around 2,400 sportsmen and women involved.

YOUTH

We continue with Ibercaja's historical pledge with the **Young European Carnet**, sponsoring the Aragón and Extremadura programmes.

ARTS AND CULTURE



Ibercaja collaborates in the **dissemination of culture** through involvement in events and its ticketing service, consolidating itself as the leading company in ticket sales in Aragón.

This year, the numerous cancellations of events have bound the music and entertainment industry to reinvent itself, taking into account the COVID regulations. Accordingly, Ibercaja has wanted to be at the side of promoters, sites, artists and spectators to help them to continue their task. The main lines of action were:

- Co-sponsorship of the **Madrid GO UP** show, together with the Starlite Foundation, an event that was implemented by the music industry following the pandemic. Numerous leading artists wished to participate in a solidarity concert to pay homage to the victims of the pandemic and a return to face-to-face events in the musical world.

- **Sonorama Ribera:** The cancellation of the festival did not prevent music from being present in the summer period, with small concerts, but of great quality and with renowned artists in Aranda, Burgos and Valladolid. With this initiative, we reduced the negative impact, both on culture and on the economy of the area, that would have been caused as a result of the elimination of an event of such importance in the territory.

- Sponsorship of the return of the show **"The Hole"**: performed with all the mandatory health protocols and on an open-air stage, it was the first live show of the post-lockdown period. Thanks to our pledge, many of our customers (and employees) enjoyed this event in the safest conditions. The success of the event led it to be extended various weeks over time.

- **#VuelveALaCultura:** After more than three months of hiatus in terms of cultural performances, the City Council of Zaragoza carried out a project supported by Ibercaja through the ticketing service. With this, once again, summer music, theatre and cinema sessions were relaunched in July and August.

- Installation of a ticket sales system at **San Juan de la Peña monastery** to encourage internet sales. In a record time, an agreement was reached with the Aragón Tourism Board to install the equipment necessary to implement this sales system at one of the most visited tourism sites of Aragón.

AGRO INDUSTRY

In 2020, Ibercaja, in line with its support for the primary sector, for the first time became the strategic partner of the Zaragoza Exhibition for the sponsorship of **FIMA** (International Agricultural Machinery Fair) for two editions (2020 and 2022). It was a major milestone at the beginning of the year, whose media and commercial return exceeded all expectations: it turned out to be the most attended edition in history.

6.8.5 Volunteering

The Ibercaja Group encourages active and retired employees to become **corporate volunteers**, through **participation in solidarity activities,** which contribute to the development of people. It is a programme that seeks to motivate employees to contribute to equal opportunities in society, to improve the quality of life of people, preserve the natural environment or promote social cohesion and development, through its own initiatives or in collaboration with other institutions and entities.

Ibercaja volunteers has also responded to this need to adapt generated by the pandemic. After suspending the planned face-to-face activities, we sought activities that responded to two premises**: to ensure the safety of volunteers** and users and to **respond to the needs highlighted by the pandemic**.

*Volunteers are characterised by always adapting to each moment, **responding** to the **emerging needs** and withdrawing when they are covered.*

Ibercaja's volunteering work has become important, not only due to its physical presence but also through the human voice. 15 employees of different provinces Zaragoza, Madrid, Seville, Valencia and Cádiz, carried out telephone campaigns through the Adecco Foundation and the Juan XXIII Foundation, which collaborate with Ibercaja on different programmes. By telephone and their voice, volunteers are accompanying these users, making their presence known through a weekly call, and extending their relationship circle, helping them in their training and acquisition of skills.

At the end of 2020, a programme for the accompaniment of young people was implemented to improve their employability, in cooperation with the Princess of Gerona Foundation. An opportunity for volunteers to act as mentors for young people, emphasising their experience, knowledge and talent.

6.8.6 Financial education and other educational programmes

The **Financial Education Programme** entered its **seventh edition** in 2020, having become an ideal complement to augment the financial culture of the public, with basic finance workshops and days for schoolchildren and activities for the general public. Managed by the Ibercaja Foundation, the programme has, since 2013, fulfilled the Ibercaja Banco's commitment to the **National Financial Education Plan**, led by the Bank of Spain and the Spanish National Securities Market Commission (CNMV). Its objective is to promote basic financial literacy for all citizens.

*The **objective** is to promote a basic **financial literacy** for all citizens.*

This year, as a novelty, a page was launched unifying contents and grouping the activities into two sections "Financial education for you", aimed at individuals, and "Financial education for your business", aimed at entrepreneurs, professionals and self-employed workers, stores and micro-companies. The programme aims to cover a broad spectrum of the population, from Spanish 5th year primary school students to the adult population, in each case adapting both the content and the type of activity and methodology used. This year, all activities have been scheduled to be followed digitally.

Aside from financial education, the Ibercaja Foundation has, in the year, developed other **educational programmes** aimed at schoolchildren, such as **Educate for the future** (24 face-to-face activities and 4 online), **Learning to be an entrepreneur** (to bring an entrepreneurial attitude into the classroom), **"Ticvolution"** (to form profiles adapted to digital demand) and other **didactic programmes**.

6.8.7 Sustainable mobility: Mobility City

Mobility City is a strategic initiative of the Ibercaja Foundation, backed by the Aragón Regional Government, which aims to place Zaragoza and Aragón at the forefront of the new mobility and the transformation of associated sectors and industries, with the collaboration of institutions and companies that are a benchmark for our economy.

*We aspire to **place Zaragoza and Aragón** at the **forefront of new mobility** and of the transformation of the industries and associated sectors.*

In 2020, work commenced on the emblematic **Bridge Pavilion**, which will turn Mobility City into a large container dedicated to sustainable mobility. The aim is to use the central space as an exhibition centre for mobility and transport devices and solutions and for the organisation of temporary exhibitions of conceptual cars. In the two lateral wings of the Bridge Pavilion, exhibition modules will be set up to show different aspects of the smart city and sustainable mobility.

In 2020, Mobility City continued to extend its partner portfolio involved in the project. At the end of the year, several partnership agreements were signed with **Aera-Cluster Aeronáutico Aragonés, Cellnex Telecom, Tecnalia, CTAG, Cablescom**, **Connected Mobility Hub, Zaragoza Logistics Centre, Drónica Valley, Correos, CSIC** and **Blockchain Aragón**.

The **Mobility City chair** created at the end of 2018 by the Ibercaja Foundation and Zaragoza University focused its activity this year on the area of mobile and wireless communication, with the concept of connected vehicle, sustainable urban mobility and smart transport systems, together with mobility and modelling of the social behaviour of the leading players involved.

The Ibercaja Foundation has also continued its collaboration with the **"Mobility Experience" chair**, in collaboration with Universidad de San Jorge, to carry out teaching, research, knowledge generation, diffusion and the transfer of technology to the sustainability area. Among the activities envisaged by the Mobility Experience Chair are the research and prototyping of technological solutions in software and video games at the exhibition facilities of the Bridge Pavilion to define the visitor experiences, research in the development of SIG technology and the application of software for mobile devices to mobility solutions in a Smart City environment and participation in the diffusion and publication of the Mobility Project activity.

Furthermore, activities were conducted such as **Video-conference** cycles "Urban mobility and COVID-19" and "What we know about…", the **European Mobility Week** or the campaign **#yocedomicoche**, in collaboration with the Red Cross and different Aragón concessionaires to help socio-sanitary teams to meet needs arising from the pandemic.

6.8.8 Development of territories and digitalisation

The Ibercaja Foundation is open to the public through its **network of centres**, which are a sounding board for their proposals and a visible face for the people who make the task of social work possible everywhere in which the Bank has a presence. In addition to integrating the territory, these spaces are a **boost for the cultural activity of cities and regions**.

The centres closed in March due to the healthcare situation existing in the country, and they reopened their doors in June, implementing all the health protocols necessary to ensure the continuity of activities in a safe manner for users and employees.

IBERCAJA CONNECT FOUNDATION

The Ibercaja Connect Foundation was created in 2020 as the Bank's **virtual encounter space** to continue contributing to the Company's development. Its launch, due to the situation caused by the health crisis and to offer programming, services and quality contents without the need to leave home, has made it possible to generate a place for roundtables, debates, reflections and conferences on education, culture, mobility or current affairs. A space in which the most significant online activities of the Ibercaja Foundation have been broadcast live and which will also be available for subsequent viewing.

DIGITAL SERVICES

In their commitment to combat school failure and provide alternatives to young people who want to leave their studies early, the Ibercaja Foundation and Cepyme launched the digital service **Ibercaja Orienta**, which has now become **a powerful guidance tool** that allows students, families and teachers to make informed decisions about their studies or future career.

The digital service **Aula en Red (Network Classroom)** of the Ibercaja Foundation fulfils the dual objective of **introducing digital technology as a learning tool** in the classroom and of **providing teachers with educational resources** in various subjects, such as humanities, science, art or technology, to contribute to a quality education. Aula en red is the complement to the work of the teacher in the classroom and a tool to access a wide range of training that enables them to refresh their knowledge on a permanent basis.

The **Ibercaja Digital Challenge Programme** commenced at the end of 2017 with the firm purpose of **reducing the digital gap between generations** and extending technological literacy to all layers of society. The programme encompasses courses and workshops that provide a response to the training needs of the different groups of age and other social players.

6.8.9 Employment and business

IBERCAJA BUSINESS DEVELOPMENT CAMPUS

Situated in an ideal setting for learning, such as Monasterio de Cogullada, close to the companies of Valle del Ebro, we can find the best **programmes in learning and permanent development**. Thanks to its network of alliances with entities, companies and professionals, it offers training programmes and specialised services at its facilities, while **promoting initiatives and events that support the transformation, innovation and growth of the business fabric**.

EMPLEA-T Y EMPRENDE PROGRAMME

The Emplea-t y Emprende (Employ yourself and be an Entrepreneur) programme offers a **complete guide** so that creativity and **entrepreneurial drive** do not cease in a society that increasingly demands new sources of work, innovation, products and services on a daily basis. It has a method endorsed by its excellent results, consisting of practical and experiential training given by entrepreneurs with extensive experience and background and with access to a team of top-level mentors to work individually on the development of each initiative. The programme is strengthened by its presence in **acceleration and coworking spaces** in all the provinces in which it is imparted.

HEALTHY COMPANIES

In 2020, Ibercaja Foundation, in collaboration with Quirón Salud, continued the **"Por ti" (For you) programme** and initiative that aims to **improve the physical and mental wellbeing of workers** and implement healthy habits both in and out of the workplace. In this initiative, the key role is played by employees of the participating companies themselves, who have to raise awareness throughout the organisation. It is a programme aligned with SDGs 3, 8 and 17 and is part of the CSR of the participating companies.

ECOSISTEMA + COMPANY

This is an initiative of Ibercaja and the Ibercaja Foundation to **promote innovation in companies**. It is a **point of meeting and interaction between entrepreneurs, professionals and managers** from both startups and large companies whose aim is to create a more innovative and active business environment based on the premise that knowledge sharing and collaboration help companies to go further. In 2020, its scope of action has been expanded, defining six verticals on which to focus its activity and help build the "Company 2025" through innovation, digitalisation, sustainability, cultural transformation, diversity and entrepreneurship. During the pandemic, Ibercaja's Ecosistema Más Empresa moved its activity to the online environment to continue working with companies, start-ups, managers and entrepreneurs who are part of it, and who now number 3,900 users.

6.8.10 Culture

Ibercaja, through its Foundation, promotes culture in all the territories in which it is present, as a strategic line of action. Especially noteworthy are the following projects:

*The **objective** is to promote **culture** in all territories*

GOYA MUSEUM

The **Goya Colección Ibercaja Museum-Camón Aznar Museum** is a reference point for those who are passionate about art and the work of Francisco de Goya. In addition to the **permanent collection**, which is made up of works by the painter, some of his complete series of engravings and works by earlier, contemporary and later artists related to the genius of painting, there are also **temporary exhibitions** of different periods and styles. As Fundación Ibercaja's commitment to culture highlights, various **complementary activities** have been scheduled in addition to all the exhibitions held over the last year, activities that involve great professionals from the world of culture and art to bring these disciplines closer to all audiences.

Since the reopening of the Museum after the lockdown caused by the pandemic, the Ibercaja Foundation has worked to implement all the health protocols to ensure that visits to the museum facilities are safe for the public and for workers. In this sense, the museum has incorporated QR codes on all its floors, replacing mobile terminals, which allow for a documented and secure tour 290 works in Spanish, French and English. In addition, on the second floor, in the gallery leading to the Goya room, a large screen has been installed with an audiovisual presentation on the painter's work in Aragón.

IBERCAJA PATIO DE LA INFANTA

This **exhibition and congress centre** is a space open to citizens, organisations and companies interested in the fields of culture and knowledge. Inside is the courtyard that gives its name to the space, a jewel of the Zaragoza Renaissance recovered by Ibercaja for Zaragoza in 1980. In 2020, a number of temporary exhibitions and videoconference cycles were carried out.

FUNDACIÓN EXCELENTIA

This, year, the Fundación Ibercaja also renewed its collaboration with the Fundación Excelentia to organise the 2019/2021 concert season in Zaragoza and Madrid. The new season of **Excelentia Concerts** offers the public of the Auditorio de Zaragoza fifteen performances with top tier orchestras including “The Music of Morricone, Zimmer and John Williams”, “La Traviata” or “Pop & Cinema Collection”.

6.8.11 Tax information

201-4, 103-1, 103-2, 103-3, 207-1, 207-2, 207-3, 207-4

The Group achieved a **pre-tax profit of 53,470 thousand euros** (128,637 thousand euros in 2019). **Corporate income tax** amounted to **29,868 thousand euros** (44,648 thousand euros in 2019) (estimated corporate income tax expense for 2020).

Within the framework of the spin-off process, and in accordance with applicable legislation, in 2011 Ibercaja Banco and la Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (now Fundación Bancaria Ibercaja) decided to form a **Corporate Income Tax Consolidated Group** (No. 579/11). Since 2012, the other Group companies that could join the tax group have been included and therefore corporate income tax is assessed on a consolidated basis.

As a result of the securities exchange in July 2013 in which Ibercaja Banco acquired control over Banco Grupo Cajatres, as from the tax period starting 1 January 2014, Banco Grupo Cajatres and its investees that met the relevant requirements were included in the consolidated tax group.

Fundación Bancaria Ibercaja is also the parent entity of the VAT group (No. 78/11) which includes all qualifying group companies which have voluntarily agreed to join.

The Group and its companies are subject to inspection by the tax authorities for corporate income tax for 2013 and subsequent years; in terms of other taxes, they are subject to inspection for periods from December 2016 onwards. In this respect, in July 2020, tax audits were initiated in relation to the tax years 2013 to 2017, both inclusive, for the corporate income tax of the Tax Group and several of its companies, as well as for the periods between July 2016 and December 2017, both inclusive, for value added tax and withholdings and payments on account on income from employment, professional activities and income from movable capital. These proceedings are ongoing.

Furthermore, in relation to the Corporate Income Tax of the tax consolidation group of Banco Grupo Cajatrés, a company absorbed by Ibercaja Banco in 2013, and of several of its companies, in July 2020 notification was received that inspection proceedings were commencing regarding supplementary tax returns and requests for rectification filed for 2011 to 2013. These proceedings are currently underway.

Due to possible different interpretations of the applicable tax regulations, there may be certain tax contingencies which cannot be objectively quantified. However, in the opinion of the Group's Board of Directors and Management, should these contingencies result in actual liabilities they will not have a significant effect on the financial position and the results obtained by the Group.

In 2020, work has proceeded on developing a **Tax Policy** which sets out the essential principles and guidelines which, in accordance with the applicable regulations and best tax practices, will govern Ibercaja's tax strategy and which is expected to be approved shortly by the governing bodies.

In 2020, Ibercaja again joined the **"Empresa Solidaria"** initiative in 2020, allocating 0.7% of corporate income tax to social purposes. These funds help finance government programmes to move towards a more egalitarian, inclusive and just society, and support the achievement of the Sustainable Development Goals of the United Nations 2030 Agenda.

During the year Ibercaja Banco and the Group companies did not receive any public subsidies or aid.

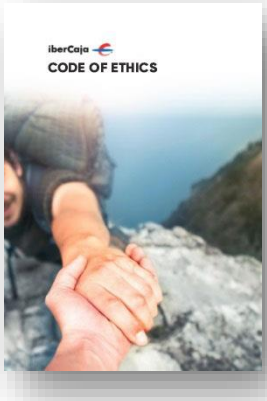
6.9 Human Rights

102-16, 103-1, 103-2, 103-3

IBERCAJA PROMOTES RESPECT FOR HUMAN RIGHTS, IN LINE WITH THE SUSTAINABLE DEVELOPMENT GOALS OF THE 2030 AGENDA OF THE UNITED NATIONS, AND CONVEYS THIS COMMITMENT TO THE PEOPLE, COMPANIES AND INSTITUTIONS WITH WHICH IT DEALS.

Ibercaja conducts its banking business responsibly, respecting and encouraging human rights in accordance with prevailing legislation and international standards: The Bank is always mindful of the UN Universal Declaration of Human Rights, and **it has been a signatory to the UN Global Compact** since 2006, so its activities are carried out in accordance with the principles enshrined in this initiative.

One of the guiding principles of the **Ibercaja Sustainability Policy** approved this year by the Board of Directors is defending human rights, a principle which covers the entire organisation and all its members. This is reflected in the Bank's **Code of Ethics**, approved by the Board of Directors, as a key element that reinforces the corporate culture and ethical approach of the Bank's management. The Code **contains the Bank's ethical commitments and the principles of action** that must be present in the day-to-day work of the people who make up Ibercaja, so as to make its corporate values tangible.



The key principles of conduct that define us and shape our ethical culture are:

- We are **rigorous**: we are aware of and comply with standards
- We are **honest and trustworthy**
- For us, **the customer takes centre stage**
- We are **role models**
- **We take care of the** Bank's reputation and look after information
- We take **care in the use** of the Entity's media
- We are **committed to our environment**

Employees have a **Whistleblower Channel** to communicate possible violations of the Code or doubts about its interpretation.

Also included on the corporate website www.ibercaja.com is an e-mail address(rsc@ibercaja.es) to which anyone can send queries about the Bank's Code of Ethics.

*Employees have an **Whistleblower Channel** to report any violations of the Code of Ethics.*

Ibercaja also promotes respect for human rights, **in line with the SDGs of the 2030 Agenda**, conveying this commitment to the people, companies and institutions with which it relates, incorporating the safeguarding of these rights in investment and project financing decisions, and in its relations with customers and suppliers. To strengthen this bond, it has a **Supplier Code of Conduct** that specifies the values that are fostered responsible contracting, many of which are related to human rights.

It should be noted that the institution has not been involved in any incidents involving violation of human rights.

6.10 Anti-corruption and bribery

102-16, 103-1, 103-2, 103-3

6.10.1 Measures to combat corruption and bribery

DURING THE YEAR, THERE WERE NO COMMUNICATIONS NOR WERE ANY CONDUCTS DETECTED THAT COULD CONSTITUTE THE CRIME OF CORRUPTION OR BRIBERY.

The Bank has a **criminal risk prevention system**, the purpose of which is to mitigate the risk of commission of actions by members of the organisation that may constitute crimes. The system has express policies and procedures in place to avoid corruption and bribery in its business, which are understood to be the offer, promise, request or acceptance of an unjustified benefit or advantage of any nature as compensation for unduly favouring others in commercial relationships.

For the establishment of the crime prevention system within the Bank:

i) The **activities** carried out by the Bank in which criminal risks (including corruption and bribery) may occur have been identified;

ii) The Entity's most relevant **policies, procedures manuals and controls** have been reviewed and identified;

iii) **Appropriate adjustments** have been made to manuals, procedures and controls to promote the effective prevention of criminal risks, as well as the proper custody of the evidence supporting the controls;

iv) A **specific committee** ("Control Body") has been designated as responsible for the implementation, monitoring and updating of the Entity's criminal risk prevention model. The Audit and Compliance Committee of the Board of Directors is also regularly informed of the functioning of the system;

v) The criminal risk prevention model is reviewed in **internal audit** processes;

vi) A training and awareness-raising plan for employees on criminal risks, including corruption and bribery, has been put in place;

vii) A **process** has been established for notification of possible breaches or violations of conduct, which allows the Entity to be aware of and react to any illegal situations (whistleblowing channel);

viii) The Entity has a **disciplinary procedure** in the event of non-compliance with the obligations required of employees, with the People Area Division being responsible for handling disciplinary proceedings based on the findings of any investigations carried out by the Internal Audit Department.

The criminal risk prevention system is set out in a **manual** that consists of two parts:

The General Part, which defines the structure of the organisational model, supervision, verification, monitoring and general procedures and controls that the Entity has in place to prevent the commission of criminal risks that, being susceptible to generate criminal liability for legal persons under the Criminal Code, may hypothetically occur due to the activities carried out by the Entity.

The Special Part details each of the criminal risks identified, set out in appendices, one for each type or group of offences (e.g. money laundering offences, business corruption, stock exchange offences, tax offences, subsidy fraud, etc.). The list of criminal risks identified in the Special Part does not imply that the materialisation of such risks has been detected, but rather that they are identified as activities carried out by the Entity that are connected with conduct which, if it were to occur, could constitute a criminal offence.

The criminal risk control system is based on the **theory of the three lines of defence**: in the first line of defence are the business units, which have "ownership" of the risk and are aware of and manage the risks they incur in the course of their activities. The second line of defence is the internal control framework, which aims to ensure adequate risk control, prudent business conduct, reliability of information (financial and non-financial) and compliance with internal regulations and policies and procedures of the institution and, in particular, the Control Body. This second line of defence includes the risk control and management function, the legal department (both proactive and reactive) and the regulatory compliance function. The third line of defence is internal audit. All of them, within the scope of their respective activities and functions, must ensure adequate risk management in general, and criminal legal risk in particular.

Thus, the system is based on and constitutes a formal statement of the intention of the Board of Directors and senior management of the Bank to establish and uphold, as one of its basic values, that the actions of all members of the organisation shall always comply with the legal system in general and with criminal law, in particular, by fostering a culture of preventive compliance, based on the principle of **"zero tolerance"** with the commission of unlawful acts (including bribery), and promoting ethical and responsible conduct. This intention is also included in Ibercaja's Code of Ethics, as approved by the Board of Directors.

*Principle of **"zero tolerance"** and fostering of **ethical and responsible behaviour**.*

93% of Ibercaja Banco's current workforce has **received training in criminal risk prevention,** including the crime of corruption and bribery.

6.10.2 Measures to combat money laundering

DURING THE YEAR, 201 FILES WERE OPENED FOR THE ANALYSIS OF TRANSACTIONS SUSPECTED OF BEING RELATED TO MONEY LAUNDERING OR THE FINANCING OF TERRORISM. SEPBLAC WAS INFORMED OF 110 CASES WHERE SPECIFIC ANALYSIS SUGGESTED THERE WAS EVIDENCE TO BE FURTHER EXAMINED.

Ibercaja Banco has the status of **"reporting Bank"** under anti-money laundering and counter-terrorism financing regulation (AML/CTF) and, therefore, it must apply the measures to prevent the Bank from being used for this purpose. To this end, it has adequate internal control and communication procedures and bodies in order to uncover, impede and prevent the carrying out of transactions that may be related to money laundering or the financing of terrorist activities.

These procedures and bodies, which are described in the corresponding Manual, as well as their organisation, meet the **principles of swiftness, security, efficiency, quality and coordination**, both in the internal transmission and in the analysis and reporting to the competent authorities of the relevant information pursuant to regulations on the prevention of suspicious transactions.

A basic pillar of the PBC & FT system are the due diligence measures referred to in Law 10/2010 and the precepts of Royal Decree 304/2014 that develop it: identification of the formal and real holder of the customer, as well as knowledge of the customer's activity, which will include knowing the origin of the funds with which the customer seeks to operate with the Entity.

Consequently, and in line with the risk prevention and management model based on **three lines of defence implemented in the Bank**, the first filter of the AML/CTF system is the establishment of the relationship with customers, and this relationship is the responsibility of the business units that act as the **first line** of defence against the risk of money laundering and the financing of terrorism.

In the **second line** of defence, in addition to the risk control function, there is the regulatory compliance function performed by the Regulatory Compliance Department, which includes the AML/CTF Unit which, as a technical unit specialised in this field, has an essential (although not exclusive) role in the application, supervision and monitoring of the internal procedures established by AML/CTF, with the Internal Audit Department assuming the functions of the **third line** of defence.

Such AML/CTF procedures and measures are applied with a risk-based approach, so that in cases in which there is a greater risk that the Bank may be used for money laundering or terrorist financing, these measures are applied with a greater degree of intensity.

6.10.3 Contributions to foundations and not-for-profit entities

To the extent that contributions of economic nature by the Bank to foundations and not-for-profit entities are made through accounts held in Ibercaja, the entities benefiting from these contributions are subject to the same **controls for prevention of money laundering and financing of terrorism** as other customers. In addition, given that due to their very nature, such entities are categorised as medium risk customers, in addition to the application of due diligence measures that are carried out in each customer registration or monitoring of the business relationship (e.g. check against blacklists), the Bank adopts additional control measures for the adequate management of the risk of money laundering or financing of terrorism.

The figure for investment in social action can be found in the “Ibercaja 2020 Social Impact” infographic included in Chapter 2 of this document.

6.11 Implementation of the Principles for Responsible Banking UNEP-FI

102-15, 102-30, 102-31

In November 2019, Ibercaja signed up to the **United Nations Principles for Responsible Banking**, becoming part of a global coalition of banks whose aim is to promote and encourage the sustainable development of the economy.

By signing these Principles **we commit to driving sustainability**, aligning strategy with long-term goals that integrate social and environmental challenges, and identifying our greatest potential contribution.

Among the commitments we have made is to report on the Entity's progress in implementing the Principles. The following is the report on the first year after signature, according to the model established by UNEP-FI.

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE (LIMITED ASSURANCE REQUIRED FOR RESPONSES TO HIGHLIGHTED ITEMS)	REFERENCE(S)/LINK (S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION
Principle 1: Alignment **We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.**		
1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	Ibercaja Banco is a national banking institution specialised in the **business of individuals and companies** and whose objective is to generate value for its customers, shareholders and society in general, guided by its **corporate purpose: "To help people build the story of their lives, because it will be our story".** It maintains in its DNA its social and territorial commitment, trying to maximise the benefit for its shareholder foundations: 88.04% of its capital, by Fundación Bancaria Ibercaja (88.04%), Fundación Caja Inmaculada (4.73%), Fundación Caja Badajoz (3.90%) and Fundación Bancaria Caja Círculo (3.33%). It carries on all its business in **Spain** and its corporate purpose is to carry out all kinds of activities, transactions, acts, contracts and services related to the banking business in general. The Bank is the head of a group of subsidiaries, the most important of which are those of the Financial Group, comprising companies specialising in unit trusts, savings and pension plans, insurance banking and leasing/renting. Ibercaja Banco, with 55,422 million euros, is the tenth largest in terms of asset volume in the Spanish banking system. Its business model focuses on the retail market with a special focus on individuals and small and medium-sized enterprises. On a national scale, the Group has a market share of 2.6% in loans and of 3.5% in customer funds and 2.8% in deposits. The Bank is has a leadership position in **its traditional locations (Aragón, La Rioja, Guadalajara, Burgos and Badajoz),** which account for 61% of its network and more than 61% of its business volume. It has a significant presence in other areas of great economic importance: Madrid and the Mediterranean Arc.	See section 4 chapter this Directors' Report See GRI indicators: 102-1 102-2 102-3 102-4 102-6 102-7

1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	As shown in its **Sustainability Policy**, Ibercaja firmly believes that its plans and actions should help ensure well-balanced economic growth, social cohesion and environmental protection, pursuant to its corporate purpose. For this reason, the Bank is **firmly committed** to the **Sustainable Development Goals of the 2030 Agenda, and it is a signatory of the United Nations Principles for Responsible Banking.** Ibercaja has carried out a **materiality analysis of the SDGs** with the aim of detecting those where it has the greatest capacity to expand its impact and to launch new projects. Establishing the purpose of each ODS for the Bank, we identified the actions already underway at the Bank, and assessed their trajectory and scope. As a result, 7 SDGs have been prioritised to focus on their progress and align their business strategy: 3.4.5.8.9.13 and 17. The Entity is also aligned with the objectives of the Paris Agreements, and is a signatory to the Spanish financial sector's **Collective Commitment to Climate Action**. It is therefore working to make progress in measuring the carbon footprint of its portfolio and to reduce the climate impact of its financial activity. Among the ESG objectives, Ibercaja is currently **focusing on climate change, financial inclusion and the promotion of diversity, focusing efforts on gender equality and access to the labour market for people with disabilities.** Thus, as part of its FRC (family-responsible company) Plan, the entity launched the **Lider A Plan**, for the access of women to management positions, through the improvement of their aspirations, flexibility, the support of mentors and ambassadors and the measurement and targeting to ensure progress. Ibercaja carries out **extensive social action** through both its own programmes and through its shareholder Foundations. In 2020, one highlight was the creation of the **solidarity platform #Vamos**, to channel donations from individuals and companies to meet the needs of the most vulnerable people as a result of the spread of Covid-19 in Spain. Also noteworthy is the **Smart Green Project**, which aims to plant trees to offset the carbon footprint. The **Impulso Solidario** Initiative was also organised to support social projects proposed and selected by Ibercaja Group employees themselves. This year there were two calls for proposals, one of them aimed at vulnerable groups most affected by the pandemic.	See chapter 6.1. “Sustainability Strategy” of this Directors' Report. See chapter 6.2. “Our contribution to Sustainabl e Development Goals” of this Directors' Report. See chapter 6.4. “Commitment to our employees” in this Directors' Report See chapter 6.8. “Contribution to Society” in this Directors' Report. See GRI indicator: 102-14

Principle 2: Impact and target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services to this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact analysis:

***Show* that your bank has identified the areas in which it has its most significant positive and negative (potential) impact through an impact analysis that meets the following elements:**

a) Scope: The main business areas, products / services of the bank in the main geographies in which the bank operates have been as described in 1.1. have been considered in the scope of the analysis.

b) Exposure scale: when identifying its areas of most significant impact, the bank has considered where its core business / core activities are in terms of industries, technologies and geographies.

c) Context and relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries / regions in which it operates.

d) Scale and intensity / significance of impact: when identifying its areas of most significant impact, the bank has considered the scale and intensity/significance of the (potential) social, economic and environmental impacts resulting from the bank's activities and the provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

- **Identified and disclosed its areas of most significant (potential) positive and negative impact**
- **Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts.**

Ibercaja initiated in 2020 an **impact analysis** starting with a focus on climate change (physical and transition risks) in Spain, centring the analysis on our area of action and on economic sectors that contribute most to the Bank's business volume.

To assess risk exposure, the Bank is working on a geographical distribution analysis of its investments with collateral, using the reports prepared by ESPON (European Spatial Planning Observation Network).

In the **impact analysis by sector** identifies the most important risks, the needs they generate in companies in the sector and an initial list of opportunities where Ibercaja can offer help to meet each need.

The analysis on the impact of physical risk on different sectors considered the importance of the sector on the economy, through its contribution to the GDP, and its participation in Ibercaja's risk portfolio structure.

The **climate risks** The most relevant risks are related to the following sectors: agriculture and livestock, energy, automobiles, tourism, construction and land transportation.

Furthermore, an initial mapping of corporate loan portfolios was made, in accordance with the branches of activity potentially more affected by transition climate change (according to a study published by the Bank of Spain).

The **objective** is twofold: to identify the main sectors potentially affected by climate change and to analyse the portfolio by sector to estimate its carbon footprint.

This is an **initial exploratory analysis** to be deepened on the basis of the initial conclusions drawn, using other technical criteria (incorporation of new variables linked to physical risk and transition, market environment, regulatory framework).

The **opportunities** detected are based on advisory services, supported in the bank's distribution network and in business partnership projects promoted by the bank, until defining new products and services that we may include in our commercial offering that help the customer to resolve the needs considered and the launch of new financing products to aid access to the solutions examined.

See chapter 6.3. “Commitment to our customers” in this Directors' Report

See chapter 6.12. “TCFD recommendations”

See GRI indicator: 102-15

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

An initial impact analysis has been carried out, identifying the most significant risks and weighting their importance according to the weight of the activity in our customer portfolio. The analysis will continue to be completed, going down to a more detailed level with the incorporation of technical criteria, in order to identify specific customer needs and propose solutions specific to their situation.

2.2 Target Setting **Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.** **Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.** **Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximise the net positive impact of the set targets.**	A first approximation has been made in the impact analysis, which has allowed for progress in the identification of the potentially most impacted sectors. However, this analysis will be completed in 2021 in more detail by sector, in order to set concrete targets derived from it. Based on the diagnosis of the 2020 situation, we will establish objectives aligned with the following goals: Increase in the volume of investment under ESG criteria over the total resources managed. Sustainable business financing: • Increase in the volume of funding granted to business activities aligned with the taxonomy. • Ensure that funding for non-aligned activities does not go to activities that may undermine the achievement of any of the SDGs. • Reduction in the volume of issues in the financed portfolio Financing energy efficiency improvements in housing: • Increasing the volume of financing for sustainable house purchases • Increase in the volume of financing for the improvement of the energy efficiency of built housing. Carbon offsets: • Offsetting Ibercaja Banco's direct emissions to become carbon neutral. • Increased offsetting of our customers' emissions, achieved with the support of actions promoted by the entity.	See chapter 6.5. "Commitment to the environment" in this Directors' Report See GRI indicator: 102-15

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

The objectives defined derive from an analysis of the situation which we consider should be completed and updated in the coming years, and we therefore consider that new targets should be incorporated. In addition, the baseline situation and the capacity to generate results must be accurately determined in order to quantify the proposed targets.

2.3 Plans for target implementation and monitoring **Show that your bank has defined actions and milestones to meet the set targets.** **Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.**	Ibercaja has created a **new department in the Marketing Division, Sustainable Finance,** with the aim of aligning the Bank's commercial strategy with the Responsible Banking Principles it has signed. Among its functions is the monitoring of key indicators for the achievement of objectives. Once the objectives have been set and approved, these indicators will be identified and presented to the Sustainability Committee at management level. The Entity has a **Brand, Reputation and Sustainability Division** which defines, proposes and coordinates the Sustainability Strategy and monitors all indicators of the lines of action of the Sustainability Roadmap.	See chapter 6.1. "Sustainability strategy" of this Directors' Report.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

An initial set of targets and a series of actions to achieve them have been identified. Once the targets to be achieved have been quantified, monitoring indicators and a timetable will be established to track their achievement. This monitoring may lead to new requirements and actions to be taken, which will be incorporated in more detail in future reports.

2.4 Progress on implementing targets **<u>For each target separately</u>:** **Show that your bank has implemented the actions it had previously defined to meet the set target.** **Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.** **Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)**	In the first quarter of 2021, the bank will launch its new Strategic Plan 21-23, which includes a cross-cutting sustainability initiative, with the aim of ensuring that business objectives drive sustainable development. The definition of this initiative will include the list of challenges, strategy for their achievement, actions, concrete targets and corresponding monitoring indicators, based on the baseline situation of 2020.	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.

So far, the entity has followed the process of analysis and initial setting of targets to be included in its new Strategic Plan 21-23. Work has begun to implement actions to achieve the targets, but it is too early to analyse progress.

Principle 3: Customers (goods and services) **We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.**		
***3.1 Provide an* overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof**	The range of **SRI product offerings** is being expanded, as is the design of new **financing** products to respond to the needs of our customers in terms of sustainability. A **Sustainability Communication Plan** has been designed to create a permanent and continuous communication framework over time to accompany customers on this path towards a more sustainable society. Communication with customers follows the supporting line: we explain what the SDGs are and why Ibercaja is committed to advancing towards them, and we ask them to join us. On our blog, we provide information about sustainable finance and promote financial literacy to help customers make sound decisions. **In response to the pandemic**, Ibercaja has implemented a multitude of measures to help its customers cope with the difficult times they are going through: help with loans and payments, income advances or remote service availability. All this has been conveyed under the slogan **"Vamos es ir siempre juntos" (Let's always go together).** The **programme "Vamos juntos hacia la sostenibilidad"** (Together towards sustainability) has been developed by the Ibercaja Foundation and Ibercaja Banco, which will be offered to client companies to channel efforts aligned with the SDGs in social or environmental programmes. An initial pilot is currently being defined. The **Ecosistema+ Empresa** (Ecosystem+ Company) initiative, developed by Ibercaja Banco and Fundación Ibercaja, aims to improve the companies' competitiveness in order to contribute to the improvement of society. It incorporates a specific **Sustainability** programme to help companies develop it in their businesses. The **Bank's corporate website** has also been updated, making public the commitments with stakeholders contained in its Sustainability Policy.	See chapter 6.3. "Commitment to our customers" in this Directors' Report See section 4.5.3 chapter this Directors' Report. See chapter 6.4. "Commitment to our employees" in this Directors' Report.
***3.2 Describe* how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.**	We are going to work to identify our customers' behaviour in relation to sustainability and their interest in achieving the SDGs and propose actions so that we can achieve them together. We have started with an initial analysis of customers who have already taken out sustainable investment products and reached interesting conclusions that will help us to define new products to complete our range of sustainable products. In 2021, we have begun to market two new ESG investment funds In most cases, improving efficiency requires investment. We will incorporate new products into our commercial offering to help customers on the road to sustainability, starting with financing products. The Bank is working with different public authorities at local, autonomous community and national level on projects to provide access to financing in special conditions to improve the energy efficiency of buildings.	See chapter 6.3. "Commitment to our customers" in this Directors' Report

Principle 4: stakeholders **We will proactively and responsibly consult, engage and partner with significant stakeholders to achieve society's goals.**		
4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	It has a **Map of Stakeholders**, which analyses the expectations and interests of each of them, classifies them and priorities them to help the institution to actively listen to and engage with them. We have drawn up two materiality studies (in 2016 and 2018), consulting with the main stakeholders (customer, employees, community, providers and Key Opinion Leaders) for feedback on aspects they influence in Ibercaja's capacity to create economic, social and environmental value. In 2020 Ibercaja collaborated with **Forética**, a national association to promote corporate responsibility, leading the Social Impact Cluster, a business meeting point for leadership, knowledge, exchange and dialogue on internal and external social impacts. Hence, it participates actively in the exchange of experiences and best practices linked to sustainability with companies from the same and other productive sectors. Ibercaja is also a member of **DIRSE** (Spanish Association of Social Responsibility Executives) and actively participates with **Corporate Excellence**, a think tank that promotes the management of intangible assets in companies as a source of differentiation and progress necessary to build responsible and sustainable business practices. Ibercaja forms part of and actively promotes the COEPLAN ('Coalition of Companies for the Planet') initiative, which was created to advance sustainable practices and drive the circular economy. Thus, the Ibercaja Foundation has established a partnership agreement on sustainability training for companies and society at its Ibercide centre. Ibercaja signed in December 2019 the **Collective Commitment to Climate Action** together with the **principal Spanish banks**, with the aim of measuring the carbon footprint of their balance sheets and reducing the climate impact of their financial activity. Together with **AEB, CECA and ICO** and the other member financial institutions, possible methodologies are being analysed in order to make progress towards this objective. We have given notice of our adherence to the **protocol of the Institute for Energy Diversification** (IDAE and Saving, part of MITECO, Ministry for Ecological Transition and the Demographic Challenge) to facilitate the financing of actions in buildings, with an aid programme for the energy rehabilitation of buildings associated with this protocol. In 2020, Ibercaja carried on intense activity of transmission and dissemination of economic, business and financial knowledge for families and companies throughout the country, with special emphasis on its traditional areas of operation, with a focus on proximity and adaptation to the needs of each territory and group. Ibercaja relied on alliances with public bodies (regional	See chapter 6.1. "Sustainability strategy" of this Directors' Report. See chapter 6.2. "Our contribution to Sustainable Development Goals" of this Directors' Report. See GRI indicators: 102-40 102-42 102-43 102-44

	governments, provincial councils, town halls, etc.), private entities (business and trade union organisations, Chambers of Commerce and Industry, clusters, etc.) and private companies.	
Principle 5: Governance and culture **We will implement our commitment to these Principles through effective governance and a culture of responsible banking.**		
5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	For sustainability management and to support the effective implementation of the PRB, the Entity has developed the following **governance structure**: • **Brand, Reputation and Sustainability Division**, reporting directly to the CEO, is tasked with promoting, defining and coordinating the sustainability strategy of Ibercaja Banco while collaborating with the areas involved in implementing that strategy. It should report on the implementation of the Principles of Responsible Banking (PRB). • **Reputation and Sustainability Committee**, operating at senior management level and chaired by the CEO, is responsible for validating and supervising the bank's Sustainability Strategy, as well as progress in the implementation of the PRB. It relays to the **Strategy Committee** all relevant matters to be approved by the **Board of Directors.** • Other committees have specific working groups to carry out sustainability functions.	See chapter 6.1. "Sustainability strategy" of this Directors' Report.
	Ibercaja has approved the following relevant pieces to **develop a culture of responsible banking**: • **Sustainability Policy** approved by the Board of Directors in December 2020, establishes sustainability principles and the Bank's commitments to its main stakeholders. • **Corporate Purpose:** is the reason for the entity's existence, the basis of the strategy, which aligns efforts, inspires and mobilises action. It follows a humanistic approach and is people-centric. Our purpose: **"To help people build the story of their lives"** (approved by the Board of Directors).	See chapter 4.2. "Purpose, Mission, Vision and Values" of this Directors' Report.
	• **Ethical Management Model:** consists of the **Entity's Code of Ethics** the **Ethics Management Manual** with the structure and functions necessary in the entity to put the Code into practice; and the Ethics Channel. **Ethics Channel**, an independent communication channel for reporting possible breaches of the Code (approved by the Board of Directors). • **Suppliers:** the Entity has revised its **Code of Conduct for suppliers**, in order to convey its commitment to sustainability and involve them in its progress.	See chapter 6.7. "Commitment to the Suppliers" in this Directors' Report
	• **Environmental Policy:** explains the Bank's environmental commitments and fosters good practices (signed by the CEO). • **efr plan:** conciliation **conciliation plan** which contains the actions to be developed to promote the balance between personal, family and professional life, according to the proactive	See GRI indicators: 102-18 102-19

	management and continuous improvement that defines the Socially Responsible Company seal. Ibercaja Banco has been a **signatory of the United Nations Global Compact since 2006**, showing that its business activities are carried out in accordance with the principles established by this initiative. The Bank reports annually on its performance.	102-20 102-22 102-27
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	The progress of sustainability at the Institution is led by the CEO, who is convinced of the importance of Ibercaja's commitment to sustainability, is backed by the Board of Directors and has the engagement of the entire Management Committee. In order to advance in the integration of sustainability in the corporate culture, a strategy has been designed to activate the corporate Purpose, which will be implemented as one of the challenges of the Strategic Plan 21-23. In addition, an **Internal Sustainability Communication Plan** has been set up to help make Ibercaja's sustainability objectives known and internalised, thus seeking to foster a new "sustainability culture". A **new brand image**, **"Ibercaja Sostenible"** has been designed to make the project visible and facilitate the involvement and participation of all employees in it. The sustainability project and the implementation of the PRB is accompanied by a substantial **employee training** strategy. To this end, a specific line of **training in sustainability has been developed within the Entity's Professional Development Plan,** starting with a **Sustainable Finance Programme** for professionals involved in the sustainability project, and which will continue with **mandatory training** for all staff in sustainability, which includes (training pill). The remuneration policy is expected to include a reference to its alignment with the sustainability progress to be made in the Bank.	See chapter 6.4. "Commitment to our employees" in this Directors' Report See chapter 4.2. "Purpose, Mission, Vision and Values" See GRI indicators: 102-16 102-26 102-35
5.3 Governance structure for implementation of the principles **Show that your bank has a governance structure in place for the implementation of the PRB, including:** **a) target-setting and actions to achieve targets set** **b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.**	The **Reputation and Sustainability Committee** is responsible for overseeing the progress of the Sustainability Roadmap and the actions to be taken, and for approving the KPIs for monitoring progress. In June 2020, the **Sustainability Roadmap** was approved, for the definition of which the implementation of the PRB was taken as one of the guidelines. Since then, follow-up meetings have been held (approximately every 1.5 months), where the Reputation and Sustainability Committee has monitored and driven progress. The **Sustainable Finance Team**, of a transversal nature, made up of professionals from the main business areas and the Financial Group's companies, is in charge of the operational implementation of the PRB and is coordinated by the Brand, Reputation and Sustainability Department. The new Strategic Plan 21-23 will establish the milestones to be achieved, the specific targets and the indicators necessary for effective monitoring, with a focus on continuous improvement.	See chapter 6.1. "Sustainability strategy" of this Directors' Report.

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

Ibercaja has made decisive advances in sustainability governance, which will oversee implementation of the Principles of Responsible Banking. The sustainability governance structure has been bolstered with the engagement of the Board of Directors and the effective participation of the business areas. We will continue to move forward with the allocation and formalisation of roles and responsibilities.

Principle 6: Transparency & accountability **We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.**		
6.1 Progress on implementing the principles for responsible banking **Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).** **Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.** **Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.**	• A **Sustainability Policy** has been developed and approved that establishes the principles, commitments and framework for action in sustainability for the Ibercaja Group • Work has started on the development of the **impact analysis and the study of our loan portfolio** with the aim of setting concrete and measurable targets to improve the main impacts and **align our portfolio with the Paris agreements**. • Work has begun to identify climate risks, with the aim of progressively including ESG risks in the Ibercaja Group's overall risk management. • A **benchmark** has been devised to identify good practices and possible sustainability trends to be included in the design of our business strategy. • Ibercaja has **adhered to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)** so as to make sure its reporting is fully compliant with those recommendations. • To strengthen and improve its reporting of extra-financial information, the Bank is currently undertaking a **project to "systematise non-financial information"** so as to make it more reliable and traceable and place it on a par with the Bank's financial information. • An **FCR work-life balance plan** has been developed, with projects such as Plan LiderA or Ibercaja Saludable, aimed at improving the experience of employees and advancing social aspects within Ibercaja. • **Internal and external communication** has been boosted to also ensure support from Ibercaja in **achieving the SDGs**, in addition to education and **training in sustainability** of Ibercaja's staff to engage them in the project.	See chapter 6.1. "Sustainability strategy" of this Directors' Report. See chapter 6.12. "TCFD recommendations" See chapter 6.4. "Commitment to our employees" in this Directors' Report.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

It is a firm commitment, which has begun by laying the foundations of governance, with the aim of engaging the entire organisation, under the leadership of the Board of Directors, the Chief Executive Officer and the Management Committee.

We have begun work on risk management, responsible business strategy, communication and training, the main areas that will be further developed in the new Strategic Plan 21-23.

6.12 Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

102-11, 102-12, 102-15, 102-19, 102-20, 102-30, 102-31

THE OBJECTIVE OF THESE RECOMMENDATIONS IS TO DEVELOP A COMMON, CONSISTENT, COMPARABLE AND CLEAR REPORTING FRAMEWORK TO INFORM ON THE EFFECT THAT AN ECONOMIC ACTIVITY HAS ON THE CLIMATE, WHICH WILL FACILITATE DECISION-MAKING BY INVESTORS.

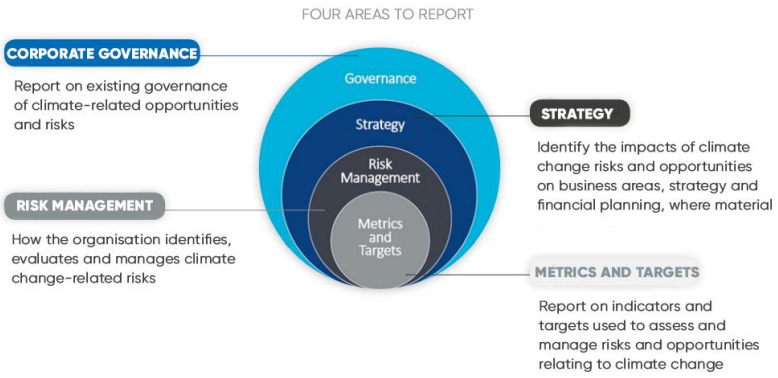
6.12.1 Introduction

Climate change is a reality and its effects on economic and social stability are already noticeable: its mitigation requires the commitment of all public and private agents in order to move towards a decarbonised economy.

Ibercaja, **committed from its origins to sustainability and guided by its corporate** purpose, is aware of this and is taking significant steps, acquiring commitments that act as a lever in the fight against climate change.

Hence, **in 2019 Ibercaja adhered to the recommendations** issued by the Task Force on Climate-Related Financial Disclosures (TCFD) set up by the Financial Stability Board. The objective of TCFD is to develop a common, consistent, comparable and clear reporting framework to inform about the effect that an economic activity has on the climate so as to facilitate investors' decision making.

IN ITS REPORT, THE TCFD RECOMMENDS THAT INFORMATION BE SET OUT IN FOUR AREAS, WHICH DEFINE THE STRUCTURE OF THIS SECTION:



6.12.2 Objective

By adhering to these recommendations, Ibercaja aims to **make progress in the clear, consistent and standardised disclosure of the risks and opportunities** of climate change on our business and its implications and integration into the Bank's strategy.

The information summarises how Ibercaja is becoming engaged in responding to the challenges arising from climate change, following the recommendations of the TCFD in the analysis, in the implementation of measures and in the development of reporting.

These are the **first steps** and **reflect our progress** in this direction: Ibercaja is aware of the long road ahead towards a sustainable future, of the important role it plays as a financial institution accompanying its customers and society in this direction, and **shows its firm commitment to continue progressing** and disseminating advances according to the needs of the market.

6.12.3 Governance Model

Ibercaja has developed a sustainability governance model with the direct engagement of the **Board of Directors**, as the highest level body, which promotes the entity's positioning in sustainable development, with the assistance of the **Strategy Committee**.

IN CARRYING OUT THIS FUNCTION OF PROMOTING SUSTAINABILITY:

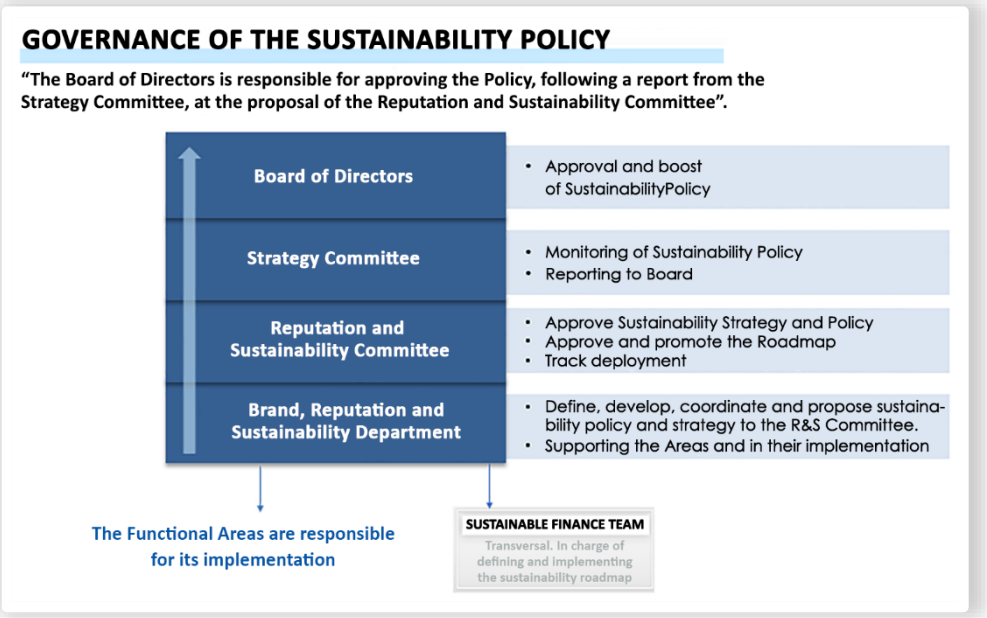
- The Board of Directors has reviewed and approved elements necessary to advance in the sustainable and responsible planning of the Entity: thus in 2018 it approved the **Code of Ethics**, which contains the seven ethical principles that govern the actions of the Ibercaja Group; it also agreed and approved the **Corporate Purpose**, which focuses on a shared inspirational objective: “Helping people to build their life story, because it will be our story.”
- On 11 December 2020, the Board of Directors, following a review by the Strategy Committee, approved the **Sustainability Policy**, an essential element as it establishes the Ibercaja Group's commitments and framework for action in the area of sustainability.
- This Sustainability Policy replaces the Corporate Social Responsibility Policy in force since 2016 at Ibercaja, to **reflect the progress of sustainability commitments** and their integration into strategy and decision-making.

- The Board of Directors, with the support of the Strategy Committee, will oversee the implementation of the Sustainability Policy and will be informed of progress on a regular basis. The Policy sets out the entity's commitments to its main stakeholders and to the environment. **Ibercaja undertakes to**:
    - **Analyse the impact of climate change**, detecting needs that the transition to a decarbonised economy may present, in order to respond with business solutions that support environmental sustainability.
    - **Analyse climatic and environmental risks**, their impact on customers and their financial activity, for their gradual integration in compliance with the regulatory requirements.
    - **Transparently communicate** the advances in environmental sustainability, raising awareness internally and externally to promote a sense of environmental responsibility.
    - **Assume and endorse the primary national and international commitments** that help to protect the environment and fight against climate change, working on their implementation.

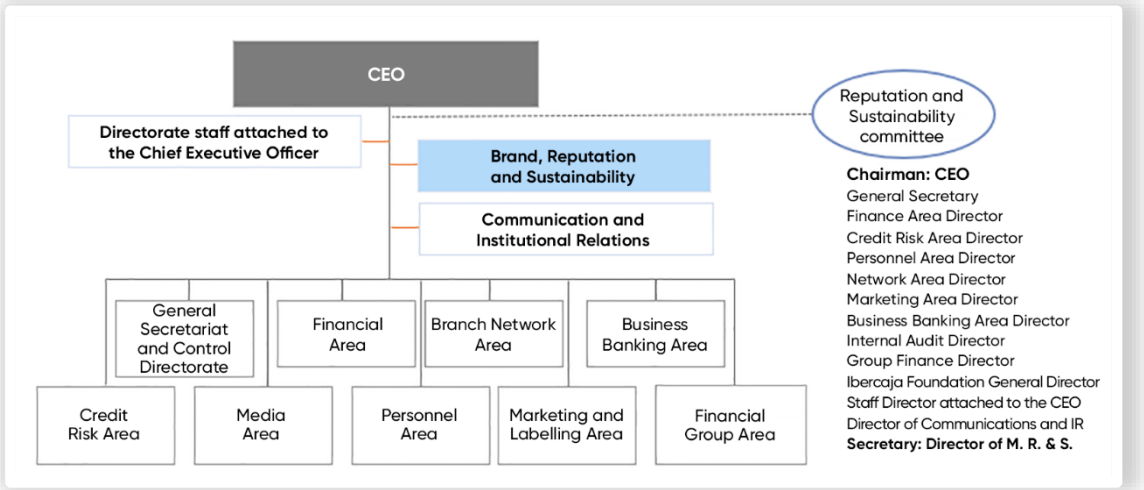
*"We are a **different bank**, it's **our raison d'être**".*

The **Strategy Committee** of the Board of Directors is particularly involved in defining and approving the Strategic Plan, with sustainability as one of its key enabling initiatives. It defends a clear position on the relevance of differentiating ourselves as a sustainable Bank, from three points of view: financial, social and environmental. "We are a different bank, it's our raison d'être".

Sustainability governance is based on the work of the functional areas, coordinated by the Brand, Reputation and Sustainability Department and the Reputation and Sustainability Committee, which is responsible for this area, according to the following scheme:



The **Brand, Reputation and Sustainability Department**, reporting directly to the CEO, defines and coordinates the implementation of the sustainability strategy, following approval by the executive-level Reputation and Sustainability Committee, chaired by the CEO.



The **Sustainable Finance Team** was created in 2019, as a transversal group, made up of highly competent people with a global vision of the main functional areas of the Ibercaja Group. Since then, it has acted as a driving force to advance in the **design of the Roadmap** to be followed for the incorporation of ESG aspects into the Group's strategy and how to take the necessary steps for its effective implementation, ensuring the involvement of all *core* business areas.

6.12.4 Strategy

The **Sustainability Policy**, approved by the Board of Directors on December 11, 2020, defines the **axes of the strategy**, aligned with the Sustainable Development Goals (especially those that are a priority for Ibercaja: see Chapter 6.2).

Its definition was **guided by the expectations of the TCFD recommendations and the Principles for Responsible Banking**, signed by Ibercaja Banco in October 2019, in order to respond to the challenges of its implementation.

It has also developed an **operational roadmap** with 10 lines of action to implement these strategic pillars, approved by the Reputation and Sustainability Committee in June 2020, which prioritises and **focuses on climate change** with the aim of:

- analysing the impact of climate change on the entity
- identifying risks and opportunities
- setting targets to respond to them (managing risks and capitalising on opportunities)
- identifying indicators for monitoring and progress

This operational roadmap will be integrated and further developed in the new **+23 Strategic Plan**, with sustainability being a **priority cross-cutting enabling initiative**.

As a first step in identifying the potential effects of climate change, an **impact analysis** has been developed with a focus on economic sectors (with a focus on agriculture, industry and services), analysing their exposure to climate change risks (physical and transitional), with the **objectives of**:

- Identifying sectors potentially most affected by climate change
- Identify new needs for adaptation to climate change
- Identify potential risks
- Identify related business opportunities

RISKS → *IMPACT* → *CONSEQUENCE* → *NECESSITY*

4.1. DESCRIPTION OF IDENTIFIED RISKS

Ibercaja classifies climate and environmental risks as **risk factors in the risk categories** currently used by the entity. In accordance with TCFD indications, they are defined and categorised as follows:

__How are__ climate and environmental risks defined?

- **Transition risks:** financial losses that the entity may suffer directly or indirectly from the process of adjusting to political, legal, technological and market changes arising from the transition to a low-carbon economy. Categories:
  - Political and legal risks
  - Technology risk
  - Market risk
  - Reputational risk
- **Physical risks:** financial impact of a changing climate, caused by extreme weather events and gradual changes in climate. Categories:
  - Acute risks
  - Chronic risks

As part of the roadmap, work has been carried out to **identify them** with the following **objectives**:

- Furthering **understanding** of the characteristics and particularities of climate and environmental risks.
- **Identifying** the main climate risks affecting the Ibercaja Group and how they are reflected in current risk categories.
- Progressing in establishing and consolidating the management model for these risks based on **three lines of defence** in the Entity.

To this end, work is being coordinated with the front lines of the main prudential risks, based on a **qualitative methodology** developed with a top-down approach, to identify the main climate risk events and transmission channels that can lead to the risk categories currently used. The entity has a **initial inventory of identified risks**, pending consensus, which will serve as a basis for prioritisation of risks and subsequent integration into management.

4.2. DESCRIPTION OF IDENTIFIED OPPORTUNITIES

The **opportunities** identified from the impact analysis are as follows:

1. **Project financing for the installation of new** renewable energy production plants.
2. **Funding for environmental practices** to boost the decarbonisation of the agricultural sector.
3. **Financing of projects in waste treatment, hydrogen technology, sustainable mobility, sustainable building, sustainable water treatment management, etc.**
4. Participation in **Fair Transition Strategies** in those areas of our territory affected by business closures **related to coal**.
5. **Financing of projects aimed at families and enterprises that** promote **renewable self-consumption, the use of ECO vehicles, the energy refurbishment of homes and the use of** low-consumption appliances.

6.12.5 Risks management

The Roadmap designed contains among its priorities the identification and management of climate and environmental risks for their gradual incorporation in the bank's global risk framework.

For its implementation, a **Climate Risk Working Group** has been set up, made up of risk specialists from the Group's main functional areas:

Climate Risk Working Group

- **Credit Risk** – Credit Risk Area
- **Market risk** – Financial Area
- **Liquidity risk** – Financial Area
- **Reputational risk** – Sustainability Directorate
- **Risk Control** – Global Risk Management
- **Regulatory Compliance**
- **Corporate information**
- **Financial Group**

This Group has worked on the **identification of potential climate risks**, their channels of transmission to prudential risks and the qualitative assessment of their impact.

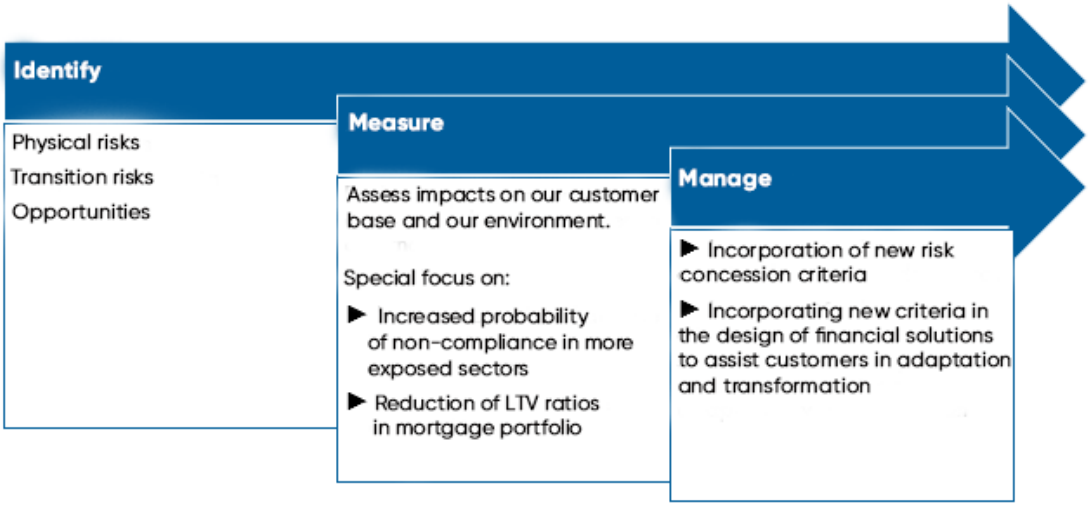
The analysis of risks and opportunities according to sectors of activity and geographical area has identified **decarbonisation** as one of the main challenges.

To advance along these lines, initial **mapping of corporate loan portfolios** has been carried out according to branches of activity potentially more affected by transition climate change (according to a study published by the Bank of Spain).

It focuses on the transition risks, since they could affect the credit rating of that exposure that is potentially more affected:

- most polluting sectors
- exposed to technological changes
- exposed to changes in consumer preferences

This is an initial exploratory analysis to be deepened on the basis of the initial conclusions drawn, using other technical criteria (incorporation of new variables linked to physical risk and transition, market environment, regulatory framework).



The Bank is also working to **incorporate ESG aspects into its credit risk policies and procedures** in response to the EBA Guidelines for granting and monitoring credit. A gap analysis was conducted of the Bank's existing general credit risk policies and procedures and the ESG requirements of the Guidelines, and initiatives are being defined to address them.

The asset managers of the Financial Group (Ibercaja Pensión and Ibercaja Gestión), committed to the development of society and the care and protection of the environment through socially responsible investment, are developing an internal and progressive model of investment selection and management of non-financial risks that is being incorporated into the traditional fundamental analysis. Thus, they have elaborated a **Exclusions Policy**, taking into account in the process of determining them, **climate transition risk** in accordance with TCFD considerations.

6.12.6 Metrics and objectives

METRICS

Ibercaja is aware of the **importance of non-financial data** in making progress in the metrics and targets needed to assess and manage climate-related risks and opportunities

For this reason, a specific line has been developed within the Roadmap to work on non-financial data, incorporating it as one of the areas of information and communication **information areas** to be developed within the framework of the Data Governance Project currently underway in the Entity.

Progress made: specification of steps to be undertaken

1. **Identification of non-financial data** used for both internal management and reporting of climate and environment-related risks.
2. **Analysis of the availability of information** (quantitative and qualitative) in the Bank's information system. Planning of the necessary developments for unavailable data.
3. **Adaptation of identified** non-financial data identified to the needs of the Data Governance Framework for further integration therein.
4. **Definition by users and construction of the metrics** (KPIs and KRIs) on the basis of which environmental and climate risk exposure is to be identified, managed, monitored and measured.
5. **Definition and preparation of reporting and disclosure** (internal and external) by means of a scorecard including metrics, data, thresholds, alerts, etc. as well as control levels and reporting frequency.

OBJECTIVES

In furtherance of its commitment to sustainability and the fight against climate change, **Ibercaja aims to**:

- **Accompany its customers on the path towards a decarbonised economy**, defining a commercial strategy that helps them to make purchasing and investment decisions that generate positive impacts on the environment.
- **Continue to promote socially responsible investment** by expanding the number of investment products and strengthening the Financial Group's positioning in SRI strategies (see current SRI product offering in Chapter 6.3).
- **Complete the financing offer with products with sustainable features** (especially climate change mitigation), thus meeting the needs of the environment and customers.

The new +23 Strategic Plan will incorporate specific targets for sustainability and the fight against climate change, as well as indicators for their monitoring and evaluation.

DISCLOSURE OF IBERCAJA BANCO CARBON FOOTPRINT (DIRECT IMPACTS)

As stated in its **Sustainability Policy**, Ibercaja, aware of the direct impact of its activity on the environment, is committed to:

- Measure and publish its **carbon footprint**, establishing a reduction plan to achieve emission neutrality.
- Comply with the **applicable legal environmental requirements** and the other voluntarily assumed requirements, adopting the necessary measures to do so.
- Apply the principle of **pollution prevention** to minimise and/or offset for possible negative impacts on the environment.
- Encourage the **responsible control and consumption of resources**, and the **proper management of waste**, minimising its generation to the extent possible, favouring the circular economy throughout the value chain.
- Ensure the integration of continuous improvement in the system and in environmental performance by establishing **environmental objectives**.

Since 2007, the Entity has had an **Environmental Management System**, which is certified by the ISO 14001 Standard, and which establishes annual environmental targets and defines the indicators for their monitoring.

Since 2016, Ibercaja has calculated its carbon footprint including the scope 1 and 2 emissions, demanded by the Spanish Climate Change Office, and also the indirect scope 3 emissions, specifically, those produced by car trips of employees for work reasons and those associated with documents sent by messenger.

In response to the commitments made, in 2019 Ibercaja **registered its carbon footprint in the Registry of Footprint, Offsets and CO2 Absorption Projects of the Ministry for Ecological Transition and Demographic Challenge** with the calculation of CO2 emissions of scope 1+2 and 3.

Ibercaja has developed an **Emissions Reduction Plan** and has achieved the **"calculo/Reduzco"** (I calculate/I reduce) stamp for the year 2019 from the MITECO carbon footprint register.

As explained in **Chapter 6.5.** of this Directors' Report, Ibercaja's objective in 2021 is to offset the emissions calculated in 2020 that could not be prevented and to maintain the entity as **Carbon Neutral**.

Furthermore, aware of the importance of directly reducing CO2 emissions, Ibercaja has an **emissions reduction plan** that identifies what measures can be most effective in achieving this objective.

6.13 Global Compact Progress Report

IBERCAJA HAS BEEN A SIGNATORY TO THE UN GLOBAL COMPACT SINCE 2006, THUS RATIFYING ITS COMMITMENT TO THE PRINCIPLES ENSHRINED IN THE INITIATIVE AND REPORTING ANNUALLY ON THE PROGRESS MADE.

The **2020 Directors' Report** describes the **Bank's annual progress** in the implementation of the ten principles of the United Nations Global Compact in terms of human and employment rights, the environment and the fight against corruption.

*The 2020 Directors' Report shows the **implementation** of the ten principles of the United Nations Global Compact*

In this way, the necessary information is filled out in order to respond to the requirements demanded for the preparation of the **Progress Report** and to reach the **Advanced level**, the highest rating granted by the **Global Compact** within the Reporting levels.

IN THIS REGARD, THERE ARE THREE KEY ISSUES ON WHICH WE WISH TO REPORT:

- **Corporate sustainability and leadership**: during 2020 the Ibercaja Group's Sustainability Policy has been approved, advancing, as explained throughout this report, in the Bank's firm commitment to sustainability. The Policy was presented by the CEO and approved by the Board of Directors.
- **United Nations Sustainable Development Goals**: this report also includes information on the Entity's positioning in relation to the SDGs and the most significant actions carried out, contributing to their achievement.
- **Implementation of the Ten Principles** in strategies and operations in the areas of human rights, employment, environment and anti-corruption. Appendix B describes the progress related to each of the principles.

Appendix B contains a **Table** with the Ten Principles of the Global Compact and the sections of the Report that contain information on them, as well as their relationship with the GRI Indicators.

6.14 Communication: listening and dialogue with our stakeholders

102-21, 102-40, 102-42, 102-43, 102-44, 103-1, 103-2, 103-3, 207-3

IBERCAJA MAINTAIN VARIOUS CHANNELS OF COMMUNICATION, PARTICIPATION AND DIALOGUE AVAILABLE FOR ITS STAKEHOLDERS THAT FAVOUR TWO-WAY AND CONTINUOUS COMMUNICATION, UNDERTAKING TO GIVE THEM THE MAXIMUM DISSEMINATION.

*For Ibercaja, active listening and dialogue with its stakeholders is **essential to develop its business model** and achieve maximum positive impact and meet their **expectations and needs**.*

In this way, it conveys its principles and form of conduct to the entire value chain, creating alliances and promoting cooperation, thus going further.

The challenges of the Entity and, specifically, its active role in **achieving the Sustainable Development Goals for the improvement of the planet**, can only be met by actively involving its stakeholders to jointly promote the necessary transition towards a more sustainable economy. Doing this necessarily means fostering **dialogue and close cooperation** with stakeholders, knowing their expectations and working together, through partnerships, and joining forces.

The Bank has a **map of stakeholders**, which identifies those that are a priority for the Bank: **customers, individuals, investors and shareholders, suppliers and society**. In addition, the impact of its activity on the **environment** is given careful consideration. This selection was made after analysing their expectations and interests and assessing their relationship with the Bank, their capacity to influence and the importance of each group for the Bank.

***STAKEHOLDERS** ARE PERSONS OR GROUPS THAT HAVE AN IMPACT ON THE ENTITY AND ARE INFLUENCED, DIRECTLY OR INDIRECTLY, BY ITS ACTIVITIES, PRODUCTS OR SERVICES.*

Communications criteria

Transparency, veracity, diligence and neutrality are key criteria present in all the information flows generated by the Entity, both internally and externally. These flows are systematised through a communication model based on these four key criteria.

TRANSPARENCY
In all matters of public interest that do not compromise the required confidentiality of the activity.

VERACITY
So that it accurately responds to the information requests of the stakeholders.

DILIGENCE
To provide timely information that recipients can make use of to their maximum benefit.

NEUTRALITY
All stakeholders are entitled to information generated by Ibercaja in equal conditions.

INTERNAL COMMUNICATION

Internal communication has played a key role in managing the crisis caused by the pandemic

Moments in which it was crucial to generate **new internal communication channels** that keep us permanently connected with the employees, accompanying them in their day-to-day matters at home and at the office.

Operating communication:

Creation of COVID-19 space in regulations for the daily publication of measures related with the pandemic.

Emotional communication:

- ***Weekly letter of the CEO*** addressed to each employee, explaining the Bank's situation, measures being taken, messages of encouragement and recognition of the important work of Ibercaja's professionals as an essential service for the Company.
- ***Ibercaja with you***. Blog designed to maintain close, empathic and useful contact with colleagues. Articles of interest, Prevention recommendations, Tips to work from home, Solidarity initiatives, Health and well-being tips, Didactic resources, Weekly training, Provision contents to this new channel.
- ***Weekly newsletter*** in which we inform of the most significant milestones of the week.

Also, in 2020, an **Internal Communication Plan in Sustainability** was implemented, whose purpose is **to accompany** the Bank's Sustainability Project,helping Ibercaja's objectives in this area to be **known** and **interiorised**, and to promote a new "**sustainability**" **culture**.

EXTERNAL COMMUNICATION

Ibercaja maintains a fluid relationship with Spanish and foreign media, to respond to information requests and notify society significant events involving the Bank.

Among the main external communication activities, the following stand out:

- **Institutional presentation** of the Bank's most significant data, together with the principal lines of the Strategic Plan.
- **Calling of press conferences** and provision of information to the media regarding the Entity's achievements and procedures deemed to be significant for the Bank's different stakeholders.
- **Dissemination of the actions of Ecosistema Más Empresa:** a meeting point for more than 4,000 entrepreneurs, professionals and managers who interact through an open innovation platform throughout the country. The Ecosystem currently has 47 national and international *partners*, a *think tank* made up of five leading experts in their sectors and has organised more than 130 face-to-face activities throughout Spain. Some of these companies have participated in the Ecosystem Open Innovation challenge platform.
- **Collaboration of expert professionals in different areas of the Bank with the media** through opinion articles, interviews and responses to queries on issues and matters of an economic and financial nature.
- **Boosting of presence in social networks,** broadcasting news related to the Bank, participation in events, sponsorship, partnerships, etc.

Institutional projection plan. The objective of this plan is to position the Ibercaja brand as a benchmark in the Spanish banking system, through participation in the main forums and economic and sectorial meetings by members of the management team and by other executives and specialists of the Entity. As a reinforcement to the launch of the territorial plans, more than two hundred actions have been implemented, aimed at strengthening the Bank's institutional presence in these territories.

THE MOST SIGNIFICANT COMMUNICATION CHANNELS INCLUDE:

Customer services

Corporate website and commercial website

Suppliers Portal

Active listening on social media

Customer satisfaction surveys

Employee satisfaction surveys

Reputation measurement surveys

Brand awareness surveys

Free telephone numbers and email inboxes

Newsletters and online assessment questionnaires

Meetings and focus groups with employees, customers and the general public

Systematic and permanent relationships with bodies, institutions and social agents to ascertain trends, expectations and exchanges of good practices (AEC, CEOE, Chambers of Commerce, Forética, Cecabank, etc.).

6.15 2020 Commitments and 2021 Challenges

102-11

THE ACCOMPANYING TABLES PROVIDE INFORMATION ON THE DEGREE OF ACHIEVEMENT OF THE TARGETS SET FOR 2020, AS WELL AS THE NEW CHALLENGES FOR 2021.

2020 COMMITMENTS

STAKEHOLDER	2020 COMMITMENTS	RESULTS	%
Customers	**Customer experience:** Achieve 80% satisfied or very satisfied customers in post-interaction advisory surveys.	97.8% of customers say they are satisfied or very satisfied.	**100%**
	Customer experience: Improve the existing gap between Ibercaja and the sector average in terms of quality of advice on savings and home financing needs.	The GAP has not improved	
	Ibercaja app: Increase active users of the app by 25%.	The number of active users of mobile banking has increased by 41.9%.	**100%**
Human Resources	**New flexible forms of working:** Measures aimed at achieving a less rigid distribution and organisation of working time and which seek to unlink work and results from a specific "window" of time, as well as control and management of the employee's physical presence. Generate flexible work environments through measures such as: Time flexibility, Spatial flexibility, Digital disconnection, Agile and efficient meetings.	In 2020, progress was made in adapting working conditions to the needs of employees and the organisation. The measures adopted as a consequence of the pandemic accelerated the implementation of some of these measures, in particular: flexible working hours and spatial flexibility (teleworking).	**80%**
	LeaderA Plan Action plan aimed at women with professional growth potential with the objective of promoting women's access to management positions.	On the occasion of International Women's Day, the first Women's Week is organised as a kick-off and a framework for the presentation of the LeaderA Plan. Various activities were carried out to disseminate the objectives of the plan and raise awareness of the importance of achieving a diverse and equal workforce, with the help of women leaders, inspirational voices in women's leadership.	**100%**

Environment	**Ibercaja Activa.** Implementation of the Healthy Company programme in Ibercaja through different areas: sports (Evolution of the Arts and Recreational Group), healthy habits (Prevention and Health) and corporate wellbeing (efr).	As a result of the pandemic, in 2020 the implementation of the activities planned within the Healthy Company programme have been carried out virtually through the app "Ibercaja Contigo", which brings together most of the activities planned in this line of work.	**80%**
	Promote, within the framework of the Comprehensive Sustainability Plan, the inclusion of environmental aspects in the Entity's strategy and decision-making.	The Board of Directors approved the Sustainability Policy, with the focal points for its development and Roadmap that focuses on climate and environmental aspects	**100%**
	Continue to strengthen the EMS, promoting the entity's Carbon Footprint Reduction Plan.	A team was set up to design and drive forward the Reduction Plan; the Environment Committee reviewed the carbon neutrality target and brought forward its attainment date.	**100%**
	Progress in the analysis of impacts linked to climate change.	As part of the Roadmap, a climate change impact analysis was carried out at the national level by priority sectors.	**100%**
Suppliers	**Finalise purchasing procedures** fully adapted to the new regulations on supplier risk management and outsourcing.	Purchasing procedures have been adapted to the new regulatory requirements.	**100%**
	Implementation and launch of the Supplier Risk Management and the Management of Purchasing and Outsourcing Processes in the new Purchasing tool.	New functionalities were developed in the new Purchasing tool during 2020, covering supplier risk management and purchasing processes.	**80%**
Community	**RSA+ Seal:** obtain the Seal.	Once again this year Ibercaja renewed the RSA+2021 Seal	**100%**
	Volunteering: broaden the scope and activities to be developed.	Given the general situation caused by Covid-19, alternative forms of online volunteering have been sought.	**80%**
	Reinforce the reporting of information on sustainability management, with the systematic use of non-financial data.	One of the priority lines of action in the Sustainability Roadmap includes the advancement of non-financial data and its reporting: the Entity's Dictionary of Non-financial Data has been developed.	**100%**
Shareholders and investors	**Continue increasing the visibility of Ibercaja** among institutional investors, increasing the number of events, meetings and telephone conferences.	The number of direct contacts increased by 19% during the year and videoconferencing was implemented as a new working methodology.	**75%**
	Enhance communication of Ibercaja's ESG commitment among investors and rating agencies.		**25%**

	Analyse the advantages and drawbacks of a potential ESG issue.		**25%**
Other commitments	**Organisational purpose:** To continue advancing in Phase 3 of activation for inclusion in the decision making process.	Progress has been made in the internal and external communication of the Purpose and it has begun to be included in the programmes of the People Area (Inspiring leadership).	**80%**
	Develop Ibercaja's **Sustainability Policy**.	On 11 December, the Board of Directors approved the Ibercaja Group's Sustainability Policy.	**100%**

2021 CHALLENGES

STAKEHOLDER	2021 COMMITMENTS
Customers	**Customer experience**: Achieve 90% of satisfied or very satisfied customers in post-interaction advisory surveys. **Marketing:** - Expanding our range of **sustainable investment products** to offer each customer the most appropriate solution according to their investment profile. - Completing the offer of **sustainable financing products** to provide customers with access to solutions that improve the energy efficiency of their homes, businesses and mobility. **Digitalisation:** 90% of transfers in digital channels. **Ibercaja app:** Increase users of Ibercaja's apps by 25%.
Human Resources	Launch of a **new "Digital Environment for Employees"** with the following objectives: to improve the user experience, bring together the main applications for employee communication and participation, and incorporate new forms of internal communication to improve the employee experience. Advance in the design and deployment of a **governance model to assist the work** of Management, establishing basic and uniform guidelines for all divisions, ensuring that this process will consolidate the **Leadership Model** in the Central Services, just as it does in the Network through the Management System. Advance in the construction of a **people development model** based on the alignment between value contribution and remuneration.
Environment	**Advance in the identification of climate risks for the progressive incorporation of these risks into the Bank's overall risk management.** Advance in the **integration of environmental criteria** in supplier approval processes. Offset the total carbon footprint (scopes 1 and 2) through CO2 absorption projects. **Advance in the improvement of selective waste collection** in the Entity
Suppliers	**Review and adapt to the EBA's Guidelines on Outsourcing** of outsourced services prior to their entry into force. **Improve and standardise the model for measuring** of risks associated with suppliers.

Community	**Renew the RSA+ Seal** **Develop a different kind of volunteering** that brings added value and can be carried out in the current health circumstances. **Convey to society** the strategic importance of sustainability for the Ibercaja Group.
Shareholders and investors	**Continue increasing the visibility of Ibercaja** among institutional investors, increasing the number of events, meetings and telephone conferences. **Adapt the corporate website** ***www.ibercaja.com***, with inclusion of the Bank's commitments and progress in sustainability. **Enhance communication of Ibercaja's ESG commitment** among investors and rating agencies.
Other commitments	**Integration of sustainability** in the new Strategic Plan +2023: development of an enabling cross-cutting initiative. **Internally and externally activate the organisational purpose,** integrating it into the corporate culture.

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7 RISK MANAGEMENT

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Risk management, both financial and non-financial, is key in Ibercaja's business development strategy.

102-15, 102-30, 102-31, 103-1, 103-2, 103-3

Global risk management is essential to preserving the Bank's solvency and capital adequacy. Its **strategic priorities** include the development of systems, tools and structures that will allow for the permanent measurement, monitoring and control of risk exposure levels, while assuring an adequate relationship with the Bank's own funds and responding to the requirements of regulators, supervisors and markets.

Risk management is organised through the **Risk Appetite Framework**, the key aim of which is to establish a set of **principles, procedures, controls and systems through which the Group's risk appetite is specified, communicated and monitored**. Risk appetite is the level or profile of risk that the Bank is willing to accept and maintain, in terms of type and amount. Risk appetite must be geared towards achieving the targets of the Strategic Plan, in accordance with the established lines of action.

While **credit risk** is the most significant threat to the Bank's business, risk management also covers counterparty, concentration, market, liquidity, interest rate, operational, business, reputational and insurance risks.

Additionally, the Bank established a range of measures and procedures to minimise **non-financial risks**, such as reputational and compliance risks, and takes into account risks related to social issues, human rights and the environment, analysing them for their gradual incorporation in the Risk Appetite Framework.

Among the general principles of sustainability enshrined in the **Sustainability Policy** approved in December 2020, Ibercaja observes in its activity the prudent and global management of all financial and non-financial risks, including **ESG risks** (environmental, social and good governance). In addition, the Entity undertakes to analyse 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.

The Bank is developing the **Sustainability Roadmap** for the incorporation of environmental, social and governance aspects into business and decision-making, which will be integrated as a cross-cutting initiative in the new Strategic Plan.

Note 3 to the Ibercaja Banco Group's financial statements for 2020 presents the significant **information on the management of the different types of risk in greater detail**.

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8 RESEARCH, DEVELOPMENT AND TECHNOLOGY

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Ibercaja, aware of the new challenges that the banking sector must face, is immersed in an ambitious itinerary of digital transformation.

102-2

Technological innovation plays a fundamental role at a time of very significant changes for the sector: changing customer habits, the need to improve the efficiency of operating processes in order to gain competitiveness, ever-changing regulations and the emergence of new players in the field of financial product distribution.

Technological innovation *plays a key role in* ***times of change.***

To meet the new challenges, Ibercaja designed, within the framework of its 2018-2020 Strategic Plan, an ambitious **digital transformation itinerary** with the **aim** of **meeting the needs** and **expectations of customers**, **promoting competitive advantages**, boosting multi-channelling as a supplement to the personal service of managers, and simultaneously **ensuring the maximum agility and efficiency** of operational processes, both in the branch network and central services.

The Strategic Plan has made it possible to deal effectively and within a very short timeframe with the needs arising from the pandemic, which have accelerated the changes in processes and resources.

THE PRINCIPAL ACTIONS AND PROJECTS WORKED ON DURING THE FINANCIAL YEAR INCLUDE:

- **Digital transformation.** Highlights include the new digital banking websites for individuals and companies, the launch of Ibercaja Próxima, the implementation of the Global Securities System, the "Initiation Mode" for digital assets, the creation of digital managers, the "Consíguelo" sales platform and the promotion of sales through digital channels of financing products (mortgage and consumer) and risk insurance.

- **Deployment of the new Commercial and Management System**, aligned with the Leadership Model, which contributes to driving change in the way sales teams work in offices, making them more efficient and, at the same time, enhancing the experience of both customers and employees.

- **Robotic automation of tasks** that lacked adequate infrastructure to respond to peaks in demand, increase service levels and eliminate repetitive tasks. In the same line of work, with the application of artificial intelligence, the first insurance "chat bot" has been implemented to respond to queries about risk insurance, reducing the response time to customer questions and the time spent in the offices to locate the information required. As a result, the average of 1,000 queries made daily by customer managers to the internal support service in this area has been considerably reduced, while at the same time the number of opportunities handled has increased by 20% compared to the old system.

- **Self-service plan.** Renewal and updating of the ATMs, incorporating a uniform design with the rest of the Bank's channels, and new functionalities. Of particular note are the adaptation for the visually impaired, the location of other nearby Ibercaja ATMs and the possibility of making transfers from cards from other banks to an account at the bank.

- **Simplification of tasks and improvement of efficiency**, with optimisation of office processes through digitisation and mechanisation of low value-added tasks. Examples include the multi-channel signing of documents by means of any mobile device, operations related to the entry into force of the General Data Protection Regulation, the migration of internal communications to IBERSIC or the delegation of tasks to administrative outsourcing centres.

- **Cybersecurity.** Cybersecurity improvements have continued in line with best practices such as ISO 27001 and the NIST framework. Particularly in view of the exceptional situation of teleworking, training and awareness of teleworking has been reinforced for all employees.

- **Data Governance Framework,** Deployment of governance and data quality procedures to the capital calculation process and generation of COREP statements, IRB model datamart, risk appetite framework, risk control dashboard and RAROC calculation engine.

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9 INFORMATION REGARDING TREASURY SHARES

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Information regarding treasury shares

There have been no transactions involving treasury shares in 2020.

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10 OTHER INFORMATION

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10.1 Dividend policy

The distribution of dividends is determined at the General Meeting of Shareholders on the basis of the proposal made by the Board of Directors.

The ECB issued a recommendation to banks, published in the Official Journal of the European Union on 30 March 2020, indicating that they should not distribute dividends for the financial years 2019 and 2020, at least until 1 October 2020, in order to increase their capacity to absorb potential losses in the pandemic-induced economic crisis and to support lending to households, SMEs and large corporates during the coronavirus epidemic.

The Extraordinary General Meeting of Ibercaja held on 3 April 2020 decided to rescind the resolution of the Bank's Ordinary General Meeting held on 30 March, which approved the distribution of a dividend of 17.500 thousand euros charged to the results obtained by the Bank in the financial year 2019. The resolution of the Extraordinary General Meeting made the payment of this dividend conditional upon a new resolution of the Bank's General Shareholders Meeting, which should take place no earlier than 1 October 2020.

On 7 October 2020, the Extraordinary General Meeting of Ibercaja Banco, S.A., once again authorised, bearing in mind that the distribution of dividends was approved by the Ordinary General Meeting held on 30 March, the distribution to shareholders of the dividend for 2019 for the amount of 17,500 thousand euros which was paid on 13 October 2020.

On 15 December 2020, the ECB issued a new recommendation to all significant credit institutions in the eurozone regarding profit distribution for 2019 and 2020 that remuneration should remain below 15% of cumulative profit for the financial years 2019 and 2020 and in any case should not exceed 20 basis points of CET1.

The Board of Directors will propose to the General Shareholders' Meeting that they agree on the **distribution of a dividend paid from profits from 2020** for an amount of **3,849 thousand euros**.

The Bank has no legal restriction or limitation on the payment of dividends and, except in extraordinary circumstances such as the health crisis in which the ECB recommendation is adopted, it intends to continue its shareholder remuneration policy. In any event, it will distribute its profits in a prudent manner such that it does not affect the objective of maintaining an adequate capital buffer, even if there is an impairment of the economic situation and financial conditions.

10.2 Credit agency ratings

The rating agencies have revised downwards their outlook for the Spanish financial system due to the expected impacts on the Spanish economy of the health crisis triggered by COVID-19.

As a result of this sector-wide review, the outlook for Ibercaja Banco's credit rating have been changed as follows:

- On 23 April, **Moody's Investors Service** changed the outlook on Ibercaja Banco's deposits from positive to stable, affirming all ratings at current levels.

- On 29 April, **Standard & Poor's** revised the outlook on Ibercaja Banco's credit rating from stable to negative, affirming the long-term and short-term ratings at “BB+” and “B”, respectively.

- On 23 September, **Fitch Ratings** maintained Ibercaja Banco's rating at “BB+” with a negative outlook.

CREDIT AGENCY RATINGS:

	LONG-TERM	SHORT-TERM	OUTLOOK
Standard & Poors	BB+	B	Negative
Moody’s (rating for deposits)	Ba3	NP	Stable
Fitch Ratings	BB+	B	Negative

10.3 Average supplier payment period

The average payment period for suppliers in 2020 was **25 days**, well within the legal maximum of 60 days established by Law 15/2010, of 5 July, which establishes measures to combat against late payments in commercial transactions.

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11 BUSINESS OUTLOOK AND EXPECTED PERFORMANCE

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Macroeconomic scenario:

THE OUTBREAK OF THE PANDEMIC HAS LED TO AN INTENSE ECONOMIC CRISIS THAT THE SPANISH ECONOMY WILL HAVE FACE IN THE COMING MONTHS.

The contraction of consumption and investment, together with the negative contribution of the foreign sector, led to a **GDP contraction in Spain of 11% in 2020.** Only public consumption has served as a counterweight. The impact on the labour market has been softened by the furlough programmes, which have enabled maintaining the employment relationship in companies worst hit by the pandemic. Even so, the unemployment rate reached 16.13**%** by the end of 2020, and was especially high in the services sector. The overall public deficit has increased considerably due to COVID-related expenditure and the simultaneous reduction in tax revenues caused by the weakening of activity and is estimated to reach 12% of GDP in the financial year. However, the European Commission has suspended the fiscal rules of the Stability Pact to allow governments to adopt measures to mitigate the effects of the crisis, particularly on the most vulnerable groups.

The **consensus forecast of analysts for Spain's GDP growth in 2021** of about 6%, is subject to **significant conditioning factors**. The main one is that health prevention and vaccines can limit the spread of the virus, which will allow the gradual normalisation of the activities most damaged by the restrictions on mobility and gathering of people. The contribution of the European Recovery Fund should also play an important role in the recovery, the effect of which will begin to materialise, if there are no delays in the allocation, from the second half of the year onwards.

Overview and prospects of the Ibercaja Group

IBERCAJA WILL CONTINUE TO WORK DURING 2021 ON INTENSIFYING ITS COMMERCIAL DYNAMISM TO COUNTERACT THE ADVERSE CONDITIONS OF THE MACROECONOMIC BACKDROP AND MAXIMISE THE GROUP'S PROFITABILITY.

In a complex environment for the financial sector, **Ibercaja has placed emphasis on responding to the demands of its customers**; individuals, the self-employed, SMEs and companies, meeting their financial needs and, in particular, those caused by the pandemic. This effort is reflected in its track record of lending, the management of mortgage moratorium and consumer loan applications, advances on pensions and unemployment benefit income, as well as other measures to support the segments of society most vulnerable to the pandemic.

Business activity, depressed after the enactment of the first state of alarm, **recovered**, **especially in the second half of the year**, with important achievements in priority business lines, such as asset management, with a significant advance in the share of unit trusts. Also noteworthy is the **reduction in the volume of non-performing assets** and the **strengthening of solvency**. The **advances in the Bank's digital transformation** of its operating model and customer relations, together with the deployment of investment and digitalisation projects, have been decisive in overcoming such a delicate moment and have highlighted the importance of continuing to make progress in the provision of remote financial services.

Containing the spread of the coronavirus should be the main driver for the return to normality that will allow economic recovery in 2021. Throughout the year, Ibercaja will continue to work on intensifying its commercial dynamism to counteract the adverse conditions of the macroeconomic framework and maximise the Group's profitability.

THE MAIN ASPECTS AND OBJECTIVES THAT WILL FOCUS THE ACTIVITY ARE:

- **Providing liquidity to companies** through ICO lines and the Entity's own lines.
- **Dealing with requests for moratoriums** for mortgage and non-mortgage loans.
- **Consolidating** plans for **corporate banking, personal banking and private banking**, which are strategic segments of the Bank's activity.
- **Maximising profitability** by increasing loan revenue, with risk-adjusted rates, and generating fees for services that provide added value to the customer, mainly through asset management and insurance.
- **Managing non-performing assets** with the objective of further bolstering the quality of the balance sheet.
- **Enhance excellence in customer service** as a guideline for management and an edge in an increasingly competitive market.
- **Increasing efficiency and productivity** while maintaining strict cost control.

- **Making decisive progress in the digitalisation of the business** in order to boost commercial activity, meet customer expectations and anticipate the rapid change in consumer habits that is taking place.
- **Supporting the transition to a more sustainable economy** by allowing the flow of savings to go, as a priority, into sustainable investments.

Based on the progress achieved during the last strategic cycle, the Entity is working on the **new Strategic Plan, "Plan +23",** to be presented in the first half of 2021. The Plan **focuses on profitability and efficiency**, which are key to adapting to both current and future circumstances. It addresses aspects related to the transformation of the operating model, technology, commercial, risk management, *pricing* and capital allocation, which will enable greater competitiveness, profitability and sustainability of the business. All of this, while remaining faithful to the corporate purpose and essence, territorial sensitivity and social spirit derived from the 145-year history of the Entity and the nature of its shareholders as foundations.

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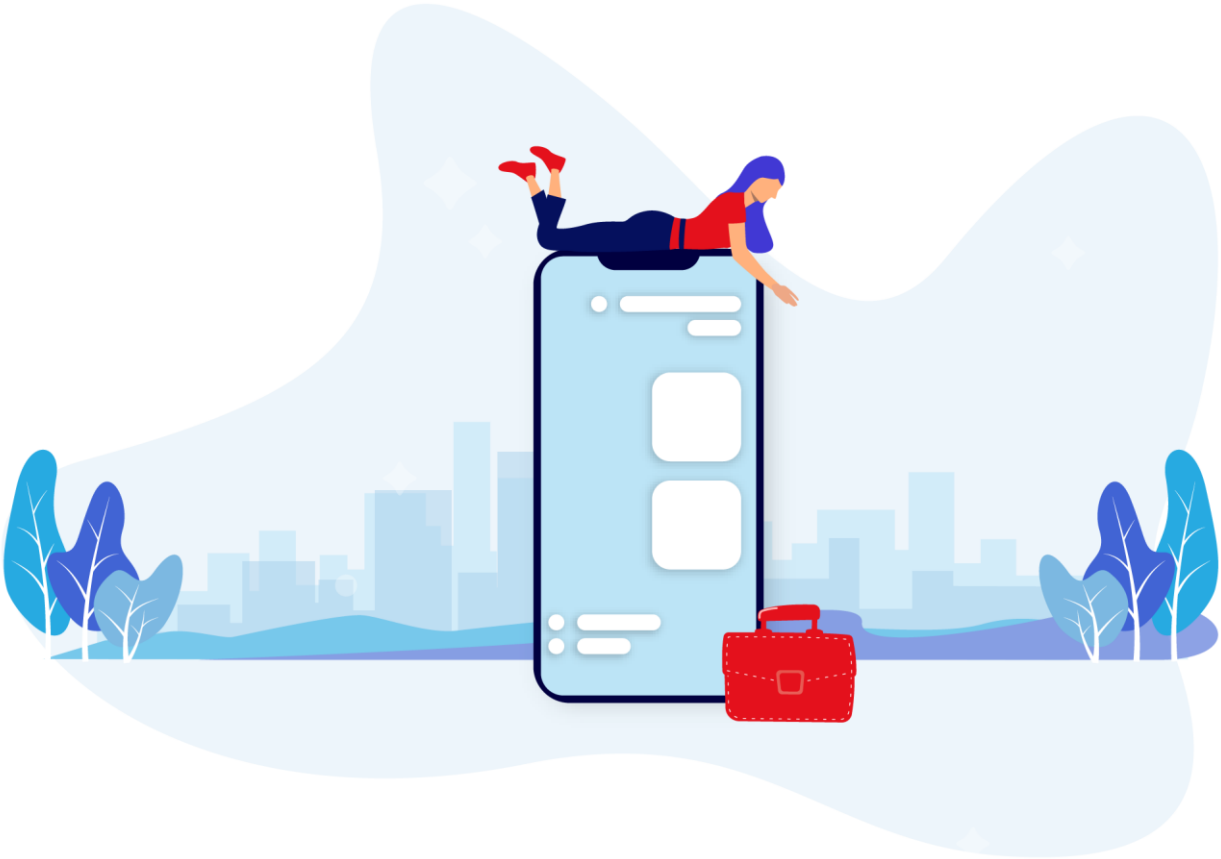
12 EVENTS AFTER THE REPORTING PERIOD



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Events after the reporting period

Between the year-end date and the authorisation for issue of the financial statements, no events have taken place that could have a significant effect on them.

13 ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA/2015/1415 es), the **Alternative Performance Measures (APMs)** used in this report are **defined below, alongside a reconciliation with the balance sheet and income statement items** used to calculate them.

Ibercaja uses a range of APMs, which are unaudited, to aid understanding of the company's financial performance. APMs should be regarded as additional information. They do not replace financial information prepared under IFRS. The way in which the Group defines and calculates APMs may differ from performance measures calculated by other companies and, therefore, the APMs may not be comparable.

APMs related to the income statement

RECURRING REVENUE:

Definition: sum of net interest and commission income and exchange differences (APM defined and calculated below).

Relevance: measures the evolution of revenues directly related to typical banking activity.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Interest income [1]	533,673	547,246
+	Net fees and commissions and exchange differences [2]	374,987	394,843
=	**Recurring revenues**	**908,660**	**942,089**

(1) Source: consolidated income statement in the financial statements.
(2) APM. See definition and calculation below.

NET FEES AND COMMISSIONS AND EXCHANGE DIFFERENCES:

Definition: Fee and commission income minus fee and commission expense plus net exchange differences.

Relevance: measures revenues generated via commissions.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Fee and commission income	390,771	412,375
-	Fee and commission expenses	16,636	18,636
+	Net exchange differences	852	1,104
=	**Net fees and commissions and exchange differences**	**374,987**	**394,843**

Source: consolidated income statement in the financial statements.

NET GAIN/(LOSS) ON FINANCIAL TRANSACTIONS:

Definition: sum of gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains/losses on financial assets and liabilities held for trading, gains/losses on non-trading financial assets mandatorily measured at fair value through profit or loss, gains/losses on financial assets and liabilities designated at fair value through profit or loss and gains/losses resulting from hedge accounting.

Relevance: to know the amount of results related to the financial activity but which, due to their nature, cannot be considered as recurring income.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Gains or losses on the disposal of financial asset and liability accounts not measured at fair value through profit or loss.	128,856	8,261
+	Gains/(losses) on financial assets and liabilities held for trading	1,149	1,220
+	Gains/(losses) on financial assets not held for trading mandatorily measured at fair value through profit or loss	(10,476)	(3,718)
+	Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	-	747
+	Gains/(losses) from hedge accounting	(364)	567
=	**Gains/(losses) on financial assets and liabilities**	**119,165**	**7,077**

Source: consolidated income statement in the financial statements.

OTHER OPERATING INCOME/(EXPENSES):

Definition: sum of net other operating income and expenses and income and expenses from assets and liabilities covered by insurance or reinsurance contracts.

Relevance: measures revenues and expenses that do not derive entirely from financial activity, but are related to our business.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Other operating income	47,022	37,073
-	Other operating expenses	78,581	72,473
+	Income from assets covered by insurance and reinsurance contracts	960,230	940,528
-	Liability expenses covered by insurance or reinsurance contracts	960,461	940,798
=	**Other operating income and expense**	**(31,790)**	**(35,670)**

Source: consolidated income statement in the financial statements.

OPERATING EXPENSES:

Definition: sum of personnel expenses, other administrative expenses and depreciation and amortisation.

Relevance: indicator of expenses incurred in the course of our activity.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Personnel expenses	502,568	360,944
+	Other administration expenses	153,020	171,915
+	Amortisation and depreciation	62,918	67,228
=	**Operating expenses**	**718,506**	**600,087**

Source: consolidated income statement in the financial statements.

RECURRING OPERATING EXPENSES:

Definition: operating expenses (APM as defined and calculated above) excluding non-recurring items.

Relevance: to measure the evolution of ordinary expenses generated by our activity (banking business, asset management and bancassurance), excluding non-recurring items, such as expenses associated with the Redundancy Program.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Operating expenses [1]	718,506	600,087
-	Non-recurring expenses [2]	151,041	-
=	**Recurring operating expenses**	**567,465**	**600,087**

(1) APM. See definition and calculation above.

(2) SOURCE: note 38 to the financial statements

PROFIT/(LOSS) BEFORE WRITE-DOWNS:

Definition: gross margin minus operating expenses (administrative expenses and depreciation).

Relevance: to show profitability before write-downs.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Gross income	1,001,822	926,579
-	Administrative expenses	655,588	532,859
-	Amortisation and depreciation	62,918	67,228
=	**Profit before write-downs**	**283,316**	**326,492**

Source: consolidated income statement in the financial statements.

RECURRING INCOME BEFORE WRITE-DOWNS:

Definition: recurring revenue less recurring operating expenses (APMs defined and calculated above).

Relevance: to measure the recurring profitability of the business before write-offs.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Recurring revenue [1]	908,660	942,089
-	Recurring operating expenses: [1]	567,465	600,087
=	**Recurring income before write-downs**	**341,195**	**342,002**

(1) APM. See definition and calculation above.

PROVISIONS, IMPAIRMENT AND OTHER WRITE-DOWNS:

Definition: Sum of provisions, impairment of financial assets not measured at fair value through profit or loss, impairment of investments in joint ventures and associates, impairment of non-financial assets and gains or losses on non-current assets and disposal groups classified as held for sale and not qualifying as discontinued operations, corresponding to impairment losses on non-current assets held for sale other non-current assets held for sale.

Relevance: indicator of the cost of provisions made during the year to cover the impairment of the value of our assets.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Provisions or (-) reversal of provisions	(14,236)	37,330
+	impairment or (-) reversal of the impairment of financial assets not measured at fair value through profit or loss.	219,646	124,637
+	Impairment or (-) reversal of impairment on investments in joint businesses or associates	-	-
+	Impairment or (-) reversal of impairment of non-financial assets	1,559	5,612
+	Impairment losses on other non-current assets for sale	18,861	16,957
=	**Provisions, impairment and other write-downs**	**225,830**	**184,536**

Source: consolidated income statement and note 42 to the financial statements.

OTHER GAINS/(LOSSES):

Definition: sum of gains/losses on derecognition of non-financial assets and participations and gains/losses on disposal of other non-current assets held for sale under gains/losses on non-current assets and disposable groups of items classified as held for sale not eligible as discontinued operations.

Relevance: indicator of the impact on our results of the derecognition/disposal of assets not related to ordinary activities.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Gains or (-) losses on the derecognition of net non-financial assets and shareholders (1)	(3,047)	(6,544)
+	Gains/(losses) on disposal of other non-current assets for sale (2)	(969)	(6,775)
=	**Other gains/(losses)**	**(4,016)**	**(13,319)**

(1) Source: consolidated income statement in the financial statements.
(2) Source: Note 42 to the financial statements.

APMs related to the profitability

CUSTOMER SPREAD (%):

Definition: difference between the average yield on the loan portfolio and the cost of retail deposits.

Relevance: indicator of the profitability of our retail business.

	(%)	2020	2019
+	Yields from consumer loans *Interest revenue from the portfolio of registered loans in the year divided by the average customer loan balance*	1.36	1.45
-	Cost of retail deposits *Interest expense on retail deposits recognised in the balance sheet in the year divided by the average retail deposit balance*	-0.01	0.02
=	**Customer spread (%)**	**1.37**	**1.43**

Source: Bank's internal information.

INTEREST INCOME TO ATA:

Definition: Net interest income as a percentage of average consolidated total assets.

Relevance: to relativize the net interest margin with respect to the balance sheet in order to facilitate comparability between periods.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Interest income (1)	533,673	547,246
Denominator	Average consolidated total assets (2)	55,479,103	52,779,955
=	**Interest margin (% on ATA)**	**0.96**	**1.04**

(1) Source: consolidated public income statement in financial statements.

(2) The total average asset balance was calculated as a simple average of the monthly asset balances.

WEIGHT OF THE FIXED-INCOME PORTFOLIO IN INTEREST INCOME:

Definition: ratio of income from the fixed income portfolio to interest income.

Relevance: to measure the contribution of the fixed income portfolio to our interest income.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Income from fixed income portfolio (1)	56,592	69,023
Denominator	Interest income (2)	632,798	663,561
=	**Weight of fixed income portfolio in interest income (%)**	**8.94**	**10.40**

(1) Source: internal Bank information. Calculated as the income from the Group's debt portfolio excluding the insurance activity of Ibercaja Vida.

(2) Source: consolidated income statement in the financial statements.

NET FEES AND EXCHANGE RATE DIFFERENCES TO ATA:

Definition: Ratio of net commissions and exchange differences (APM as defined and calculated above) to consolidated average total assets.

Relevance: to relativize fee and commission income to the balance sheet in order to facilitate comparability between periods.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Net fees and commissions and exchange differences (1)	374,987	394,843
Denominator	Average consolidated total assets (2)	55,479,103	52,779,955
=	**Net fees and commissions and exchange differences (% of ATA)**	**0.68**	**0.75**

(1) MAR. See definition and calculation above.

(2) See interest margin on ATA.

NET FEES AND EXCHANGE DIFFERENCES TO RECURRING REVENUE:

Definition: ratio of net commissions and exchange differences to recurring revenues (APM as defined and calculated above).

Relevance: to measure the contribution of commissions to recurring revenues.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Net fees and commissions and exchange differences (1)	374,987	394,843
Denominator	Recurring revenue (1)	908,660	942,089
=	**Net fees on recurring revenues**	**41.27**	**41.91**

(1) APM. See definition and calculation above.

RECURRING REVENUES ON ATMS:

Definition: Ratio of recurring revenues (APM as defined and calculated above) to consolidated average total assets.

Relevance: to relativize recurring income with respect to the balance sheet in order to facilitate comparability between periods.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Recurring revenues (1)	908,660	942,089
Denominator	Average consolidated total assets (2)	55,479,103	52,779,955
=	**Recurring revenues (% of ATA)**	**1.64**	**1.78**

(1) APM. See definition and calculation above.

(2) See interest margin on ATA.

RECURRING OPERATING EXPENSES ON ATA:

Definition: Ratio of recurring operating expenses (APM as defined and calculated above) to consolidated average total assets.

Relevance: to relativize recurring expenses with respect to the balance sheet in order to facilitate comparability between periods.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Recurring operating expenses (1)	567,465	600,087
Denominator	Average consolidated total assets (2)	55,479,103	52,779,955
=	**Recurring operating expenses (% of ATA)**	**1.02**	**1.14**

(1) APM. See definition and calculation above.

(2) See interest margin on ATA.

COST-TO-INCOME RATIO:

Definition: ratio of recurring operating expenses (APM as defined and calculated above) to gross margin.

Relevance: to measure our operational efficiency.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Recurring operating expenses (1)	567,465	600,087
Denominator	Gross income (2)	1,001,822	926,579
=	**Cost-to-income ratio (%)**	**56.64**	**64.76**

(1) APM. See definition and calculation above.

(2) Source: consolidated income statement in the financial statements.

RECURRING COST-TO-INCOME RATIO:

Definition: ratio of recurring operating expenses to recurring revenues (APM as defined and calculated above).

Relevance: to measure the efficiency of our recurring activity.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Recurring operating expenses: (1)	567,465	600,087
Denominator	Recurring revenue (1)	908,660	942,089
=	**Recurring cost-to-income ratio (%)**	**62.45**	**63.70**

(1) APM. See definition and calculation above.

RECURRING PROFIT BEFORE PROVISIONS ON AVERAGE TOTAL ASSETS:

Definition: difference between recurring revenues and recurring operating expenses in relation to consolidated average total assets.

Relevance: to relativize the results before write-downs with respect to the balance sheet in order to facilitate comparability between periods.

	(%)	31/12/2020	31/12/2019
+	Recurring revenues (% ATMs) (1)	1.64	1.78
-	Recurring operating expenses (% ATMs) (1)	1.02	1.14
=	**Recurring profit before write-downs (% ATA)**	**0.62**	**0.64**

(1) APM. See definition and calculation above.

ROA:

Definition: Profit attributable to the parent (annualised figure) divided by consolidated average total assets.

Relevance: to measure the profitability of our asset.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Profit/(loss) attributed to the parent (1)	23,602	83,989
Denominator	Average consolidated total assets (2)	55,479,103	52,779,955
=	**ROA (%)**	**0.04**	**0.16**

(1) Source: consolidated income statement in the financial statements.

(2) See interest margin on ATA.

RORWA:

Definition: parent company profits (annualised figure) divided by risk-weighted assets.

Relevance: to measure the profitability of our risk-weighted assets.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Profit/(loss) attributed to the parent (1)	23,602	83,989
Denominator	Risk-weighted assets phased in (2)	18,248,449	20,362,850
=	**RORWA (%)**	**0.13**	**0.41**

(1) Source: consolidated income statement in the financial statements.
(2) Source: Note 1.7.2 to the financial statements.

ROE:

Definition: parent company profits divided by average consolidated shareholders' equity. Excluded is the issue of AT1 of 350 million euros recorded as net shareholders' equity of other reserves arising from the issue of equity instruments other than equity (including accrued interest and costs of the AT1 issue).

Relevance: to measure return on equity.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Profit/(loss) attributed to the parent (1)	23,602	83,989
Denominator	Average consolidated shareholders' equity (2)	2,878,372	2,810,747
=	**ROE (%)**	**0.82**	**2.99**

(1) Source: consolidated income statement in the financial statements.

(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

ROTE:

Definition: parent company profits divided by average tangible consolidated shareholders' equity. Excluded is the issue of AT1 of 350 million euros recorded as net shareholders' equity of other reserves arising from the issue of equity instruments other than equity (including accrued interest and costs of the AT1 issue).

Relevance: to measure the return on tangible equity.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Profit/(loss) attributed to the parent (1)	23,602	83,989
Denominator	Average tangible consolidated shareholders' equity (2)	2,663,926	2,608,245
=	**ROTE (%)**	**0.89**	**3.22**

(1) Source: consolidated income statement in the financial statements.

(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

Solvency-related APM

RWA DENSITY:

Definition: Risk-weighted assets divided by total assets.

Relevance: to measure the risk profile of our balance sheet.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Risk-weighted assets phased in (1)	18,248,449	20,362,850
Denominator	Total consolidated assets (2)	58,400,790	55,422,015
=	**RWA density (%)**	**31.25**	**36.74**

(1) Source: Note 1.7.2 to the financial statements.

(2) Source: consolidated balance sheet in the financial statements.

APMs related to asset quality

DOUBTFUL ASSETS:

Definition: aggregation of impaired assets of loans and advances to customers and the gross value of foreclosed assets.

Relevance: to assess the size of our nonperforming asset portfolio in gross terms.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Impaired assets loans and advances to customers [1]	1,012,938	1,293,161
+	Gross value of foreclosed assets [2]	619,527	624,890
=	**Problem assets**	**1,632,465**	**1,918,051**

(1) Source: note 3.5.4 in the financial statements.

(2) Source: note 3.5.6.2 in the financial statements.

RATIO OF NON-PERFORMING LOANS AND ADVANCES TO CUSTOMERS:

Definition: non-performing loans on the consolidated balance sheet divided by gross loans and advances to customers.

Relevance: to monitor the quality of the loan portfolio.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Impaired assets loans and advances to customers [1]	1,012,938	1,293,161
Denominator	Gross loans and advances to customers [2]	31,589,582	32,563,215
=	**Non-performing loans ratio loans and advances to customers (%)**	**3.21**	**3.97**

(1) Source: Note 3.5.4 to the financial statements.

(2) Source: Notes 8 and 11.4 to the financial statements.

PROBLEM ASSET INDEX:

Definition: ratio of problem assets (APM as defined and calculated above) to the value of the exposure.

Relevance: to assess the size of our nonperforming asset portfolio in relative terms.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Problem assets [1]	1,632,465	1,918,051
Denominator	(a) Gross loans and advances to customers	31,589,582	32,563,215
	(b) Gross value of foreclosed assets	619,527	624,890
	(a) + (b) Value of exposure [2]	32,209,109	33,188,105
=	**Problem asset ratio (%)**	**5.07**	**5.78**

(1) Source: See definition and calculation above.

(2) Source: notes 3.5.6.2, 8 and 11.4 to the financial statements.

COST OF RISK:

Definition: percentage that write-offs associated with loans and advances to customers and foreclosed real estate represent in relation to the average exposure understood as the sum of gross loans and advances to customers and foreclosed real estate.

Relevance: to monitor the cost of provisions on the loan portfolio and foreclosed assets.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Write-downs of loans and foreclosed properties [1]	232,754	134,139
Denominator	Average exposure (gross credit and real estate) [2]	32,884,592	33,676,679
=	**Cost of risk (%)**	**0.71**	**0.40**

(1) Source: internal Bank information. The write-down of the loan is the sum of the impairment of financial assets at amortised cost and the provisioning (reversal) of provisions for commitments and guarantees given. Foreclosed properties are classified according to their nature as non-current assets held for sale, investment property or inventories. Impairment losses are recognised under "Impairment or Reversal of Impairment Losses on Non-Financial Assets (Investment Property and Other)" (see note 40 to the consolidated financial statements) and "Impairment Losses on Non-Current Assets Held for Sale" (see note 42 to the consolidated financial statements).

(2) Calculated as a simple average of the quarterly closings since the previous December included, the first and last quarter being weighted by 0.5 and the rest by 1.

COVERAGE RATIO OF FORECLOSED ASSETS:

Definition: sum of impairment losses on loans and advances to customers and negative cumulative changes in fair value due to credit risk from doubtful exposures. Includes impairment losses of stages 1, 2 and 3.

Relevance: To monitor the extent to which provisions associated with credit risk cover doubtful loans.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Impairment losses on loans and advances to customers (1)	644,937	642,039
+	Accumulated negative changes in fair value of doubtful exposures (2)	2,241	2,231
=	**Coverage of non-performing exposures**	**647,178**	**644,270**

(1) Source: Note 11.4 to the financial statements.

(2) Source: Note 8 to the financial statements.

COVERAGE RATIO FOR DOUBTFUL RISKS:

Definition: ratio of provisions for asset impairment (MAR as defined and calculated above) to impaired assets of loans and advances to customers.

Relevance: to monitor the degree to which provisions associated with credit risk cover doubtful loans.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Coverage of non-performing exposures (1)	647,178	644,270
Denominator	Impaired assets, loans and advances to customers (2)	1,012,938	1,293,161
=	**Coverage of non-performing risks (%)**	**63.89**	**49.82**

(1) Source APM. See definition and calculation above.

(2) Source: Note 3.5.4 to the financial statements.

COVERAGE RATIO OF FORECLOSED ASSETS:

Definition: Ratio of impairment losses on foreclosed assets (since origination of the loan) to the gross carrying amount of foreclosed assets.

Relevance: We use this APM to monitor the extent to which provisions for foreclosed properties cover the gross value of those properties.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Correction of the impairment of foreclosed assets (1)	367,413	346,033
Denominator	Gross value of foreclosed assets (1)	619,527	624,890
=	**Coverage of foreclosed assets (%)**	**59.31**	**55.38**

(1) Source: note 3.5.6.2 in the financial statements.

COVERAGE RATE OF FORECLOSED LAND

Definition: Ratio of impairment losses on land (since the origination of the loan) to the gross value of foreclosed land.

Relevance: Monitor the extent to which the provisions associated with land cover the gross value of such real estate.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Land value adjustments (1)	266,206	275,233
Denominator	Gross value of land (1)	404,800	459,989
=	**Foreclosed land cover rate (%)**	**65.76**	**59.83**

(1) Source: note 3.5.6.2 in the financial statements.

COVERAGE RATIO OF DOUBTFUL ASSETS:

Definition: ratio of provisions for doubtful loans and foreclosed assets to doubtful exposure (APM as defined and calculated above).

Relevance: To monitor the extent to which provisions associated with doubtful loans and foreclosed real estate cover the gross value of such exposure.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	(a) Coverage of non-performing exposures [2]	647,178	644,270
	(b) Correction of the impairment of foreclosed assets [1]	367,413	346,033
	(a) + (b) Coverage of problem assets	1,014,591	990,303
Denominator	Problem assets [2]	1,632,465	1,918,051
=	**Coverage rate of Problem assets (%)**	**62.15**	**51.63**

(1) Source: note 3.5.6.2 in the financial statements.

(2) Source: See definition and calculation above.

NET DOUBTFUL ASSETS AS A PERCENTAGE OF TOTAL ASSETS:

Definition: Ratio of doubtful assets net of coverage (APM as defined and calculated above) to total assets.

Relevance: to measure the weight of problem assets, after deducting the provisions related to such assets, on the balance sheet.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	(a) Problem assets [1]	1,632,465	1,918,051
	(b) Coverage of Problem assets [1]	1,014,591	990,303
	(a) - (b) Problem assets net of coverage	617,874	927,748
Denominator	Total assets [2]	58,400,790	55,422,015
=	**Net problem assets over total assets (%)**	**1.06**	**1.67**

(1) Source: See definition and calculation above.

(2) Source: consolidated balance sheet in the financial statements.

TEXAS RATIO:

Definition: doubtful assets (apm defined and calculated above) divided by shareholders' equity and coverage. Excluded is the issue of AT1 of 350 million euros recorded as net shareholders' equity of other reserves arising from the issue of equity instruments other than equity (including accrued interest and costs of the AT1 issue).

Relevance: to measure the potential loss absorption capacity of our troubled assets with hedges and shareholders' equity.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Problem assets [1]	1,632,465	1,918,051
Denominator	(a) Coverage of Problem assets [1]	1,014,591	990,303
	(b) Shareholders' equity [2]	3,160,630	3,139,017
	(c) Equity instruments issued other than capital [2]	350,000	350,000
	(d) Other reserves from the issue of equity instruments other than capital [2]	49,870	32,720
	(a) + (b) – (c) + (d)	3,875,091	3,812,040
=	**Texas Ratio (%)**	**42.13**	**50.32**

(1) Source: See its definition and calculation explained above.

(2) Source: Note 23.1 to the financial statements.

APMs related to business volume

RETAIL DEPOSITS:

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

Relevance: indicator of on-balance sheet retail financing.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Demand deposits [1]	33,014,125	28,509,031
+	Term deposits [1]	4,688,146	6,009,517
-	Mortgage-backed bonds (including nominal amount and share premium)	1,536,960	1,746,096
	Nominal amount of mortgage-backed bonds [1]	1,625,470	1,842,137
	Mortgage-backed bond issue premium [2]	(88,510)	(96,040)
=	**Retail deposits**	**36,165,311**	**32,772,452**

(1) Source: Note 19.3 to the financial statements.

(2) Source: Internal Bank information.

ASSET MANAGEMENT AND INSURANCE:

Definition: Sum of the assets managed by investment firms and funds (including third-party funds but excluding the assets of funds that themselves invest in Ibercaja Gestión funds), pension plans and insurance.

Relevance: this indicator is relevant due to the importance for Ibercaja of off-balance sheet savings as a source of the Group's income.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Investment companies and funds [1]	16,234,844	14,708,533
+	Pension funds [1]	5,907,074	5,668.503
+	Insurance products [2]	7,103.732	7,493.363
=	**Asset management and insurance**	**29,245,650**	**27,870,399**

(1) Source: Note 27.4 in the consolidated financial statements.

(2) Source: Note 24.4 in the individual financial statements.

TOTAL RETAIL FUNDS:

Definition: sum of retail deposits and asset management and insurance (APMs defined and calculated above).

Relevance: indicator of the volume of retail savings managed by Ibercaja.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Retail deposits [1]	36,165,311	32,772,452
+	Asset management and insurance [2]	29,245,650	27,870,399
=	**Total retail customer loans**	**65,410,961**	**60,642,851**

(1) Source: See its definition and calculation explained above.

RETAIL BUSINESS VOLUME:

Definition: sum of gross loans and advances to customers ex repurchase agreements and total retail customer loans (APM defined and calculated above).

Relevance: indicator of the savings and credit of our retail customers managed by Ibercaja.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Loans and advances to customers ex impaired assets and reverse repos [1]	28,955,787	29,654,301
+	Total retail customer loans [2]	65,410,961	60,642,851
=	**Retail business volume**	**94,366,748**	**90,297,152**

(1) Source: notes 8 and 11.4 in financial statements.

(2) Source: See its definition and calculation explained above.

APMs related to liquidity

CREDIT TO RETAIL FUNDING RATIO (LTD):

Definition: net loans and advances to customers less repurchase agreements divided by retail deposits (APM defined and calculated above).

Relevance: measures the proportion of loans and advances to customers funded by retail deposits.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	(a) Net loans and advances to customers [1]	30,942,404	31,918,945
	(b) Reverse repurchase agreements [2]	1,620,857	1,615,753
	(a) – (b) Net loans ex reverse repos	29,321,547	30,303,192
Denominator	Retail deposits [3]	36,165,311	32,772,452
=	**LTD (%)**	**81.08**	**92.47**

(1) Source: consolidated balance sheet in the financial statements.

(2) Source: 11.4 in the financial statements.

(3) See definition and calculation above.

AVAILABLE LIQUIDITY:

Definition: sum of cash and central banks, available on policy, eligible off-policy assets and other marketable assets not eligible by the Central Bank, in accordance with the criteria established in the Bank of Spain's official statement LQ 2.2.

Relevance: to know the volume of our available assets in the event of a possible outflow of customer deposits.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Cash and central banks	7,319,717	3,671,499
+	Available in policy	891,981	4,982,938
+	Eligible assets not included in the policy	6,421,078	2,432,048
+	Other marketable assets not eligible by the Central Bank	326,665	381,397
=	**Available liquidity**	**14,959,441**	**11,467,882**

Source: Note 3.8.2 to the financial statements.

AVAILABLE LIQUIDITY TO TOTAL ASSETS:

Definition: ratio of available liquidity (APM as defined and calculated above) to total assets.

Relevance: to ascertain the weight of available liquidity to total assets.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
Numerator	Available liquidity (1)	14,959,441	11,467,882
Denominator	Total assets (2)	58,400,790	55,422,015
=	**Available liquidity to total assets (%)**	**25.62**	**20.69**

(1) Source: MAR. See definition and calculation above.

(2) Source: consolidated balance sheet in the financial statements.

TOTAL AVAILABLE LIQUIDITY

Definition: aggregation of available liquidity (APM defined and calculated above) and capacity to issue mortgage bonds.

Relevance: To know the volume of our available assets in the event of a possible outflow of customer deposits.

	(THOUSANDS OF EUROS)	31/12/2020	31/12/2019
+	Available liquidity (1)	14,959,441	11,467,882
+	Capacity to issue mortgage bonds (2)	8,379,866	7,307,407
=	**Total availability of liquidity**	**23,339,307**	**18,775,289**

(1) See definition and calculation above.

(2) Source: Note 3.8.2 to the financial statements.

APPENDIX
TRACEABILITY TABLES FOR NON-FINANCIAL INFORMATION

A

APPENDIX

Requirements of Law 11/2018 on non-financial information and diversity

FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
BUSINESS MODEL	Brief description of the business model of the group, which will include: 1.) its business environment, 2.) its organisation and structure, 3.) the markets in which it operates, 4.) its objectives and strategies, 5.) the main factors and trends that may affect its future performance.	-	Ibercaja Banco Group (*)	102-1 / 102-2 / 102-3 / 102-4 / 102-6 / 102-7	4.3. Economic and financial environment 4.5. Business Model and Strategic Plan 11. Business Outlook and Expected Performance	-
POLICIES	A description of the policies that the group applies with respect to those issues, which it will include: 1. (a) the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts 2.) the verification and control procedures, including what measures have been taken.	-	Ibercaja Banco Group (*)	103 Management approaches in each area within the economic, environmental and social dimensions	3. Keys to this document 6.1. Sustainability strategy See the detail of non-financial policies in the following blocks	-
ST, MT and LT RISKS	The main risks associated with those issues that are linked to the activities of the group, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on those areas; and • how the Group manages these risks, • explaining the procedures used to detect and evaluate them in accordance with the national, EU or international reference frameworks for each subject. Must include information on the impacts that have been detected and a breakdown of these, in particular on the main short-, medium- and long-term risks.	-	Ibercaja Banco Group (*)	102-15	7. Risk management 6.12. Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	-
KPIs	Key non-financial performance indicators that are relevant to the particular business and that meet the criteria of comparability, materiality, relevance and reliability. • In order to facilitate the comparison of information, both over time and between banks, special use will be made of generally applicable non-financial key indicator standards that comply with the European Commission's guidelines in this area and the Global Reporting Initiative standards, and the report should mention the national, European or international framework used for each area.	-	Ibercaja Banco Group (*)	General or specific GRI standards of the economic, environmental and social dimensions that are reported in the following blocks	3. Keys to this document 6.1. Sustainability strategy See the detail of the KPIs reported in the following blocks	-

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FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
ENVIRONMENTAL MATTERS	**Global Environment**					
	1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment or certification procedures; 2.) The resources dedicated to the prevention of environmental risks; 3.) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. derived from the Environmental Liability Law).	YES	Ibercaja Banco Group (*)	103 Management Approach to each area within the Environmental dimension	6.5. Commitment to the environment 6.11. Implementation of the PRB of UNEP-FI 6.12. Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	
	Pollution					
	Measures to prevent, reduce or repair carbon emissions that severely affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution.	NO	-	103 Emissions management/Biodiversity approach	-	-
	Circular economy and waste prevention and management					
	Circular economy.					
	Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste.	YES	Ibercaja Banco Group (*)	103 Effluent and waste management approach	Appendix D.	-
	Actions to combat food waste.	NO	-	103 Effluent and waste management approach 306-2	-	.
	Sustainable use of resources					
	The consumption of water and water supply according to local constraints.	YES	Ibercaja Banco Group (*)	303-1 303-2 303-5	6.5. Commitment to the environment	-
	Consumption of raw materials and measures taken to improve the efficiency of their use;	YES		103 Management approach of materials 301-1 301-2	Appendix D	-
	Consumption, direct and indirect, of energy, measures taken to improve energy efficiency and the use of renewable energies.	YES		103 Management approach of energy 302-1 302-3	Appendix D	-

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FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
	Climate Change					
	The important elements of the greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces;	YES	Ibercaja Banco Group (*)	103 Management approach of Emissions 305-1 / 305-2/ 305-3/305-4		-
	The measures adopted to adapt to the consequences of climate change;	YES		103 Management approach of Emissions	6.5. Commitment to the environment	-
	Voluntary medium- and long-term reduction targets to reduce greenhouse gas emissions and the means implemented to for that purpose.	YES		103 Management approach of Emissions	Appendix D	-
	Protection of biodiversity					
	Measures taken to preserve or restore biodiversity;	NO	-	103 Management approach of Biodiversity	-	-
	Impacts caused by activities or operations in protected areas.	NO	-	304-2	-	-

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FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
SOCIAL AND PERSONNEL ASPECTS	**Employment**					
	Total number and distribution of employees by gender, age, country and job category;	YES	Ibercaja Banco S.A. (accounts for 95% of the Group's total workforce)	103 Employment management approach 102-8 / 405-1		-
	Total number and distribution of employment contract types.	YES		102-8	6.4. Commitment to our employees	-
	Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and job category.	YES		102-8 / 405-1	Appendix D	-
	Number of dismissals by gender, age and occupational classification;	YES		401-1		-
	The average remuneration and its evolution disaggregated by gender, age and professional classification or equal value; Salary gap, the remuneration of equal or average jobs in the company.	YES		103 Diversity and equal opportunities management approach 405-2	6.4. Commitment to our employees	-
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payment to long-term savings pension schemes and any other payments broken down by gender.	YES		103 Diversity and equal opportunities management approach	6.4. Commitment to our employees	-
	Implementation of occupational disconnection policies.	YES		103 Employment management approach	6.4. Commitment to our employees	-
	Employees with disability.	YES		405-1	6.4. Commitment to our employees	-
	Organisation of work					
	Organisation of working time	YES	Ibercaja Banco S.A. (accounts for 95% of the Group's total workforce)	103 Employment management approach	6.4. Commitment to our employees	-
	Number of hours of absenteeism.	YES		403-2	6.4. Commitment to our employees	-
	Measures aimed at facilitating the enjoyment of the work-life balance and encourage co-responsible exercise by both parents.	YES		103 Employment management approach	6.4. Commitment to our employees	-

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Health and safety					
Health and safety conditions at work;	YES	Ibercaja Banco S.A. (accounts for 95% of the Group's total workforce)	103 Employment management approach From 403-1 to 403-8	6.4. Commitment to our employees	-
Occupational accidents, particularly their frequency and severity, occupational ailments, broken down by gender.	YES		403-9 403-10		-

FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
SOCIAL AND PERSONNEL ASPECTS	**Social relations**					
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with them;	YES	Ibercaja Banco S.A. (accounts for 95% of the Group's total workforce)	103 Employer-employee relationship management approach	6.4. Commitment to our employees	-
	Percentage of employees covered by collective bargaining agreements by country;	YES		102-41	6.4. Commitment to our employees	-
	The balance of collective agreements, particularly in the field of health and safety at work.	YES		403-1	6.4. Commitment to our employees	-
	Training					
	Policies implemented in training;	YES	Ibercaja Banco S.A. (accounts for 95% of the Group's total workforce)	103 Training and education management approach	6.4. Commitment to our employees	-
	The total number of training hours by job categories.	YES		404-1	6.4. Commitment to our employees	-
	Universal accessibility for persons with disability	YES	Ibercaja Banco S.A. (accounts for 95% of the Group's total workforce)	103 Diversity and equal opportunities and non-discrimination management approach	6.4. Commitment to our employees	-
	Equality					
	Measures adopted to foster equal treatment and opportunities between women and men;	YES	Ibercaja Banco S.A. (accounts for 95% of the Group's total workforce)	103 Diversity and equal opportunities and non-discrimination management approach	6.4. Commitment to our employees	-
	Equality plans (Chapter III of Spanish Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures taken to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of persons with disabilities;	YES				-
	The policy against all types of discrimination and, as applicable, management of diversity.	YES				-

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FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
HUMAN RIGHTS	Application of due diligence procedures in the field of human rightsPrevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress any abuses committed;	NO	-	103 Management approach to human rights assessment and non-discrimination 102-16 / 102-17	6.9. Human Rights	Although the risk of human rights violations in Ibercaja's activities is low, the Bank has several mechanisms to prevent and mitigate any risk in this area.
	Complaints for cases of human rights violations;	NO	-	406-1		
	Promotion and compliance of the provisions of the fundamental Conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining;	NO	-	407-1		
	The elimination of discrimination in employment and occupations;	NO	-	103 Non-discrimination management approach		
	The elimination of forced or compulsory work;	NO	-	409-1		
	The effective abolition of child labour.	NO	-	408-1		

FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
CORRUPTION AND BRIBERY	Measures taken to prevent corruption and bribery;	YES	Ibercaja Banco Group (*)	103 Anti-corruption management approach 102-16 / 102-17	6.10. Anti-corruption and bribery	-
	Measures to combat money laundering.	YES			6.10. Anti-corruption and bribery	-
	Contributions to foundations and not-for-profit entities.	YES		413-1	6.10. Anti-corruption and bribery	-

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FIELDS	CONTENT	MATERIAL ISSUE (YES/NO)	SCOPE/PERIMETER	RELATED GRI STANDARDS	SECTION WHERE REPORTED	ADDITIONAL COMMENTS
SOCIETY	**Company's commitments to sustainable development**					
	The impact of the company's activity on local employment and development;	YES	Ibercaja Banco Group (*)	103 Local community and indirect economic impacts management approach 203-1 / 413-1	6.8 Contribution to society	-
	The impact of the company's activity on local communities and the territory;	YES				-
	The relationships with local community actors and the types of dialogue with them;	YES		102-43		-
	Actions of partnership or sponsorship.	YES		102-12 / 102-13		-
	Subcontracting and suppliers					
	Inclusion in the procurement policy of social, gender equality and environmental issues; Consideration in the dealings with suppliers and subcontractors of their social and environmental responsibility;	YES	Ibercaja Banco Group (*)	103 Management approach to purchase practices 102-9 / 204-1	6.7. Commitment to suppliers	-
	Systems of supervision and audits and results thereof.	YES				-
	Consumers					
	Measures for consumer health and safety;	NO	-	103 Customer health and safety management approach, Marketing and labelling and customer privacy	-	-
	Complaint systems, complaints received and their resolution.	YES	Ibercaja Banco Group (*)		6.3 Commitment to customers	-
	Tax information					
	Profits country by country.	YES	Ibercaja Banco Group (*)	103 Economic performance management approach	6.8.11. Tax information	-
	Income tax paid.		Ibercaja Banco Group (*)	207-1 207-4		
	Public grants received.	YES	Ibercaja Banco Group (*)	201-4		-

(*) Ibercaja Banco Group corresponds to 100% of the Group's scope of consolidation

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B

APPENDIX

The 10 Principles of the Global Compact

THE FOLLOWING TABLE CONTAINS THE TEN PRINCIPLES OF THE GLOBAL COMPACT AND THE SECTIONS OF THE REPORT THAT CONTAIN INFORMATION ON THEM, AS WELL AS THEIR RELATIONSHIP WITH THE GRI INDICATORS.

	PRINCIPLE OF THE GLOBAL COMPACT	RELATED REPORT CONTENTS	REPORT CHAPTERS	GRI CORRESPONDENCE
Human rights	**1. Companies must support and respect the protection of fundamental Human Rights, recognised internationally, within their scope of action.**	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Corporate Ethics, Internal Control, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Commitment to Sustainability, Business Participations, Commitment to our employees - Equality and Work-Life Balance-Occupational Health Prevention, Social Dialogue, Suppliers, Customers, Shareholders & Investors, Environment, Society.	1, 4.2, 4.4, 5.3, 5.4, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 7	102-8, 102-41, 205-1, 205-2, 205-3, 401-1, 401-2, 402-1, 403-1, 403-2, 413-1, FS13, FS14
	2. Companies must ensure that their firms are not accomplices to a breach of Human Rights.	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Internal Control, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Commitment to Sustainability, Commitment to Suppliers, Customers, Shareholders & Investors, Environment, Society.	1, 4.2, 4.4, 5.3, 5.4, 6.1, 6.2, 6.3, 6.5, 6.6, 6.7, 6.8, 6.9, 7	102-16, 102-25, 102-31, 205-1, 205-2, 205-3, 413-1, 416-2, 419-1
Employment rules and standards	**3. Companies must support freedom of affiliation and the effective recognition of collective bargaining rights.**	Commitment to our Employees, Social Dialogue.	6.4.	102-41, 402-1
	4. Companies must support the elimination of all forms of forced or coerced labour.	Business Model, Commitment to Sustainability, Commitment Our Employees-Equality and Work-life Balance- Remuneration Policy, Suppliers, Society.	4.5, 6.1, 6.4, 6.7, 6.8	Ibercaja does not operate in developing countries.
	5. Companies should support the eradication of child labour.	Business Model, Transparency and Strategic Communications, Commitment to Sustainability, Commitment to Our Employees, Suppliers, Society.	4.5, 6.1, 6.4, 6.7, 6.8	Ibercaja does not operate in developing countries.
	6. Businesses should support the abolition of discriminatory practices in employment and occupation.	Governing Bodies, Internal Control, Suitability Policy, Commitment to Sustainability, Commitment to Customers, Our Employees -Equality and Work-Life Balance-Remuneration Policy-Occupational Health Prevention, Environment, Society.	4.4, 6.1, 6.3, 6.4, 6.5, 6.8	102-8, 102-41.403-1, 403-2, 401-1, 404-1, 404-3
Environment	**7. Companies must maintain a preventive approach that favours the environment.**	Risk Prevention, Breaches, Fines and Penalties, Commitment to Sustainability, Commitment to Environment, Society.	6.1, 6.5, 6.8.	301-1, 305-1, 305-2, 305-4, 306-2, 307-1, 419-1
	8. Companies must encourage initiatives that promote greater environmental responsibility.	Ibercaja does not perform its activities in spaces or places that affect natural ecosystems. Presentation Letter, Commitment to Sustainability, Commitment to Suppliers, Customers, Shareholders, Environment, Society.	1, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.11, 6.12	301-1, 305-1, 305-2, 305-4, 306-2, 307-1, 419-1
	9. Companies must favour the development and proliferation of technologies that respect the environment.	2018-2020 Strategic Plan, Research, Development and Technology, Commitment to Sustainability, Commitment to the Environment, Society.	4.5, 6.1, 6.5, 6.8, 8	301-1, 305-1, 305-2, 305-4, 306-2, 307-1, 419-1
	10. Entities must work against corruption in all its forms, including extorsion and bribery.	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Corporate Ethics, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Omnichannels, Financial Group, Model aimed at Excellence, Brand and Reputation, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Commitment to Suppliers, Customers, Shareholders, Environment, Society.	1, 4.1, 4.2, 4.4, 4.5, 5.3, 5.4, 6.1, 6.3, 6.5, 6.6, 6.7, 6.8, 6.10, 6.11, 6.12, 7, 8,	102-16, 102-17, 205-1, 205-2, 205-3

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C

APPENDIX

GRI Content Index

102-8, 102-55

GRI STANDARD	CONTENT	CHAPTER OR DIRECT RESPONSE	OMISSION
GRI 102: GENERAL DISCLOSURES 2016	**102-1 Name of the organisation**	4.1. See Note 1.1 of the Consolidated financial statements at 31 December 2020.	
	102-2 Activities, brands, products and services	1, 4.1, 4.2, 4.5.1, 4.5.2, 4.5.4, 8	
	102-3 Location of headquarters	4.1. See Note 1.1 of the Consolidated financial statements at 31 December 2020	
	102-4 Location of operations	1, 4.5.1, 4.5.4	
	102-5 Ownership and legal form	1, 4.1, 4.5.5	
	102-6 Markets served	1, 4.5.1, 4.5.4, 6.3	
	102-7 Scale of the organisation	5.2, 6.3, 6.4	
	102-8 Information on employees and other workers	6.4, Appendix C Ibercaja Banco carries out most of its activities using its own staff, with investees that collaborate in maintenance, editing, logistics and other works. There were no significant changes in the organisation's workforce.	
	102-9 Supply chain	1, 4.5.2, 4.5.4, 6.7	
	102-10 Significant changes to the organisation and its supply chain	5.1, 6.4, 6.7	
	102-11 Precautionary principle or approach	6.5, 6.12, 6.15	
	102-12 External initiatives	6.1, 6.4, 6.5, 6.12	
	102-13 Membership of associations	Ibercaja participates in the sector associations that represent financial activity and other reference associations: Cecabank, AEC, Forética, Commission for the Integrity of the Financial System for Banks, GREF, etc.	
	102-14 Statement from senior decision-maker	1	
	102-15 Key impacts, risks and opportunities	1, 4.4, 6.1, 6.5, 6.11, 6.12, 7	
	102-16 Values, principles, standards and norms of behaviour	4.2, 4.4, 6.1, 6.9, 6.10	
	102-17 Mechanisms for advice and concerns about ethics	4.4	
	102-18 Governance structure	4.4	
	102-19 Delegating authority	4.4, 6.1, 6.5, 6.12	
	102-20 Executive-level responsibility for economic, environmental and social topics.	4.4, 6.1, 6.5, 6.12	

102-21 Consulting stakeholders on economic, environmental and social topics.	3, 6.1, 6.14
102-22 Composition of the highest governance body and its committees	4.4
102-23 Chair of the highest governance body	4.4 In 2020, the Chairman of Ibercaja Banco did not have any executive functions
102-24 Nominating and selecting the highest governance body	4.4
102-25 Conflicts of interest	4.4
102-26 Role of highest governance body in setting purpose, values, and strategy	4.4, 6.1
102-28 Evaluating the highest governance body's performance	4.4, 6.1
102-30 Effectiveness of risk management processes	4.4, 6.1, 6.5, 6.11, 6.12, 7
102-31 Review of economic, environmental, and social topics	4.4, 6.1, 6.5, 6.11, 6.12, 7
102-32 Highest governance body's role in sustainability reporting	1, 4.4, 6.1 This document was approved at the Board meeting for the authorisation for issue of the Financial Statements held on 26 February 2021.
102-35 Remuneration policies	4.4, 6.4
102-36 Process for determining remuneration	4.4, 6.4
102-40 List of stakeholder groups	3, 4.2, 6.14
102-41 Collective bargaining agreements	100% of Ibercaja Banco employees are covered by Collective Agreements and represented on formal committees.
102-42 Identifying and selecting stakeholders	3, 4.2, 6.14 In 2015, the Entity's Stakeholders Map was designed. See CSR Report 2015, chapter 4.3, available at: https://www.ibercaja.com/public/documentos/ref04256_memoria-grupo-ibercaja-2015.pdf
102-43 Approach to stakeholder engagement	3, 6.1, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.14
102-44 Key topics and concerns raised	3, 6.1, 6.3, 6.4, 6.5, 6.6., 6.7, 6.8, 6.14
102-45 Entities included in the consolidated financial statements	3, 4.1, 4.5.5 See Consolidated Financial Statements at 31 December 2020
102-46 Defining report content and topic boundaries	3
102-47 List of material topics	3
102-48 Restatements of information	The possible changes in the criteria applied with respect to the previous report, when they are significant, are reflected in the corresponding section and in the GRI indicators table.
102-49 Changes in the reporting	There have been no significant changes in the scope, coverage or valuation methods. 2020 was the third year running that the Bank reported in accordance with the GRI Standards and an in-depth materiality analysis was performed.

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	102-50 Reporting period	2020
	102-51 Date of most recent report	2019
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	mcampob@ibercaja.es
	102-54 Claims of reporting in accordance with the GRI Standards	3
	102-55 GRI content index	Appendix C
	102-56 External assurance	Appendix E

ECONOMIC PERFORMANCE

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	5.1, 5.2, 5.3
	103-2 Management approach and its components	5.1, 5.2, 5.3
	103-3 Evaluation of the management approach	5
GRI 201: Economic performance 2016	**201-1 Direct economic value generated and distributed**	Appendix D
	201-3 Defined benefit plan obligations and other retirement plans	100% of serving employees are included in the Pension Plan.
	201-4 Financial assistance received from government	6.8.11 Ibercaja did not receive any type of aid from the Government.

MARKET PRESENCE

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	1, 4.3, 4.5.1, 6.4. Remuneration policy
	103-2 Management approach and its components	1, 4.5.1, 6.4. Remuneration policy
	103-3 Evaluation of the management approach	4.5, 6.4. Remuneration policy
GRI 202: Presence in the 2016 market	**202-1: Ratios of standard entry level wage by gender compared to local**	6.4. Remuneration policy The range of the relationships between the standard initial salary and the minimum local salary in places in which significant transactions are performed: 119%
	202-2: Proportion of senior management hired from the local community	Ibercaja Banco recruits 100% of its employees in Spain and 100% of senior executives are Spanish nationals.

INDIRECT ECONOMIC IMPACTS

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.5.5
	103-2 Management approach and its components	4.5.5
	103-3 Evaluation of the management approach	4.5.5
GRI 203: Indirect economic impacts 2016	**203-1: Infrastructure investments and services supported**	Appendix D

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PROCUREMENT IMPACTS

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.7
	103-2 Management approach and its components	6.7
	103-3 Evaluation of the management approach	6.7
GRI 204: Procurement impacts	**204-1: Proportion of spending on local suppliers**	The percentage of purchases from local suppliers is 97%.

ANTI-COMPETITIVE BEHAVIOUR

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4, 6.14, 7
	103-2 Management approach and its components	4.4, 6.14, 7
	103-3 Evaluation of the management approach	4.4, 6.14, 7
GRI 206: Anti-competitive Behaviour 2016	**206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices**	In 2020, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation related to Anti-competitive practices, monopolistic practices or against free competition.

ANTI-CORRUPTION

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4, 6.10, 7
	103-2 Management approach and its components	4.4, 6.10, 7
	103-3 Evaluation of the management approach	4.4, 6.10, 7
GRI 205: Anti-corruption 2016	**205-1: Operations assessed for risks related to corruption**	Appendix D
	205-2: Communication and training about anti-corruption policies and procedures	93% of Ibercaja Banco's current workforce has received training in criminal risk prevention, including the crime of corruption and bribery.
	205-3: Confirmed incidents of corruption and actions taken	During 2020, no cases of corruption arose.

TAXATION

GRI 103: Management Approach 2019	**103-1 Explanation of the material topic and its Boundary**	6.8.11.
	103-2 Management approach and its components	6.8.11
	103-3 Evaluation of the management approach	6.8.11

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GRI 207: Taxation	**207-1 Approach to tax**	6.8.11
	207-2 Tax governance, control and risk management	6.8.11 The Company is currently working on this area to report the tax information on a cash basis. Hence, the reporting of the contents required by these indicators will be completed in future years
	207-3 Stakeholder engagement and management of concerns related to tax	6.8.11, 6.14
	207-4 Country-by-country reporting	6.8.11 The Company is currently working on this area to report the tax information on a cash basis. Hence, the reporting of the contents required by these indicators will be completed in future years

CUSTOMER PRIVACY

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4. Commitment to privacy, 6.3
	103-2 Management approach and its components	4.4. Commitment to privacy, 6.3
	103-3 Evaluation of the management approach	4.4. Commitment to privacy, 6.3
GRI 418: Customer Privacy 2016	**418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data**	In 2020, there were 391 case files relating to GDPR and 6,779 cancellations of online advertising unsubscribes. During 2020, no significant penalties or fines were received of a definitive nature with regard to data protection.

HEALTH AND SAFETY OF CUSTOMERS

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4. Internal rules and control bodies, 6.3
	103-2 Management approach and its components	4.4. Internal rules and control bodies, 6.3
	103-3 Evaluation of the management approach	4.4. Internal rules and control bodies, 6.3
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	In 2020, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation related to unfair competition, monopolistic practices or against free competition.

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MARKETING AND LABELLING

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4. Internal rules and control bodies, 4.5.4
	103-2 Management approach and its components	4.4. Internal rules and control bodies, 4.5.4
	103-3 Evaluation of the management approach	4.4, 4.5.4
GRI 417: Marketing and labelling	**417-1: Requirements for product and service information and labeling**	4.4. Internal rules and control bodies, 4.5.4
	417-2: Incidents of non-compliance concerning product and service information and labeling	In 2020, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to the impact on the use and supply of products and services and in health and safety, or as a result of labelling.
	417-3: Incidents of non-compliance concerning marketing communications	In 2020, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to matters tied to marketing notifications.

EMPLOYMENT

GRI 103: MANAGEMENT APPROACH

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.4
	103-2 Management approach and its components	6.4
	103-3 Evaluation of the management approach	6.4
GRI 401: Employment 2016	**401-1: New employee hires and employee turnover**	Appendix D
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4

LABOUR/MANAGEMENT RELATIONS

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.4. Social dialogue and organisation of working time
	103-2 Management approach and its components	6.4. Social dialogue and organisation of working time
	103-3 Evaluation of the management approach	6.4. Social dialogue and organisation of working time
GRI 402: Worker-company relations 2016	**402-1: Minimum notice periods for operational changes**	That stipulated in the prevailing legislation applies with regard to minimum advance notice period(s) relating to organisational changes, including if these notices are specific in the collective bargaining agreements.

OCCUPATIONAL HEALTH AND SAFETY

GRI 103: Management Approach 2018	**103-1 Explanation of the material topic and its Boundary**	6.4. Occupational health and prevention
	103-2 Management approach and its components	6.4. Occupational health and prevention
	103-3 Evaluation of the management approach	6.4. Occupational health and prevention
GRI 403: Occupational health and safety 2018	**403-1 Occupational health and safety management system**	6.4. Occupational health and prevention
	403-2 Hazard identification, risk assessment and incident investigation	6.4. Occupational health and prevention
	403-3 Occupational health services	6.4. Occupational health and prevention
	403-4 Worker participation, consultation and communication on occupational health and safety	6.4. Occupational health and prevention
	403-5 Worker training on health and safety at work	6.4. Occupational health and prevention
	403-6 Promotion of worker health	6.4. Occupational health and prevention The information reported relates to Ibercaja Banco's own personnel. In relation with the workers of the investees that collaborate in maintenance, editing, logistics and other works, they are not covered by the Ibercaja Banco prevention service. However, the risks associated with their work position are assessed and adequate measures are taken to preserve health and safety.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.4. Occupational health and prevention The information reported relates to Ibercaja Banco's own personnel. There are currently no external workers linked with commercial relations.
	403-8 Workers covered by an occupational health and safety management system	Ibercaja Banco has its own prevention service. However, no health and safety management system currently exists.
	403-9 Work-related injuries	6.4. Occupational health and prevention
	403-10 Work-related ill health	6.4. Occupational health and prevention

TRAINING AND EDUCATION

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.4. Cultivating talent
	103-2 Management approach and its components	6.4. Cultivating talent
	103-3 Evaluation of the management approach	6.4. Cultivating talent
GRI 404: Training and education 2016	**404-1: Average hours of training per year per employee**	6.4. Cultivating talent The average number of training hours per employee in 2020 was 78 hours.
	404-2: Programs for upgrading employee skills and transition assistance programs	6.4. Cultivating talent
	404-3: Percentage of employees receiving regular performance and career development reviews	100% of permanent employees receive regular performance and career development assessments.

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DIVERSITY AND EQUAL OPPORTUNITIES

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4, 6.4. Diversity, equality and work-life balance
	103-2 Management approach and its components	4.4, 6.4. Diversity, equality and work-life balance
	103-3 Evaluation of the management approach	4.4, 6.4 Diversity, equality and work-life balance
GRI 405: Diversity and equal opportunity	**405-1: Diversity of governance bodies and employees**	4.4, 6.4. Diversity, equality and work-life balance, Appendix D

NON-DISCRIMINATION

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.4. Diversity, equality and work-life balance, 6.9
	103-2 Management approach and its components	6.4. Diversity, equality and work-life balance, 6.9
	103-3 Evaluation of the management approach	6.4. Diversity, equality and work-life balance, 6.9
GRI 406: Non-discrimination 2016	**406-1: Incidents of discrimination and corrective actions taken**	There were no incidents of discrimination or, therefore, corrective plans in 2020.

LOCAL COMMUNITIES

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.5.4, 6.8
	103-2 Management approach and its components	4.5.4, 6.8
	103-3 Evaluation of the management approach	4.5.4, 6.8
GRI 402-1: Local communities 2016	**413-1: Operations with local community engagement, impact assessments, and development programs**	6.8
	FS13: Access points in low-populated or economically disadvantaged areas	In 2020, Ibercaja provided services in 136 towns as the only company present and 1 in 4 branches provides a service in towns of less than 1,000 inhabitants.
	FS14: Initiatives to improve access to financial services to disadvantaged people	4.5.4, Appendix D

SOCIO-ECONOMIC COMPLIANCE

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4. Internal Rules and Control Bodies
	103-2 Management approach and its components	4.4 Internal Rules and Control Bodies
	103-3 Evaluation of the management approach	4.4. Internal Rules and Control Bodies

GRI 419: Socioeconomic compliance 2016	**419-1: Non-compliance with laws and regulations in the social and economic area**	In 2020, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to social and economic areas.

MATERIALS

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 301: Materials 2016	**301-1: Materials used by weight or volume**	6.5, Appendix D
	301-2: Recycled input materials used	6.5, Appendix D

ENERGY

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 302: Energy	**302-1: Energy consumption within the organization**	6.5, Appendix D
	302-3: Energy intensity	Appendix D

WATER

GRI 103: Management Approach 2018	**103-1 Explanation of the material topic and its Boundary**	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 303: Water and effluents 2018	**303-1: Interaction with water as a shared resource**	6.5, Appendix D
	303-2 Management of impacts related to water discharges	Not applicable due to the financial activity performed by Ibercaja.
	303-5 Water consumption	6.5, Appendix D

EMISSIONS

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 305: Emissions 2016	**305-1: Direct (Scope 1) GHG emissions**	6.5, Appendix D
	305-2: Energy indirect (Scope 2) GHG emissions.	6.5, Appendix D

	305-3: Other indirect (Scope 3) GHG emissions	Appendix D
	305-4: GHG emissions intensity	Appendix D

EFFLUENTS AND WASTE

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	6.1, 6.5
	103-2 Management approach and its components	6.1, 6.5
	103-3 Evaluation of the management approach	6.1, 6.5
GRI 306: Effluents and waste 2016	**306-2: Waste by type and disposal method**	Appendix D

ENVIRONMENTAL COMPLIANCE

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.4. Internal rules and control bodies
	103-2 Management approach and its components	4.4. Internal rules and control bodies
	103-3 Evaluation of the management approach	4.4. Internal rules and control bodies, 6.1, 6.5
GRI 307: Environmental compliance	**307-1: Non-compliance with environmental laws and regulations**	No significant penalties, sanctions or fines were received in 2020 for failure to comply with environmental laws and regulations.

PRODUCT PORTFOLIO

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.5.4, 4.5.5
	103-2 Management approach and its components	4.5.4, 4.5.5
	103-3 Evaluation of the management approach	4.5.4, 4.5.5
Product portfolio	**FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector**	4.5.4, 4.5.5
	FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Appendix D
	FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Appendix D

AUDIT

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	The Environmental Management System extends to the entire organisation, taking care to ensure operations in accordance with the UNE-EN ISO 14001: 2015 standard. The headquarters at Plaza Paraíso 2, Zaragoza, also has ISO certification in environmental management. In 2020, Ibercaja passed the certification follow-up audit.

	103-2 Management approach and its components	6.5.
	103-3 Evaluation of the management approach	6.5.

ACTIVE OWNERSHIP

GRI 103: Management Approach 2016	**103-1 Explanation of the material topic and its Boundary**	4.5.4, 4.5.5
	103-2 Management approach and its components	4.5.4, 4.5.5
	103-3 Evaluation of the management approach	4.5.4, 4.5.5
Active ownership	**FS10: Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues**	Appendix D
	FS11: Percentage of assets subject to positive and negative environmental or social screening	Appendix D

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D

APPENDIX

Additional non-financial information and GRI content

102-8, 201-1, 203-1, 205-1, 401-1, 405-1, 301-1, 301-2, 302-1, 302-3, 303-1, 303-5, 305-1, 305-2, 305-3, 305-4, 306-2, FS7, FS8, FS10, FS11, FS14

201-1

THOUSANDS OF EUROS	2019	2020
Gross income	926,579	1,001,822
Net profit/(loss) discontinued operations	0	0
Gains or (-) losses on the derecognition of net non-financial assets and equity interests	-6,544	-3,047
Gains/(losses) non-current assets held for sale	-6,775	-969
Economic value generated	913,260	997,806
Dividends	17,500	3,849
Other general administrative expenses	152,149	132,799
Personnel expenses	360,944	502,568
Tax on profits and contributions and other taxes	64,414	50,089
Economic value distributed	595,007	689,305
Economic value withheld (VEG-VED)	318,253	308,501

205-1

SUMMARY OF REVIEWS CONDUCTED	2019	2020
Distribution Network Audit	333	289 (*)
Credit Risk Audit	13	13
Financial Audit	26	26
Internal Models and Systems Audit	25	22
Technical and Quality Supervision	5	4
Total	**402**	**354**

Office audits	2019	2020
Revised offices	321	265 (*)
Percentage of the average number of offices	28.69%	24.33%

(*) Continuous Audit Process at Rural Agencies.

102-8, 405-1

The following tables present the distribution of the workforce of Ibercaja Banco at 31 December 2020 and 2019, by gender, job category, age and type of contract.

	GENDER			
PROFESSIONAL CATEGORY (2020)	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	626	270	896	48
Middle managers	593	529	1,122	47
Technicians	731	843	1,574	46
Clerical staff	715	748	1,463	48
Total	**2,665**	**2,390**	**5,055**	**47**

	GENDER			
PROFESSIONAL CATEGORY (2019)	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	649	279	928	47
Middle managers	593	524	1,117	46
Technicians	699	851	1,550	45
Clerical staff	707	751	1,458	47
Total	**2,648**	**2,405**	**5,053**	**46**

** Job categories are defined as:
EXECUTIVES: up to branch managers
MIDDLE MANAGERS: up to assistant managers-officers
TECHNICIANS: specialised branch office roles and Head Office Technicians/Experts
CLERICAL STAFF: branch network and Head Office employees

	GENDER		
2020 AGE	MEN	WOMEN	TOTAL
21 - 30 YEARS	105	102	207
31 - 40 YEARS	359	361	720
41 - 50 YEARS	1,036	1,086	2,122
51 - 60 YEARS	1,157	840	1,997
61 - 70 YEARS	8	1	9
Total	**2,665**	**2,390**	**5,055**

	GENDER		
2019 AGE	MEN	WOMEN	TOTAL
21 - 30 YEARS	106	122	228
31 - 40 YEARS	426	459	885
41 - 50 YEARS	1,076	1,109	2,185
51 - 60 YEARS	1,032	714	1,746
61 - 70 YEARS	8	1	9
Total	**2,648**	**2,405**	**5,053**

2020 GENDER	I	T	TOTAL
MEN	2,590	75	2,665
WOMEN	2,329	61	2,390
TOTAL	**4,919**	**136**	**5,055**

2019 GENDER	I	T	TOTAL
MEN	2,580	68	2,648
WOMEN	2,329	76	2,405
TOTAL	**4,909**	**144**	**5,053**

The following tables present the distribution of the workforce of Ibercaja in 2020 and 2019 by gender, job category, age and type of contract in terms of average number of days.

AVERAGE NUMBER OF DAYS BY GENDER, TYPE OF CONTRACT AND PROFESSIONAL CATEGORY

2020	PERMANENT			TEMPORARY		
	M	W	TOTAL	M	W	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	99.93%	100%	99.97%	0.07%	0%	0.03%
Clerical staff	87.27%	87.92%	87.61%	12.73%	12.08%	12.39%
Total	**96.41%**	**95.98%**	**96.21%**	**3.59%**	**4.02%**	**3.79%**

2019	PERMANENT			TEMPORARY		
	M	W	TOTAL	M	W	TOTAL
Executives	100%	100%	100%	0%	0%	0%
Middle managers	100%	100%	100%	0%	0%	0%
Technicians	100%	100%	100%	0%	0%	0.03%
Clerical staff	84.91%	83.24%	84.05%	15.09%	16.76%	15.95%
Total	**95.80%**	**94.54%**	**95.20%**	**4.20%**	**5.46%**	**4.80%**

AVERAGE NUMBER OF DAYS BY GENDER, TYPE OF CONTRACT AND AGE RANGE

2020	PERMANENT			TEMPORARY		
	M	W	TOTAL	M	W	TOTAL
21 - 30 YEARS	32.37%	35.98%	34.23%	67.63%	64.02%	65.77%
31 - 40 YEARS	99.01%	98.91%	98.96%	0.99%	1.09%	1.04%
41 - 50 YEARS	100%	99.86%	99.93%	0%	0.14%	0.07%
51 - 60 YEARS	99.92%	100%	99.95%	0.08%	0%	0.05%
61 - 70 YEARS	100%	100%	100%	0%	0%	0%
Total	**96.41%**	**95.98%**	**96.21%**	**3.59%**	**4.02%**	**3.79%**

2019	PERMANENT			TEMPORARY		
	M	W	TOTAL	M	W	TOTAL
21 - 30 YEARS	26.05%	25.97%	26.01%	73.95%	74.03%	73.99%
31 - 40 YEARS	97.75%	98.35%	98.06%	2.25%	1.65%	1.94%
41 – 50 YEARS	100%	99.70%	99.85%	0%	0.30%	0.15%
51 – 60 YEARS	100%	100%	99.97%	0%	0%	0.03%
61 - 70 YEARS	100%	100%	100%	0%	0%	0%
Total	**95.80%**	**94.54%**	**95.20%**	**4.20%**	**5.46%**	**4.80%**

401-1

In 2020, the **permanent workforce** increased by 10 employees. The **rotation rate** of the permanent workforce in 2020 was 2.85%.

Number and rotation rate (HIGH and LOW)

2020	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 – 30 YEARS	10	0.39%	9	0.39%	19	0.39%
31 – 40 YEARS	17	0.66%	22	0.94%	39	0.79%
41 – 50 YEARS	20	0.77%	27	1.16%	47	0.96%
51 – 60 YEARS	21	0.81%	12	0.52%	33	0.67%
61 - 70 YEARS	2	0.08%		0.00%	2	0.04%
Total	**70**	**2.70%**	**70**	**3.01%**	**140**	**2.85%**

2019	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 – 30 YEARS	17	0.66%	22	0.94%	39	0.79%
31 – 40 YEARS	13	0.50%	22	0.94%	35	0.71%
41 – 50 YEARS	11	0.42%	30	1.29%	41	0.83%
51 – 60 YEARS	13	0.50%	9	0.39%	22	0.45%
61 - 70 YEARS	1	0.04%	1	0.04%	2	0.04%
Total	**55**	**2.12%**	**84**	**3.61%**	**139**	**2.85%**

The **hiring rate** of the permanent workforce in 2020 was 1.52%.

Number and rate of new hires (HIGH)

	MEN		WOMEN		TOTAL	
2020	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 – 30 YEARS	9	0.35%	7	0.30%	16	0.33%
31 – 40 YEARS	13	0.50%	7	0.30%	20	0.41%
41 – 50 YEARS	10	0.39%	14	0.60%	24	0.49%
51 – 60 YEARS	7	0.27%	7	0.30%	14	0.28%
61 - 70 YEARS	1	0.04%		0.00%	1	0.02%
Total	**40**	**1.54%**	**35**	**1.50%**	**75**	**1.52%**

	MEN		WOMEN		TOTAL	
2019	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
21 – 30 YEARS	16	0.62%	19	0.82%	35	0.71%
31 – 40 YEARS	9	0.35%	12	0.52%	21	0.43%
41 – 50 YEARS	3	0.12%	15	0.64%	18	0.37%
51 – 60 YEARS	5	0.19%	4	0.17%	9	0.18%
61 - 70 YEARS	0	0.00%	0	0.00%	0	0.00%
Total	**33**	**1.27%**	**50**	**2.15%**	**83**	**1.69%**

15 people were laid off due to dismissal or termination of contract, with an average age of 47, and none of them is under 35 nor has children under 12.

	GENDER			
PROFESSIONAL CATEGORY (2020)	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	2		2	48
Middle managers	1	2	3	38
Technicians	1	2	3	42
Clerical staff	6	1	7	52
Total	**10**	**5**	**15**	**47**

	GENDER			
PROFESSIONAL CATEGORY (2019)	MEN	WOMEN	TOTAL	AVERAGE AGE
Executives	0	0	0	
Middle managers	2	0	2	43
Technicians	1	1	2	44
Clerical staff	4	6	10	49
Total	**7**	**7**	**14**	**47**

301-1, 301-2, 302-1, 302-3, 303-1

CONSUMPTION

WATER CONSUMPTION (m3)	2019	2020
Water consumption (headquarters)	11,473	8,210
Water consumption (branch network)	29,978	28,818
Average water consumption per employee and year (Entity)	8.08	7.18

Specific observations: Water consumption has been estimated in the Branch Network based on an average consumption ratio per unit of surface area.

ENERGY CONSUMPTION (Gj)	2019	2020
Electricity (headquarters)	30,991.3	28,455.83
Electricity (branch network)	100,164.8	93,390.28
Average electricity consumption per employee and year (Entity)	25.6	23.65
Diesel (central building)	30.7	41.54
Diesel (branch network)	3,199.7	3,427.11
Natural Gas (branch network)	3,720.6	4,465.97
Average consumption of diesel and natural gas per employee and year (Entity)	1.4	1.45

PAPER CONSUMPTION Tm	2019	2020
Type DIN A4 white (entity)	8.17	9.64
Recycled DIN A4 type (entity)	257.3	211.57
Total type DIN A4 (entity)	265.4	221.21
Type DIN A3 (entity)	0.4	0.27
Envelopes	26.5	23.82
Bovine (insert)	77.0	88.03
Average total paper consumption per employee (Entity)	0.1	0.06
Total paper consumption	369.3	333.3

Specific observations on envelopes: Indicator based on the most commonly used envelope size (115x225)

General remarks

Entity = headquarters + network of branches

No. of employees at central headquarters is considered to be the average workforce: 822 in 2019 and 854 in 2020

No. employees per entity is considered to be the average workforce: 5,127 in 2019 and 5,152 in 2020

Remarks Electricity consumption of Red Oficinas: Red Oficinas' annual electricity consumption is calculated on the basis of the electricity invoices of the various companies for the period from December 1 of the previous year to November 30 of the current year. This is because real calendar year data are not available until March of the current year.

Remarks Natural Gas consumption: natural gas consumption is expressed in PCI.

305-1, 305-2, 305-3, 305-4

CO2 EMISSIONS*	2019	2020
Emissions from diesel consumption, in Tn of CO2 (total entity)	250.9	269.22
Emissions from natural gas consumption, in Tn of CO2 (total entity)	209.9	203.43
Emissions for electricity consumption, in Tn of CO2 (Central Building)	0	0
Emissions for electrical consumption, in Tn of CO2 (Branch network)	7,512.36	0
Emissions in Tn of CO2 by displacement of employees by car	1,133.5	607.42
Emissions in CO2 Tn by vehicle displacement (Total Entity)	77.6	44.98
missions in Tn of CO2 by messaging service (Total Entity)	82.42	69.15
Emissions in Tn of CO2 by leakage of fluorinated gases (Total Entity)	570.4	767.39
Emissions in Tn of CO2 by leakage of fluorinated gases (Central Building)	0	0
Total emissions, in Tn of CO2	9,837.04	1,961.60
Average CO2 emissions per employee in Tn CO2 **	1.92	0.38

Specific comments: The carbon footprint calculation tool of the Ministry of Ecological Transition (MITECO), Scopes 1-2, is used to calculate emissions.

The sources of the emission factors for the calculation of the CO2 emissions produced in the displacements are: The GHG Protocol (Greenhouse Gas Protocol) and IDAE (Institute for Energy Diversification and Saving)

The average number of employees is as follows: 5,127 in 2019 and 5,152 in 2020

100% of electricity supplied by ENDESA is generated from renewable energy sources. This amount of energy is accredited through guarantees of origin by the CNMC.

The data on emissions due to electricity consumption in 2019 is updated with the update of the factors of the electric mixes of the marketers of electricity published in April 2020 by the CNMC.

306-2

KILOS	2019	2020
TOTAL NON-HAZARDOUS WASTE (kg)	241,183.0	209,789.40
TOTAL HAZARDOUS WASTE (kg)	3,475.59	7,506.56
CONFIDENTIALLY DESTROYED PAPER (kg) (*)	230,996.0	67,050

(*) The reduction in the amount of Kg of paper destroyed confidentially in 2020 is due to the fact that the billing of the Kg destroyed of documentation from boxes in custody will be performed in 2021, when the certified destruction takes place, hence, from 2020, the data corresponds to the obsolete destruction arising from the daily destruction in 2020.

It is adjusted to the real amount of Kg of documentation destroyed confidentially arising from boxes in custody in 2019, certified in 2020.

FS14

CHANNEL OF RELATIONSHIP WITH CUSTOMERS	2019	2020
Number of offices	1,084	1,031
Number of ATMs	1,316	1,287
% over-the-counter transactions	12.78%	9.53%
% transactions carried out by remote banking	72.03%	75.96%
% transactions carried out at ATM	4.18%	2.98%
% transactions carried out at POS	10.86%	11.33%
% operations performed on updater	0.15%	0.03%
Active digital banking users per month	765,585	842,486
Active mobile banking users per month	432,211	521,551
Active mobile payment users per month	86,040	213,765
Total visits to ibercaja.es homepage	26,375,480	28,008,266

FS8

INVESTEE	ENVIRONMENTAL PROJECT	INVESTMENT IBERCAJA 2019	2020	QUANTITATIVE INDICATOR
Rioja Nueva Economía, S.A.	Bio-diesel plant in Calahorra and wind farm	7,124	5,592	Wind farm with 39 Mw of installed capacity Biodiesel plant of 250 m Tn/year of capacity
Solavanti	Photovoltaic projects	6,030	6,030	Total installed capacity: 44.46 Mw
Foresta Project	Forest plantations in Extremadura	4,553	4,773	640 ha (Reservoir of 232.541 trees)
Energías Alternativas de Teruel	Promotion and exploitation of wind power	26	26	Projects under development with a capacity of 159 Mw
Prames	Mountain landscape improvement	816	816	N/A
Total investment Ibercaja		**18,549**	**17,237**	

FS7

ECONOMIC VALUES IN THOUSANDS OF EUROS	2019	2020
Línea Joven		
Scholarships, postgraduate, etc.		
No. of transactions	27	8
Financing amount	87	23
Home purchases		
No. of transactions	2,219	1,308
Financing amount	214,421	129,473
Individuals		
Citizen Card Zaragoza		
No. of transactions	3,873,480	1,984,572
OPERATIONAL amount	2,495	1,313
Citizen Card Guadalajara		
No. of transactions	33,577	18,384
OPERATIONAL amount	14	8
Corporations		
ICO Lines-Companies and Entrepreneurs		
No. of transactions	525	439
Financing amount	29,480	24,879
EIB agreements		
No. of transactions	1,964	915
Financing amount	111,374	50,446
Agro industry		
No. of transactions	3,598	2,860
Financing amount	137,198	120,069
Young Farmers and Cattle Ranchers		
No. of transactions	109	125
Financing amount	10,211	12,746

FS10, FS11

IBERCAJA INVESTMENTS IN COMPANIES AT WHICH CSR IS OF SIGNIFICANCE

IBERCAJA'S INVESTMENTS IN COMPANIES IN WHICH CSR IS SIGNIFICANT (THOUSANDS OF EUROS)	2019	2020
Amounts	107,306	103,336
Corporations	20	19
% of total equity interests	39%	45%

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BUSINESS SHAREHOLDINGS	2019			2020		
	INVESTMENT PAID	DIRECT WEALTH GENERATION	JOB CREATION	INVESTMENT PAID	DIRECT WEALTH GENERATION	JOB CREATION
	Thousands of euros	Thousands of euros	Direct and indirect	Thousands of euros	Thousands of euros	Direct and indirect
Tourism sector	66,647	28,175	13,596	66,647	29,873	13,634
Logistics industry	-	-	-	-	-	-
Food and agriculture industry	1,306	25,292	1,147	1,306	9,984	1,154
Other sectors	6,600	1,173	5,570	6,600	873	5,803
Totals	**74,553**	**54,640**	**20,313**	**74,553**	**40,731**	**20,591**

Investment in strategic sectors (thousands of euros)	2019	2020
Amounts	**77,880**	**75,481**

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APPENDIX

Independent Verification Report

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A free translation from the original in Spanish

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Ibercaja Banco, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31st December 2020 of Ibercaja Banco, S.A. (the Parent company) and subsidiaries (hereinafter Ibercaja Banco or the Group) which forms part of the accompanying Group's Consolidated Management Report.

The content of the Consolidated Management Report includes additional information to that required by the current mercantile legislation related to non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in tables 'Requirements of Law 11/2018 on non-financial information and diversity' and 'GRI Content Index' included in the accompanying Consolidated Management Report.

Responsibility of the Board of Directors of the Parent company

The preparation of the NFIS included in the Consolidated Management Report of Ibercaja Banco and the content thereof are the responsibility of the Board of Directors of Ibercaja Banco, S.A. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) in accordance with Core option in line with the details provided for each matter in tables 'Requirements of Law 11/2018 on non-financial information and diversity' and 'GRI Content Index' of the aforementioned Consolidated Management Report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of any immaterial misstatement due to fraud or error.

The directors of Ibercaja Banco, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Tel.: +34 976 79 61 00 / +34 902 021 111, Fax: +34 976 79 46 51, www.pwc.es

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent verification report based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements 3000 Revised, 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial information statement issued by the Spanish Institute of Auditors ('Instituto de Censores Jurados de Cuentas de España').

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to management and several units of Ibercaja Banco that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with the Ibercaja Banco's personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2020, based on the materiality analysis carried by Ibercaja Banco and described in section 'Keys to this document', considering the content required under current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for 2020.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2020.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2020 and its adequate compilation using data supplied by the Group's sources of information.
- Obtainment of a management representation letter from the directors and the management of the Parent company.

pwc

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS for 2020 of Ibercaja Banco for the year ended 31st December 2020 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the GRI Standards in accordance with Exhaustive option in line with the details provided for each matter in tables 'Requirements of Law 11/2018 on non-financial information and diversity' and 'GRI Content Index' of the aforementioned Consolidated Management Report.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Margarita de Rosselló Carril

March 3rd, 2021

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CORPORATE GOVERNANCE REPORT

EL BANCO DEL Vamos

The Annual Corporate Governance Report is available at the Spanish National Securities Market Commission (CNMV) http://cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?nif=A99319030 and on the Bank's web page under the section “Shareholders and Investors - Corporate Governance and Remunerations Policy”.

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